

SSB 5010 - S AMD 500

By Senator Das

1 On page 4, line 11, after "48.19.020" insert ".

2 (8) (a) Notwithstanding any other law or regulation, an insurer
3 that uses credit information shall, on written request from an
4 applicant for insurance coverage or an insured, provide reasonable
5 exceptions to the insurer's rates, rating classifications, company or
6 tier placement, or underwriting rules or guidelines for a consumer
7 who has experienced and whose credit information has been directly
8 influenced by any of the following events:

9 (i) Catastrophic event, as declared by the federal or state
10 government;

11 (ii) Serious illness or injury, or serious illness or injury to
12 an immediate family member;

13 (iii) Death of a spouse, child, or parent;

14 (iv) Divorce or involuntary interruption of legally owed alimony
15 or support payments;

16 (v) Identity theft;

17 (vi) Temporary loss of employment for a period of three months or
18 more, if it results from involuntary termination;

19 (vii) Military deployment overseas; or

20 (viii) Other events, as determined by the insurer.

21 (b) If an applicant or insured submits a request for an exception
22 as set forth in (a) of this subsection, an insurer may, in its sole
23 discretion, but is not mandated to:

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

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

28 (iii) Require such request be made no more than 60 days from the
29 date of the application for insurance or the policy renewal;

30 (iv) Grant an exception despite the consumer not providing the
31 initial request for an exception in writing; and

1 (v) Grant an exception where the consumer asks for consideration
2 of repeated events or the insurer has considered this event
3 previously.

4 (c) An insurer is not out of compliance with any law or rule
5 relating to underwriting, rating, or rate filing as a result of
6 granting an exception under this section. Nothing in this section
7 shall be construed to provide a consumer or other insured with a
8 cause of action that does not exist in the absence of this section.

9 (d) The insurer shall provide notice to consumers that reasonable
10 exceptions are available and information about how the consumer may
11 inquire further.

12 (e) Within 30 days of the insurer's receipt of sufficient
13 documentation of an event described in (a) of this subsection, the
14 insurer shall inform the consumer of the outcome of the request for a
15 reasonable exception. Such communication shall be in writing or
16 provided to an applicant in the same medium as the request"

17 On page 4, after line 11, insert the following:

18 **"Sec. 3.** RCW 48.18.545 and 2002 c 360 s 1 are each amended to
19 read as follows:

20 (1) For the purposes of this section:

21 (a) "Adverse action" has the same meaning as defined in the fair
22 credit reporting act, 15 U.S.C. Sec. 1681 et seq. Adverse actions
23 include, but are not limited to:

24 (i) Cancellation, denial, or nonrenewal of personal insurance
25 coverage;

26 (ii) Charging a higher insurance premium for personal insurance
27 than would have been offered if the credit history or insurance score
28 had been more favorable, whether the charge is by:

29 (A) Application of a rating rule;

30 (B) Assignment to a rating tier that does not have the lowest
31 available rates; or

32 (C) Placement with an affiliate company that does not offer the
33 lowest rates available to the consumer within the affiliate group of
34 insurance companies; or

35 (iii) Any reduction, adverse, or unfavorable change in the terms
36 of coverage or amount of any personal insurance due to a consumer's
37 credit history or insurance score. A reduction, adverse, or
38 unfavorable change in the terms of coverage occurs when:

1 (A) Coverage provided to the consumer is not as broad in scope as
2 coverage requested by the consumer but available to other insureds of
3 the insurer or any affiliate; or

4 (B) The consumer is not eligible for benefits such as dividends
5 that are available through affiliate insurers.

6 (b) "Affiliate" has the same meaning as defined in RCW
7 48.31B.005(1).

8 (c) "Consumer" means an individual policyholder or applicant for
9 insurance.

10 (d) "Consumer report" has the same meaning as defined in the fair
11 credit reporting act, 15 U.S.C. Sec. 1681 et seq.

12 (e) "Credit history" means any written, oral, or other
13 communication of any information by a consumer reporting agency
14 bearing on a consumer's creditworthiness, credit standing, or credit
15 capacity that is used or expected to be used, or collected in whole
16 or in part, for the purpose of serving as a factor in determining
17 personal insurance premiums or eligibility for coverage.

18 (f) "Insurance score" means a number or rating that is derived
19 from an algorithm, computer application, model, or other process that
20 is based in whole or in part on credit history.

21 (g) "Personal insurance" means:

22 (i) Private passenger automobile coverage;

23 (ii) Homeowner's coverage, including mobile homeowners,
24 manufactured homeowners, condominium owners, and renter's coverage;

25 (iii) Dwelling property coverage;

26 (iv) Earthquake coverage for a residence or personal property;

27 (v) Personal liability and theft coverage;

28 (vi) Personal inland marine coverage; and

29 (vii) Mechanical breakdown coverage for personal auto or home
30 appliances.

31 (h) "Tier" means a category within a single insurer into which
32 insureds with substantially like insuring, risk or exposure factors,
33 and expense elements are placed for purposes of determining rate or
34 premium.

35 (2) An insurer that takes adverse action against a consumer based
36 in whole or in part on credit history or insurance score shall
37 provide written notice to the applicant or named insured. The notice
38 must state the significant factors of the credit history or insurance
39 score that resulted in the adverse action. The insurer shall also

1 inform the consumer that the consumer is entitled to a free copy of
2 their consumer report under the fair credit reporting act.

3 (3) An insurer shall not cancel or nonrenew personal insurance
4 based in whole or in part on a consumer's credit history or insurance
5 score. An offer of placement with an affiliate insurer does not
6 constitute cancellation or nonrenewal under this section.

7 (4) An insurer may use credit history to deny personal insurance
8 only in combination with other substantive underwriting factors. For
9 the purposes of this subsection:

10 (a) "Deny" means an insurer refuses to offer insurance coverage
11 to a consumer;

12 (b) An offer of placement with an affiliate insurer does not
13 constitute denial of coverage; and

14 (c) An insurer may reject an application when coverage is not
15 bound or cancel an insurance contract within the first sixty days
16 after the effective date of the contract.

17 (5) Insurers shall not deny personal insurance coverage based on:

18 (a) The absence of credit history or the inability to determine
19 the consumer's credit history, if the insurer has received accurate
20 and complete information from the consumer;

21 (b) The number of credit inquiries;

22 (c) Credit history or an insurance score based on collection
23 accounts identified with a medical industry code;

24 (d) The initial purchase or finance of a vehicle or house that
25 adds a new loan to the consumer's existing credit history, if evident
26 from the consumer report; however, an insurer may consider the bill
27 payment history of any loan, the total number of loans, or both;

28 (e) The consumer's use of a particular type of credit card,
29 charge card, or debit card; or

30 (f) The consumer's total available line of credit; however, an
31 insurer may consider the total amount of outstanding debt in relation
32 to the total available line of credit.

33 (6)(a) If disputed credit history is used to determine
34 eligibility for coverage and a consumer is placed with an affiliate
35 that charges higher premiums or offers less favorable policy terms:

36 (i) The insurer shall reissue or rerate the policy retroactive to
37 the effective date of the current policy term; and

38 (ii) The policy, as reissued or rerated, shall provide premiums
39 and policy terms the consumer would have been eligible for if
40 accurate credit history had been used to determine eligibility.

1 (b) This subsection only applies if the consumer resolves the
2 dispute under the process set forth in the fair credit reporting act
3 and notifies the insurer in writing that the dispute has been
4 resolved.

5 (7)(a) Notwithstanding any other law or regulation, an insurer
6 that uses credit information shall, on written request from an
7 applicant for insurance coverage or an insured, provide reasonable
8 exceptions to the insurer's rates, rating classifications, company or
9 tier placement, or underwriting rules or guidelines for a consumer
10 who has experienced and whose credit information has been directly
11 influenced by any of the following events:

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13 government;

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15 an immediate family member;

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17 (iv) Divorce or involuntary interruption of legally owed alimony
18 or support payments;

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20 (vi) Temporary loss of employment for a period of three months or
21 more, if it results from involuntary termination;

22 (vii) Military deployment overseas; or

23 (viii) Other events, as determined by the insurer.

24 (b) If an applicant or insured submits a request for an exception
25 as set forth in (a) of this subsection, an insurer may, in its sole
26 discretion, but is not mandated to:

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

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

31 (iii) Require such request be made no more than 60 days from the
32 date of the application for insurance or the policy renewal;

33 (iv) Grant an exception despite the consumer not providing the
34 initial request for an exception in writing; and

35 (v) Grant an exception where the consumer asks for consideration
36 of repeated events or the insurer has considered this event
37 previously.

38 (c) An insurer is not out of compliance with any law or rule
39 relating to underwriting, rating, or rate filing as a result of
40 granting an exception under this section. Nothing in this section

1 shall be construed to provide a consumer or other insured with a
2 cause of action that does not exist in the absence of this section.

3 (d) The insurer shall provide notice to consumers that reasonable
4 exceptions are available and information about how the consumer may
5 inquire further.

6 (e) Within 30 days of the insurer's receipt of sufficient
7 documentation of an event described in (a) of this subsection, the
8 insurer shall inform the consumer of the outcome of the request for a
9 reasonable exception. Such communication shall be in writing or
10 provided to an applicant in the same medium as the request.

11 (8) The commissioner may adopt rules to implement this section.
12 ~~((8) This section applies to all personal insurance policies~~
13 ~~issued or renewed after January 1, 2003.))"~~

14 Renumber the remaining section consecutively and correct any
15 internal references accordingly.

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By Senator Das

16 On page 1, line 4 of the title, after "48.19.035" insert "and
17 48.18.545"

EFFECT: Requires insurers to provide reasonable exceptions to insurance rates for consumers experiencing extraordinary life circumstances if contacted in writing.

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