

Senate Bill 377

Sponsored by Senator BONAMICI; Senators MONNES ANDERSON, MORSE, ROSENBAUM, Representatives HARKER, HOLVEY, KENNEMER, TOMEI

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Prohibits insurer that issues personal insurance policy from increasing consumer's premium after ratering consumer at consumer's request.

A BILL FOR AN ACT

1
2 Relating to insurance trade practices; creating new provisions; and amending ORS 746.661.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 746.661 is amended to read:

5 746.661. (1) An insurer that issues personal insurance policies in this state:

6 (a) May not cancel or nonrenew personal insurance that has been in effect for more than 60
7 days based in whole or in part on a consumer's credit history or insurance score.

8 (b) May use a consumer's credit history to decline coverage of personal insurance in the initial
9 underwriting decision only in combination with other substantive underwriting factors. An offer of
10 placement with an affiliate insurer does not constitute a declination of insurance coverage.

11 (c) May not use the following types of credit history to decline coverage of personal insurance,
12 calculate an insurance score or determine personal insurance premiums or rates:

13 (A) The absence of credit history or the inability to determine the consumer's credit history, if
14 the insurer has received accurate and complete information from the consumer, unless the insurer
15 does one of the following:

16 (i) If the insurer presents information that the absence of credit history or the inability to de-
17 termine the consumer's credit history relates to the risk for the insurer, uses the absence of a credit
18 history or inability to determine a consumer's credit history as allowed by rules adopted by the
19 Director of the Department of Consumer and Business Services;

20 (ii) Treats the consumer as if the applicant or insured has neutral credit history, as defined by
21 the insurer; or

22 (iii) Excludes the use of credit information as a factor and uses only other underwriting criteria.

23 (B) Credit inquiries not initiated by the consumer or inquiries requested by the consumer for the
24 consumer's own credit information.

25 (C) Inquiries identified on a consumer's credit report relating to insurance coverage.

26 (D) Multiple lender inquiries identified as being from the home mortgage industry and made
27 within 30 days of one another, unless only one inquiry is considered.

28 (E) Multiple lender inquiries identified as being from the automobile lending industry and made
29 within 30 days of one another, unless only one inquiry is considered.

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

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (d) May not rerate an existing policy or rerate a customer based on a customer's credit history
 2 or the credit history component of a customer's insurance score when the marital status of the
 3 customer changes due to death or divorce.

4 (2) If an insurer [*assigns a consumer to a less favorable rating category for a policy of*] **uses the**
 5 **consumer's credit history or insurance score to determine the consumer's** personal insurance
 6 **rating category** [*based in whole or in part on the consumer's credit history or insurance score*], the
 7 consumer may request, no more than once annually, that the insurer rerate the consumer according
 8 to the standards that the insurer would apply to the consumer if the consumer were initially ap-
 9 plying for the same personal insurance. **The insurer shall rerate the consumer within 10 days**
 10 **after receiving a request from the consumer. After rerating the consumer under this sub-**
 11 **section, the insurer may not use information from rerating to increase the premium on any**
 12 **personal insurance policy the consumer holds. If the consumer qualifies for a more favorable**
 13 **rating category, the insurer shall reduce the premiums on all of the personal insurance pol-**
 14 **icies the consumer holds. Any existing claim-related discounts or surcharges shall carry**
 15 **forward for each policy of the rerated consumer.**

16 (3) If an insurer uses disputed credit history to determine eligibility for coverage of personal
 17 insurance and places a consumer with an affiliate that charges higher premiums or offers less fa-
 18 vorable policy terms:

19 (a) The insurer shall rerate the policy retroactive to the effective date of the current policy
 20 term; and

21 (b) The policy, as reissued or rerated, shall provide the premiums and policy terms for which the
 22 consumer would have been eligible if accurate credit history had been used to determine eligibility.

23 (4) If an insurer charges higher premiums due to disputed credit history, the insurer shall rerate
 24 the policy retroactive to the effective date of the current policy term. As rerated, the insurer shall
 25 charge the consumer the same premiums the consumer would have been charged if accurate credit
 26 history had been used to calculate an insurance score.

27 (5) Subsections (3) and (4) of this section apply only if the consumer resolves the credit dispute
 28 under the process set forth in the federal Fair Credit Reporting Act (15 U.S.C. 1681) and notifies the
 29 insurer in writing that the dispute has been resolved.

30 (6) Except as provided in subsections (2), (3) and (4) of this section, an insurer may only use
 31 rating factors other than credit history or insurance score to rerate the policy at renewal.

32 **SECTION 2. The amendments to ORS 746.661 by section 1 of this 2009 Act apply to per-**
 33 **sonal insurance policies issued or renewed on or after the effective date of this 2009 Act.**

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