

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 470

H.P. 362

House of Representatives, February 4, 2003

An Act To Ensure Fairness Regarding Use of Consumer Credit Reports in Insurance Underwriting

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND

Clerk

Presented by Representative CANAVAN of Waterville.

Cosponsored by Representative SUSLOVIC of Portland, President DAGGETT of Kennebec and Representatives: DUDLEY of Portland, O'NEIL of Saco, PERRY of Calais, RECTOR of Thomaston, RICHARDSON of Brunswick, THOMPSON of China, TRAHAN of Waldoboro, Senator: BRENNAN of Cumberland.

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Be it enacted by the People of the State of Maine as follows:

Sec. 1. 24-A MRS.A §2169-B is enacted to read:

§2169-B. Use of consumer reports in insurance underwriting

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Adverse underwriting decision" has the same meaning as in section 2204, subsection 1.

B. "Consumer report" has the same meaning as in Title 10, section 1312, subsection 3.

C. "Consumer reporting agency" has the same meaning as in Title 10, section 1312, subsection 4.

D. "Insurance score" means a number calculated to predict the future loss exposure of an applicant for insurance or a policyholder that is based on consumer report information relating to credit history and experience.

2. Use of consumer reports. Notwithstanding this subsection, an insurer may use a consumer report as permitted under the Fair Credit Reporting Act pursuant to Title 10, chapter 210 and 15 United States Code, Chapter 41. An insurer may use information obtained from a consumer reporting agency to calculate an insurance score for underwriting and rating purposes, except that an insurer may not:

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

B. Deny, cancel or refuse to renew a policy solely on the basis of information contained in a consumer report;

C. Raise premium rates or reduce coverage on a policy solely on the basis of information contained in a consumer report;

D. Take an adverse action against a consumer based on negative credit information caused by illness, period of unemployment or death of spouse;

E. Consider an absence of credit history, the number of inquiries or requests made for a consumer's credit report or an inability to determine a credit history as a negative indicator on a consumer's insurance score; or

2 transact automobile or homeowners' insurance in this State from
3 making underwriting and rating decisions based solely on
4 information contained in consumer credit reports. The bill also
5 prohibits an insurer from using an insurance score that is
6 calculated using income, gender, address, zip code, ethnic group,
7 religion, marital status or nationality as a factor and from
8 considering an absence of credit history or an inability to
9 determine a credit history as a negative indicator on an
10 insurance score. An insurer may continue to use consumer credit
11 reports in underwriting and rating decisions in conjunction with
12 other relevant underwriting criteria to the extent allowed under
13 state and federal fair credit reporting laws.

14 The bill also requires insurers to provide written notice to
15 a consumer who is adversely affected by a credit report. The
16 notice must include the specific credit-based reasons for the
17 adverse decision and contact information necessary to assist the
18 consumer in appealing the insurer's decision.