

MAINE STATE LEGISLATURE

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REPORT A

HEALTH COVERAGE, INSURANCE AND FINANCIAL SERVICES

Reproduced and distributed under the direction of the Secretary of the Senate.

STATE OF MAINE

SENATE

131ST LEGISLATURE

SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 950, L.D. 2220, "An Act to Prohibit Insurers from Using Credit Information as a Factor in Certain Insurance Practices"

Amend the bill by striking out the title and substituting the following:

'An Act to Update the Law Relating to the Use of Credit Information in Insurance Scoring'

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 24-A MRSA §2169-B, sub-§2-A is enacted to read:

2-A. Extraordinary life circumstances; exception. Notwithstanding any provision of law or rule to the contrary, an insurer that uses credit information shall, on written request from a consumer, provide reasonable exceptions to the insurer's rates, rating classifications, company or tier placement or underwriting rules or guidelines as provided in this subsection.

A. An insurer shall provide a reasonable exception for a consumer who has experienced and whose credit information has been directly affected by any of the following events:

(1) A catastrophic event, as declared by the Federal Government or State Government;

(2) Serious illness or injury or the serious illness of or injury to an immediate family member;

(3) The death of a spouse, child or parent;

(4) Divorce or involuntary interruption of legally owed alimony or support payments to the consumer;

(5) Identity theft;

(6) Temporary loss of employment for a period of 3 months or more if it results from involuntary termination of employment;

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(7) Military deployment overseas; or

(8) Other events, as determined by the insurer.

B. If a consumer submits a request for a reasonable exception based on an event under paragraph A, an insurer may, in its sole discretion:

(1) Require the consumer to provide reasonable written and independently verifiable documentation of the event;

(2) Require the consumer to demonstrate that the event had a direct and meaningful impact on the consumer's credit information;

(3) Require the request to be made no more than 60 days from the date of an application for insurance or a policy renewal;

(4) Grant an exception despite the consumer not providing the initial request for an exception in writing; or

(5) Grant an exception when the consumer asks for consideration of repeated events or the insurer has considered an event previously.

C. An insurer is not out of compliance with any law or rule relating to underwriting, rating or rate filing as a result of granting an exception under this subsection. This subsection may not be construed to provide a consumer with a cause of action that does not exist in the absence of this section.

D. An insurer shall provide notice to a consumer that the reasonable exceptions described under paragraph A are available and information about how the consumer may inquire about exception eligibility.

E. Within 30 days of an insurer's receipt of sufficient documentation of an event described in paragraph A, the insurer shall inform the consumer of the outcome of the consumer's request for a reasonable exception. The insurer shall provide this information to a consumer in writing.

Sec. 2. 24-A MRSA §2169-B, sub-§3, as enacted by PL 2003, c. 223, §1, is amended to read:

3. Notice of use of credit information. If credit information is used by an insurer, an insurer shall disclose, either on the insurance application or at the time the insurance application is taken, that credit information may be obtained by the insurer in connection with the application and include a description of the factors related to credit information that are used or may be used by the insurer in connection with the application, except that, if the insurer uses or may use more than 4 factors related to credit information, the insurer is not required to disclose more than 4 factors. The disclosure must be written or provided to an applicant in the same medium as the application for insurance. The insurer is not required to provide the disclosure statement required under this subsection to any insured on a renewal policy if such consumer has previously been provided a disclosure statement. An insurer may demonstrate compliance with this subsection by using the following example disclosure statement: "In connection with this application for insurance, we may review your credit report or obtain or use a credit-based insurance score based on the information contained in that credit report, including the following factors [description of factors to be added by the insurer]. We may use a 3rd party in connection with the development of your insurance score."

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Sec. 3. Application. The requirements in this Act apply to all policies, contracts and certificates executed, delivered, issued for delivery, continued or renewed in this State on or after January 1, 2025. For purposes of this Act, all contracts are deemed to be renewed no later than the next yearly anniversary of the contract date.'

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

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SUMMARY

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This amendment replaces the bill and changes the title. The amendment updates the current law relating to the use of credit information by insurers. The amendment requires an insurer to include, as part of any notice to a consumer applying for insurance, that credit information may be used, a description of the factors related to credit information that are used or may be used by the insurer in connection with the application, except that, if the insurer uses or may use more than 4 factors related to credit information, the insurer is not required to disclose more than 4 factors. The amendment also requires, upon written request from a consumer, an insurer to provide reasonable exceptions to the insurer's rates, rating classifications, company or tier placement or underwriting rules or guidelines based on extraordinary life circumstances. The requirements apply to insurance policies, contracts and certificates issued or renewed on or after January 1, 2025.