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**SENATE BILL 5589**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** Senators Hasegawa, Kauffman, Lovelett, Nobles, Saldaña, Stanford, and C. Wilson; by request of Insurance Commissioner

AN ACT Relating to conducting a study of credit history, credit-based insurance scores, and other rate factors that may disparately impact Washington residents, in making rates for personal insurance; creating a new section; and providing an expiration date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) The legislature finds that insurers' use of credit history, credit-based insurance scoring models, and other rate factors that may disparately impact Washington residents, to make personal insurance rates, may be impacting Washington residents in unintended or unacceptable ways. The legislature further finds that establishing public policy for ensuring personal insurance availability and pricing that is consistent with legislative expectations requires actuarial evaluation of insurers' current use of credit history, credit-based insurance scores, other rate factors that may have disparate impacts on Washington residents, and alternatives to their use, for purposes of rates, premiums, or eligibility for coverage.

(2) The office of the insurance commissioner shall conduct a study of insurers' use of credit history, credit-based insurance scores, other rate factors that may have disparate impacts on Washington residents, and alternatives to their use, in determining personal insurance premiums, rates, or eligibility for coverage, and the associated impacts to consumer costs and the availability of insurance.

(3) In conducting the study, the insurance commissioner shall:

(a) Collect information from entities transacting personal insurance as defined in RCW 48.19.035. The identified authorized insurers are required to provide the requested information to the insurance commissioner;

(b) Investigate and obtain any other relevant information that may assist the insurance commissioner with analyzing insurers' use of credit history, credit-based insurance scoring models, other rate factors that may disparately impact Washington residents, and alternatives to their use, in determining personal insurance premiums, rates, eligibility for coverage, and evaluating the associated impacts to consumer costs and the availability of insurance; and

(c) Contract with actuaries and other consultants, as needed, to:

(i) Analyze insurers' use of credit history, credit-based insurance scoring models, or other rate factors that may disparately impact Washington residents, in determining premiums, rates, and eligibility for coverage for people of various races, ethnicities, sexes, socioeconomic status, and national origins;

(ii) Identify and analyze alternative rate factors that could be used to determine premiums, rates, and eligibility for coverage that neither rely on credit history or credit-based insurance scoring models, nor disparately impact Washington residents of various races, ethnicities, sexes, socioeconomic status, or national origins;

(iii) Analyze the likely impact of insurers' uses under (c)(i) of this subsection, and alternative rate factors identified under (c)(ii) of this subsection, on consumer costs, rates, premiums eligibility for coverage, and availability of insurance for people of various races, ethnicities, sexes, socioeconomic status, and national origins; and

(iv) Develop for legislative consideration, policy options and their likely impacts on consumer costs, premiums, rates, eligibility for coverage, and the availability of personal insurance, of use of rate plans that include and exclude credit history, credit-based insurance scoring models, or other rate factors that may have a disparate impact on Washington residents.

(4) Consistent with RCW 43.01.036, the insurance commissioner shall submit a preliminary report to the relevant policy committees of the legislature by December 31, 2025, and a final report by September 15, 2026, with review findings, policy options, and recommendations regarding allowance, prohibition, or contingent use, of credit history, credit-based insurance scoring models, other disparately impactful rating factors, and alternatives to their use, for personal insurance, and the associated impacts on consumer costs, premiums, rates, eligibility for coverage, and availability of insurance for people of various races, ethnicities, sexes, socioeconomic status, and national origins.

(5) Data requested by, or provided to, the insurance commissioner and the insurance commissioner's contracted consultants for the purpose of complying with the study and reporting requirements in this section is confidential by law and privileged, and is not subject to public disclosure under chapter 42.56 RCW. Nothing in this section prohibits the insurance commissioner from preparing and publishing reports, analyses, or other documents using the data received under this section so long as the data is in aggregate form and does not permit the identification of information related to individual companies. Data in the aggregate form is deemed open records available for public inspection. Nothing in this section affects, limits, or amends the insurance commissioner's authority under chapter 48.37 RCW.

(6) This section expires December 31, 2033.

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