

SECOND REGULAR SESSION

SENATE BILL NO. 981

91ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR WESTFALL.

Read 1st time January 21, 2002, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

2497S.021

AN ACT

To amend chapter 375, RSMo, by adding thereto one new section relating to the use of credit history for insurance purposes, with penalty provisions.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 375, RSMo, is amended by adding thereto one new section, to be known as section 375.997, to read as follows:

375.997. 1. As used in this section, the following terms shall mean:

(1) "Adverse underwriting decision", placement by an insurer or agent of a risk with a residual market mechanism, an unauthorized insurer or an insurer which specializes in substandard risks;

(2) "Credit history" or "credit report", credit information contained in a "consumer report", as defined in the federal Fair Credit Reporting Act, 15 U.S.C. section 1681 et seq., bearing on a natural person's credit worthiness, credit standing or credit capacity but does not include public information including convictions, lawsuits, bankruptcies, or similar public information;

(3) "Credit score", a score that is derived by utilizing data from an individual's credit report in an algorithm, computer program, model or other process that reduces the data into a number or rating;

(4) "Insurer", an insurance company as defined in section 375.012;

(5) "Policy", any contract of insurance, plan or binder, including any rider or endorsement thereto, offered by an insurer.

2. No insurer shall decline, cancel, refuse to renew, limit the amount of coverage or base an adverse underwriting decision on an insurance policy solely on

the fact that the applicant or insured does not have an established credit rating, credit score or other evidence of credit-worthiness.

3. The provisions of this section are not intended to conflict with any disclosure provisions of the federal Truth in Lending Act applicable to lending institutions, credit bureaus, or other credit service organizations that maintain or distribute credit histories on insurance applicants or policyholders.

4. The provisions of this section shall not apply to credit insurance policies as defined in chapter 385, RSMo.

5. A violation of this section shall be deemed an unfair practice pursuant to the provisions of sections 375.930 to 375.948 and shall be subject to all penalties, remedies and procedures provided in these sections.

6. The director shall promulgate rules necessary to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2002, shall be invalid and void.

7. The provisions of this section shall apply to insurance policies entered into on or after January 1, 2003.

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