

SENATE BILL NO. 852

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR MAY.

4877S.011

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 375.918, RSMo, and to enact in lieu thereof one new section relating to the use of credit scores in determining certain insurance rates.

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

Section A. Section 375.918, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 375.918,
3 to read as follows:

375.918. 1. As used in this section, the following
2 terms mean:

3 (1) "Adverse action", a denial, nonrenewal of, or a
4 reduction in the amount of benefits payable or types of
5 coverages under any contract, existing or applied for, in
6 connection with the underwriting of insurance. An offer by
7 an insurer to write a contract through an affiliated insurer
8 does not constitute an adverse action;

9 (2) "Contract", any automobile insurance policy as
10 defined in section 379.110, or any property insurance policy
11 as defined in section 375.001, including such a policy on a
12 mobile home or residential condominium unit or a policy of
13 renters' or tenants' insurance. Contract shall not include
14 any policy of mortgage insurance or commercial insurance;

15 (3) "Credit report", any written or electronic
16 communication of any information by a consumer reporting
17 agency that:

- 18 (a) Bears on a person's credit worthiness, credit
19 standing, or credit capacity; and
- 20 (b) Is used or collected wholly or partly to serve as
21 a factor in the underwriting of a contract;
- 22 (4) "Credit scoring entity", any entity that is
23 involved in creating, compiling, or providing insurance
24 credit scores;
- 25 (5) "Insurance credit score", a numerical
26 representation of the insurance risk a person presents using
27 the person's attributes derived from a credit report or
28 credit information in a formula to assess insurance risk on
29 an actuarial or statistical basis;
- 30 (6) "Insurer", any insurance company or entity that
31 offers a contract;
- 32 (7) "Underwriting", the selection of the risk that
33 will be assumed by the insurer on a contract, and
34 specifically the decision whether to accept, deny, renew,
35 nonrenew, reduce, or increase the amount of benefits payable
36 or types of coverages under the contract.
- 37 2. An insurer using a credit report or insurance
38 credit score as a factor in underwriting shall not take an
39 adverse action based on such factor without consideration of
40 another noncredit-related underwriting factor.
- 41 3. No insurer shall take an adverse action against an
42 applicant or insured based on inability to compute an
43 insurance credit score without consideration of another
44 underwriting factor, unless the insurer can justify the
45 credibility that the lack of an insurance credit score has
46 in underwriting to the director of the department of
47 commerce and insurance.
- 48 4. An insurer using a credit report or insurance
49 credit score as a factor in underwriting a contract shall

50 disclose at the time of the original application for the
51 contract or on the application itself that the insurer may
52 gather credit information.

53 5. An insurer using a credit report or insurance
54 credit score as a factor in underwriting of a contract shall
55 not take an adverse action on such contract based on
56 information that is the subject of a written dispute between
57 the policyholder or applicant and a consumer reporting
58 agency, as noted in such person's credit report, until such
59 dispute has reached final determination in accordance with
60 the federal Fair Credit Reporting Act, 15 U.S.C. Section
61 1681, et seq. In the event that information is the subject
62 of a written dispute under this subsection, the sixty-day
63 period provided by section 375.002 or section 379.110 shall
64 be extended until fifteen days after the dispute reaches
65 final determination. Nothing in this subsection shall be
66 construed to require any consumer reporting agency, as
67 defined by the federal Fair Credit Reporting Act, 15 U.S.C.
68 Section 1681, et seq., to include any information on a
69 credit report beyond the extent required by the federal Fair
70 Credit Reporting Act, 15 U.S.C. Section 1681, et seq.

71 6. If the use of a credit report or insurance credit
72 score on a contract results in an adverse action, the
73 insurer shall provide the policyholder or applicant:

74 (1) Notice that a credit report or insurance credit
75 score adversely affected the underwriting of the contract;

76 (2) The name, address, and telephone number of the
77 consumer credit reporting agency that furnished the credit
78 information, in compliance with the notice requirements of
79 the federal Fair Credit Reporting Act, 15 U.S.C. Section
80 1681, et seq.;

81 (3) Notice of the right to obtain a free credit report
82 from the consumer credit reporting agency within sixty days;
83 and

84 (4) Notice of the right to lodge a dispute with the
85 consumer credit reporting agency to have any erroneous
86 information corrected in accordance with the federal Fair
87 Credit Reporting Act, 15 U.S.C. Section 1681, et seq.

88 7. Within thirty days from the date the insurer
89 provides notice of an adverse action pursuant to subdivision
90 (1) of subsection 6 of this section, the applicant or
91 insured may in writing request from the insurer a statement
92 of reasons for such action. For purposes of determining the
93 thirty-day period, the notice of an adverse action is deemed
94 received three days after mailing. The statement of reasons
95 shall be sufficiently clear and specific so that a person of
96 average intelligence can identify the basis for the
97 insurer's decision without further inquiry. An insurer may
98 provide an explanation of significant characteristics of the
99 credit history that may have impacted such person's
100 insurance credit score to meet the requirements of this
101 subsection. Standardized credit explanations provided by
102 credit scoring entities comply with this subsection.

103 8. If an insurer bases an adverse action in part on a
104 credit report or insurance credit score, the applicant or
105 insured may within thirty days of such adverse action make a
106 written request for reunderwriting following any correction
107 relating to the credit report or insurance credit score.

108 9. An insurer may obtain and use a current credit
109 report or insurance credit score on new business or renewal
110 contracts, but shall not take an adverse action with respect
111 to renewal contracts based upon such credit report or

112 insurance credit score until or after the third anniversary
113 date of the initial contract.

114 10. Insurance inquiries shall not directly or
115 indirectly be used as a negative factor in any insurance
116 credit scoring formula or in the use of a credit report in
117 underwriting.

118 11. Nothing in this section shall be construed as
119 superceding the provisions of section 375.002 and section
120 379.114. Nothing in this section shall be construed as
121 prohibiting any insurer from using credit information in
122 determining whether to offer a policyholder or applicant the
123 option to finance or establish a payment plan for the
124 payment of any premium for a contract. Nothing in this
125 section shall apply to any entity not acting as an insurer
126 or credit scoring entity as defined in subsection 1 of this
127 section.

128 12. No credit scoring entity shall provide or sell to
129 any party, other than the insurer, its insurance company
130 affiliates or holding companies, and the producer from whom
131 the inquiry was generated, data or lists that include any
132 information that in whole or in part is submitted in
133 conjunction with credit inquiries about consumers. Such
134 information includes, but is not limited to, expiration
135 dates, information that may identify time periods during
136 which a consumer's insurance may expire, or other nonpublic
137 personal information as defined under the Gramm-Leach-Bliley
138 Act, 15 U.S.C. Sections 6801 to 6809. The provisions of
139 this subsection shall not preclude the exchange of
140 information specifically authorized under the federal Fair
141 Credit Reporting Act, 15 U.S.C. Section 1681, et seq., the
142 Gramm-Leach-Bliley Act, 15 U.S.C. Sections 6801 to 6809 and
143 other applicable federal law. The provisions of this

144 subsection shall not apply to data disclosed in connection
145 with a proposed or actual sale, merger, transfer or exchange
146 of all or a portion of an insurer's or producer's business
147 or operating unit, including but not limited to, the sale of
148 a portfolio of contracts, if such disclosure concerns solely
149 consumers of the business or unit and such disclosure is not
150 the primary reason for the sale, merger, transfer or
151 exchange.

152 13. A violation of this section may be enforceable
153 under section 374.280.

154 14. The provisions of this section shall apply to all
155 contracts entered into on or after July 1, 2003.

156 15. **Notwithstanding any provision of law to the**
157 **contrary, for any contract that is an automobile insurance**
158 **policy as defined in section 379.110 that is entered into on**
159 **or after August 28, 2026, no insurer shall utilize any**
160 **information obtained directly or indirectly from a consumer**
161 **reporting agency or any insurance credit score that relies**
162 **on information obtained directly or indirectly from a**
163 **consumer reporting agency for the purpose of determining the**
164 **rate charged for such contract.**

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