STATE OF OKLAHOMA

1st Session of the 50th Legislature (2005)

SENATE BILL 676 By: Gumm

AS INTRODUCED

An Act relating to insurance; amending Section 4, Chapter 127, O.S.L. 2003 (36 O.S. Supp. 2004, Section 953), which relates to use of credit information; prohibiting use of credit information for certain purposes; repealing Sections 1, 2, 3, 5, 6, 7, 8, 9 and 10, Chapter 127, O.S.L. 2003 (36 O.S. Supp. 2004, Sections 950, 951, 952, 954, 955, 956, 957, 958 and 959), which relate to the Use of Credit Information in Personal Insurance Act; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY Section 4, Chapter 127, O.S.L. 2003 (36 O.S. Supp. 2004, Section 953), is amended to read as follows:

Section 953. An insurer authorized to do business in this state ~~that uses~~ shall not use a consumer's credit information to underwrite or rate risks~~, shall not:~~

~~1. Use an insurance score that is calculated using income, gender, address, zip code, ethnic group, religion, marital status, or nationality of the consumer as a factor;~~

~~2. Deny, cancel or fail to renew a policy of personal insurance solely on the basis of credit information, without consideration of any other applicable underwriting factor independent of credit information and not expressly prohibited by paragraph 1 of this section;~~

~~3. Base an insured's renewal rates for personal insurance solely upon credit information, without consideration of any other applicable factor independent of credit information;~~

~~4. Take an adverse action against a consumer solely because he or she does not have a credit card account, without consideration of any other applicable factor independent of credit information;~~

~~5. Consider an absence of credit information or an inability to calculate an insurance score in underwriting or rating personal insurance, unless the insurer does one of the following:~~

~~a. treats the consumer as otherwise approved by the Insurance Commissioner, if the insurer presents information that such an absence or inability relates to the risk for the insurer,~~

~~b. treats the consumer as if the applicant or insured had neutral credit information, as defined by the insurer, or~~

~~c. excludes the use of credit information as a factor and use only other underwriting criteria;~~

~~6. Take an adverse action against a consumer based on credit information, unless an insurer obtains and uses a credit report issued or an insurance score calculated within ninety (90) days from the date the policy is first written or renewal is issued;~~

~~7. Use credit information unless not later than every thirty-six (36) months following the last time that the insurer obtained current credit information for the insured, the insurer recalculates the insurance score or obtains an updated credit report. Regardless of the requirements of this subsection:~~

~~a. at annual renewal, upon the request of a consumer or the consumer's agent, the insurer shall reunderwrite and rerate the policy based upon a current credit report or insurance score. An insurer need not recalculate the insurance score or obtain the updated credit report of a consumer more frequently than once in a twelve-month period,~~

~~b. the insurer shall have the discretion to obtain current credit information upon any renewal before the thirty-six (36) months, if consistent with its underwriting guidelines, and~~

~~c. no insurer need obtain current credit information for an insured, despite the requirements of paragraph 7 of this section, if one of the following applies:~~

~~(1) the insurer is treating the consumer as otherwise approved by the Commissioner,~~

~~(2) the insured is in the most favorably priced tier of the insurer, within a group of affiliated insurers. However, the insurer shall have the discretion to order such report, if consistent with its underwriting guidelines,~~

~~(3) credit was not used for underwriting or rating such insured when the policy was initially written. However, the insurer shall have the discretion to use credit for underwriting or rating such insured upon renewal, if consistent with its underwriting guidelines, or~~

~~(4) the insurer reevaluates the insured beginning no later than thirty-six (36) months after inception and thereafter based upon other underwriting or rating factors, excluding credit information; and~~

~~8. Use the following as a negative factor in any insurance scoring methodology or in reviewing credit information for the purpose of underwriting or rating a policy of personal insurance:~~

~~a. credit inquiries not initiated by the consumer or inquiries requested by the consumer for his or her own credit information,~~

~~b. inquiries relating to insurance coverage, if so identified on a consumer's credit report,~~

~~c. collection accounts with a medical industry code, if so identified on the consumer's credit report,~~

~~d. multiple lender inquiries, if coded by the consumer reporting agency on the consumer's credit report as being from the home mortgage industry and made within thirty (30) days of one another, unless only one inquiry is considered, and~~

~~e. multiple lender inquiries, if coded by the consumer reporting agency on the consumer's credit report as being from the automobile lending industry and made within thirty (30) days of one another, unless only one inquiry is considered~~.

SECTION 2. REPEALER Sections 1, 2, 3, 5, 6, 7, 8, 9 and 10, Chapter 127, O.S.L. 2003 (36 O.S. Supp. 2004, Sections 950, 951, 952, 954, 955, 956, 957, 958 and 959), are hereby repealed.

SECTION 3. This act shall become effective November 1, 2005.

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