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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. **2625**

February 4, 2010

Authored by Rukavina

The bill was read for the first time and referred to the Committee on Commerce and Labor

1.1 A bill for an act
1.2 relating to insurance; prohibiting insurance underwriting for motor vehicle or
1.3 homeowner's insurance on the basis of credit information; amending Minnesota
1.4 Statutes 2008, section 72A.20, subdivision 36.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2008, section 72A.20, subdivision 36, is amended to
1.7 read:

1.8 Subd. 36. ~~Limitations on the Use of credit information prohibited.~~ (a) No insurer
1.9 or group of affiliated insurers may reject, cancel, ~~or nonrenew,~~ limit coverage under, or
1.10 determine the premium rate for a policy of private passenger motor vehicle insurance as
1.11 defined under section 65B.01 or a policy of homeowner's insurance as defined under
1.12 section 65A.27, for any person in whole or in part on the basis of credit information,
1.13 including a credit reporting product known as a "credit score" or "insurance score,"
1.14 ~~without consideration and inclusion of any other applicable underwriting factor.~~

1.15 ~~(b) If credit information, credit scoring, or insurance scoring is to be used in~~
1.16 ~~underwriting, the insurer must disclose to the consumer that credit information will be~~
1.17 ~~obtained and used as part of the insurance underwriting process.~~

1.18 ~~(c) Insurance inquiries and non-consumer-initiated inquiries must not be used as part~~
1.19 ~~of the credit scoring or insurance scoring process.~~

1.20 ~~(d) If a credit score, insurance score, or other credit information relating to a~~
1.21 ~~consumer, with respect to the types of insurance referred to in paragraph (a), is adversely~~
1.22 ~~impacted or cannot be generated because of the absence of a credit history, the insurer~~
1.23 ~~must exclude the use of credit as a factor in the decision to reject, cancel, or nonrenew.~~

2.1 ~~(e) Insurers must upon the request of a policyholder reevaluate the policyholder's~~
2.2 ~~score. Any change in premium resulting from the reevaluation must be effective upon~~
2.3 ~~the renewal of the policy. An insurer is not required to reevaluate a policyholder's score~~
2.4 ~~pursuant to this paragraph more than twice in any given calendar year.~~

2.5 ~~(f) Insurers must upon request of the applicant or policyholder provide reasonable~~
2.6 ~~underwriting exceptions based upon prior credit histories for persons whose credit~~
2.7 ~~information is unduly influenced by expenses related to a catastrophic injury or illness;~~
2.8 ~~temporary loss of employment, or the death of an immediate family member. The insurer~~
2.9 ~~may require reasonable documentation of these events prior to granting an exception.~~

2.10 ~~(g) A credit scoring or insurance scoring methodology must not be used by an~~
2.11 ~~insurer if the credit scoring or insurance scoring methodology incorporates the gender;~~
2.12 ~~race, nationality, or religion of an insured or applicant.~~

2.13 ~~(h) Insurers that employ a credit scoring or insurance scoring system in underwriting~~
2.14 ~~of coverage described in paragraph (a) must have on file with the commissioner:~~

2.15 ~~(1) the insurer's credit scoring or insurance scoring methodology; and~~

2.16 ~~(2) information that supports the insurer's use of a credit score or insurance score as~~
2.17 ~~an underwriting criterion.~~

2.18 ~~(i) Insurers described in paragraph (g) shall file the required information with the~~
2.19 ~~commissioner within 120 days of August 1, 2002, or prior to implementation of a credit~~
2.20 ~~scoring or insurance scoring system by the insurer, if that date is later.~~

2.21 ~~(j) Information provided by, or on behalf of, an insurer to the commissioner under~~
2.22 ~~this subdivision is trade secret information under section 13.37.~~

2.23 **EFFECTIVE DATE.** This section is effective August 1, 2010, and applies to
2.24 policies issued, renewed, or continued as defined in section 60A.02, subdivision 2a, on or
2.25 after that date.