HOUSE BILL NO. 1211

1   AN ACT TO RESTRICT THE USE OF CREDIT SCORES BY INSURERS TO
2 UNDERWRITE OR RATE RISKS FOR PERSONAL INSURANCE; AND FOR RELATED
3 PURPOSES.

4   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

5   **SECTION 1.** An insurer authorized to do business in this

6 state that uses credit information to underwrite or rate risks for

7 personal insurance shall not:

8   (a) Take an adverse action against a consumer based on

9 credit information, unless an insurer obtains and uses a credit

10 report issued or an insurance score calculated within ninety (90)

11 days from the date the personal insurance policy is first written

12 or renewal is issued;

13   (b) (i) Use credit information unless, no later than

14 thirty-six (36) months following the last time that the insurer

15 obtained current credit information for the insured, the insurer

16 recalculates the insurance score or obtains an updated credit

17 report. The insurer is not required to comply with this paragraph

18 (b) if:

19   1. The insured is in the most

20 favorably-priced tier of the insurer or within a group of

21 affiliated insurers, for the type of policy covering the insured;

22   2. If the insurer has determined not to use

23 credit information in its re-evaluation of the insured upon

24 renewal; or

25   3. If the insurer provides a notice to the

26 insured on an annual basis of the insured's right to voluntarily

27 request that their insurance credit score be rerun and reevaluated

28 based on the current information available for the next effective

29 renewal date of the insured's policy. A notice provided under

30 this section shall be in writing in clear and concise language and

31 shall not contain any information other than what is necessary to

32 notify the insured of this right. An insurer need not recalculate

33 the insurance score or obtain the updated credit report of a

34 consumer more frequently than once every twelve (12) months;

35   (ii) Nothing in paragraph (b)(i) shall be deemed

36 to require any insurer to use credit information in rating or

37 underwriting. The commissioner may promulgate rules to effectuate

38 this section;

39   (c) Use the following as a negative factor in any

40 insurance scoring methodology or in reviewing credit information

41 for the purpose of underwriting or rating a policy of personal

42 insurance:

43   (i)   Credit inquiries not initiated by the consumer

44 or inquiries requested by the consumer for each person's own

45 credit information;

46   (ii)   Inquiries relating to insurance coverage, if

47 so identified on a consumer's credit report;

48   (iii)   Multiple lender inquiries, if coded by the

49 consumer reporting agency on the consumer's credit report as being

50 from the home mortgage industry and made within thirty (30) days

51 of one another, unless only one (1) inquiry is considered;

52   (iv)   Multiple lender inquiries, if coded by the

53 consumer reporting agency on the consumer's credit report as being

54 from the automobile lending industry and made within thirty (30)

55 days from one another, unless only one (1) inquiry is considered;

56 or

57   (v)   Collection accounts with a medical industry

58 code, if so identified on the consumer's credit report;

59   (d)   Deny, cancel or nonrenew a policy of personal

60 insurance solely on the basis of credit information, without

61 consideration of any other applicable underwriting factor

62 independent of credit information;

63   (e)   Base an insured's renewal rates for personal

64 insurance solely upon credit information, without consideration of

65 any other applicable factor independent of credit information;

66   (f)   Take an adverse action against a consumer solely

67 because the consumer does not have a credit account, without

68 consideration of any other applicable factor independent of credit

69 information;

70   (g) Consider an absence of credit information or an

71 inability to calculate an insurance score in underwriting or

72 rating personal insurance, unless the insurer either treats the

73 consumer as if the consumer had neutral credit information as

74 defined by the insurer or unless the insurer treats the consumer

75 in a manner otherwise approved by the commissioner of commerce and

76 insurance; and

77   (h) Use an insurance score that is calculated using

78 income, gender, address, ethnic group, religion, marital status,

79 nationality, education, or occupation of the consumer as a factor.

80 Nothing in this paragraph (h) shall preclude an insurer from

81 underwriting personal insurance on the basis of information in the

82 insurance application that is not credit information.

83   **SECTION 2.** This act shall take effect and be in force from

84 and after July 1, 2016.

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~ OFFICIAL ~
ST: Insurers; restrict use of credit scores to
underwrite or rate risks for personal insurance.