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February 27, 2017

COMMITTEE SUBSTITUTE
FOR

SENATE BILL NO. 582

By: Standridge

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[ insurance - credit information - prohibition -  
effective date ]
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BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 36 O.S. 2011, Section 953, is amended to read as follows:

Section 953. An insurer authorized to do business in this state that uses 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;

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

4 4. Take adverse action against a consumer solely because the
5 consumer does not have a credit card account, without consideration
6 of any other applicable factor independent of credit information;

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

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

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

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

19 6. Take an adverse action against a consumer based on credit
20 information, unless an insurer obtains and uses a credit report
21 issued or an insurance score calculated within ninety (90) days from
22 the date the policy is first written ~~or renewal is issued.~~ When
23 issuing a renewal, the insurer shall use a credit report issued or
24 an insurance score calculated within the last one (1) year of the

1 last time that the insurer obtained current credit information for
2 the insured;

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

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

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

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

22 (1) the insurer is treating the consumer as otherwise
23 approved by the Commissioner,
24

- 1 (2) the insured is in the most favorably priced tier
2 of the insurer, within a group of affiliated
3 insurers. However, the insurer shall have the
4 discretion to order a report, if consistent with
5 its underwriting guidelines,
- 6 (3) credit was not used for underwriting or rating
7 the insured when the policy was initially
8 written. However, the insurer shall have the
9 discretion to use credit for underwriting or
10 rating the insured upon renewal, if consistent
11 with its underwriting guidelines, or
- 12 (4) the insurer reevaluates the insured beginning no
13 later than thirty-six (36) months after inception
14 and thereafter based upon other underwriting or
15 rating factors, excluding credit information; and

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

- 19 a. credit inquiries not initiated by the consumer or
20 inquiries requested by the consumer for the credit
21 information of the consumer,
- 22 b. inquiries relating to insurance coverage, if so
23 identified on a credit report of the consumer,
- 24

- 1 c. collection accounts with a medical industry code, if
2 so identified on the credit report of the consumer,
3 d. multiple lender inquiries, if coded by the consumer
4 reporting agency on the credit report of the consumer
5 as being from the home mortgage industry and made
6 within thirty (30) days of one another, unless only
7 one inquiry is considered, and
8 e. multiple lender inquiries, if coded by the consumer
9 reporting agency on the credit report of the consumer
10 as being from the automobile lending industry and made
11 within thirty (30) days of one another, unless only
12 one inquiry is considered.

13 SECTION 2. This act shall become effective November 1, 2017.

14 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND INSURANCE
15 February 27, 2017 - DO PASS AS AMENDED
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