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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO INSURANCE - CASUALTY INSURANCE RATING

Introduced By: Senators Archambault, DiPalma, Jabour, Lombardi, and Conley

Date Introduced: March 19, 2015

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-9-56 of the General Laws in Chapter 27-9 entitled “Casualty  
2 Insurance Rating” is hereby amended to read as follows:

3 **27-9-56. Use of credit rating.** -- (a) An insurer may use insurance scoring for rating and  
4 underwriting policies of personal motor vehicle insurance only under the following conditions:

5 (1) The insurer demonstrates the predictive nature of their insurance score to the  
6 insurance division.

7 (2) An insurer shall, once every two (2) years if requested by an existing customer, obtain  
8 an updated insurance score for the customer. ~~If, after obtaining the insurance score, the customer~~  
9 ~~has improved his, her or its credit rating, the user of the information shall afford the customer any~~  
10 ~~decrease in rates that are available due to the improved rating.~~ The user may not increase the rate  
11 of an existing customer based solely on a worsening in the customer's insurance score unless: (i)  
12 the worsening is due to a bankruptcy, tax lien, garnishment, foreclosure or judgment; or (ii) if a  
13 subsequent insurance score no sooner than six (6) months later confirms the worsening in score.  
14 ~~Should an existing customer's score change as the result of an updated credit report, the decrease~~  
15 ~~or increase in rates must be done at renewal subject to conditions established herein.~~

16 (3) An insurer shall not decline insurance for a new customer based solely on an  
17 insurance score, or absence of an insurance score; and an insurer shall not cancel, non-renew or  
18 increase the rate of an existing customer based solely on a worsening in a customer's insurance  
19 score unless: (i) the worsening is due to a bankruptcy, tax lien, garnishment, foreclosure or

1 judgment; or (ii) if a subsequent insurance score no sooner than six (6) months later confirms the  
2 worsening in score. ~~Should an existing customer's score change as the result of an updated credit~~  
3 ~~report, the decrease or increase in rates must be done at renewal subject to conditions established~~  
4 ~~herein.~~

5 (4) No insurer is obligated to obtain ~~a current credit report or~~ an insurance score for an  
6 insured if: the insured is in the most favorably-priced tier of the insurer, within a group of  
7 affiliated insurers; or credit was not used for the insured when the policy was initially written.  
8 ~~However, the insurer shall have the discretion to use credit for the insured upon renewal, if~~  
9 ~~consistent with its underwriting guidelines.~~ The user may not increase the rate of an existing  
10 customer based solely on a worsening in the customer's insurance score unless: (i) the worsening  
11 is due to a bankruptcy, tax lien, garnishment, foreclosure or judgment; or (ii) if a subsequent  
12 insurance score no sooner than six (6) months later confirms the worsening in score. ~~Should an~~  
13 ~~existing customer's score change as the result of an updated credit report, the decrease or increase~~  
14 ~~in rates must be done at renewal subject to conditions established herein.~~

15 (5) If a credit bureau determines that disputed information is inaccurate or incorrect and  
16 such information was used in determining an insurance score which resulted in a denial,  
17 cancellation or nonrenewal of or higher premiums or less favorable policy terms for a consumer,  
18 the insurer shall, within thirty (30) days of receiving notice of correction, reissue or re-rate the  
19 policy by refunding the amount of the overpayment of premium based on the corrected insurance  
20 score retroactive to the shorter of the last twelve (12) months of coverage or the actual period of  
21 coverage. An "insurance score" as used in this section shall be defined as a number or rating that  
22 is derived from an algorithm, computer application, model or other process that is based in whole  
23 or in part on credit history.

24 (b) Agents shall be held harmless by insurers for all acts, efforts and disclosures in  
25 obtaining an insurance score on the insurer's behalf. The commissioner is authorized and  
26 empowered to establish rules and regulations to carry out the provisions of this section and to  
27 fulfill the goals of this section.

28 (c) ~~Notwithstanding the above, an~~ An insurer authorized to do business in Rhode Island  
29 shall not use a customer's credit report ~~that uses credit information~~ to underwrite or rate risks.  
30 ~~,shall not use the following as a negative factor in any insurance scoring methodology or in~~  
31 ~~reviewing credit information for the purpose of underwriting or rating a policy of personal~~  
32 ~~insurance:~~

33 ~~(1) Credit inquiries not initiated by the consumer or inquiries requested by the consumer~~  
34 ~~for his or her own credit information;~~

- 1           ~~(2) Inquiries relating to insurance coverage, if so identified on a consumer's credit report;~~  
2           ~~(3) Collection accounts with a medical industry code, if so identified on the consumer's~~  
3 ~~credit report;~~  
4           ~~(4) Multiple lender inquiries, if coded by the consumer reporting agency on the~~  
5 ~~consumer's credit report as being from the home mortgage industry and made within thirty (30)~~  
6 ~~days of one another, unless only one inquiry is considered;~~  
7           ~~(5) Multiple lender inquiries, if coded by the consumer reporting agency on the~~  
8 ~~consumer's credit report as being from the automobile lending industry and made within thirty~~  
9 ~~(30) days of one another, unless only one inquiry is considered.~~

10           (d) No consumer reporting agency shall provide or sell data or lists that include any  
11 information that in whole or in part was submitted in conjunction with an insurance inquiry about  
12 a consumer's ~~credit information or a request for a credit report or~~ insurance score. Such  
13 information includes, but is not limited to, the expiration dates of an insurance policy or any other  
14 information that may identify time periods during which a consumer's insurance may expire and  
15 the terms and conditions of the consumer's insurance coverage.

16           (e) The restrictions provided in subsection (d) of this section do not apply to data or lists  
17 the consumer reporting agency supplies to the insurance [agent/producer] from whom  
18 information was received, the insurer on who's behalf such [agent/producer] acted, or such  
19 insurer's affiliates or holding companies.

20           (f) Nothing in this section shall be construed to restrict any insurer from being able to  
21 obtain a claims history report or a motor vehicle report.

22           SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO INSURANCE - CASUALTY INSURANCE RATING

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- 1           This act would prohibit insurers from using credit ratings to underwrite or rate risks for
- 2   casualty insurance.
- 3           This act would take effect upon passage.

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