

SECOND REGULAR SESSION

# HOUSE BILL NO. 2632

## 103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MURRAY.

6409H.011

JOSEPH ENGLER, Chief Clerk

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Section A. Section 375.918, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 375.918, to read as follows:

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

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

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

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

(a) Bears on a person's credit worthiness, credit standing, or credit capacity; and

(b) Is used or collected wholly or partly to serve as a factor in the underwriting of a contract;

(4) "Credit scoring entity", any entity that is involved in creating, compiling, or providing insurance credit scores;

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 (5) "Insurance credit score", a numerical representation of the insurance risk a person  
18 presents using the person's attributes derived from a credit report or credit information in a  
19 formula to assess insurance risk on an actuarial or statistical basis;

20 (6) "Insurer", any insurance company or entity that offers a contract;

21 (7) "Underwriting", the selection of the risk that will be assumed by the insurer on a  
22 contract, and specifically the decision whether to accept, deny, renew, nonrenew, reduce, or  
23 increase the amount of benefits payable or types of coverages under the contract.

24 2. An insurer using a credit report or insurance credit score as a factor in underwriting  
25 shall not take an adverse action based on such factor without consideration of another  
26 noncredit-related underwriting factor.

27 3. No insurer shall take an adverse action against an applicant or insured based on  
28 inability to compute an insurance credit score without consideration of another underwriting  
29 factor, unless the insurer can justify the credibility that the lack of an insurance credit score  
30 has in underwriting to the director of the department of commerce and insurance.

31 4. An insurer using a credit report or insurance credit score as a factor in underwriting  
32 a contract shall disclose at the time of the original application for the contract or on the  
33 application itself that the insurer may gather credit information.

34 5. An insurer using a credit report or insurance credit score as a factor in underwriting  
35 of a contract shall not take an adverse action on such contract based on information that is the  
36 subject of a written dispute between the policyholder or applicant and a consumer reporting  
37 agency, as noted in such person's credit report, until such dispute has reached final  
38 determination in accordance with the federal Fair Credit Reporting Act, 15 U.S.C. Section  
39 1681, et seq. In the event that information is the subject of a written dispute under this  
40 subsection, the sixty-day period provided by section 375.002 or section 379.110 shall be  
41 extended until fifteen days after the dispute reaches final determination. Nothing in this  
42 subsection shall be construed to require any consumer reporting agency, as defined by the  
43 federal Fair Credit Reporting Act, 15 U.S.C. Section 1681, et seq., to include any information  
44 on a credit report beyond the extent required by the federal Fair Credit Reporting Act, 15  
45 U.S.C. Section 1681, et seq.

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

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

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

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

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

58 7. Within thirty days from the date the insurer provides notice of an adverse action  
59 pursuant to subdivision (1) of subsection 6 of this section, the applicant or insured may in  
60 writing request from the insurer a statement of reasons for such action. For purposes of  
61 determining the thirty-day period, the notice of an adverse action is deemed received three  
62 days after mailing. The statement of reasons shall be sufficiently clear and specific so that a  
63 person of average intelligence can identify the basis for the insurer's decision without further  
64 inquiry. An insurer may provide an explanation of significant characteristics of the credit  
65 history that may have impacted such person's insurance credit score to meet the requirements  
66 of this subsection. Standardized credit explanations provided by credit scoring entities  
67 comply with this subsection.

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

72 9. An insurer may obtain and use a current credit report or insurance credit score on  
73 new business or renewal contracts, but shall not take an adverse action with respect to  
74 renewal contracts based upon such credit report or insurance credit score until or after the  
75 third anniversary date of the initial contract.

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

78 11. Nothing in this section shall be construed as superceding the provisions of section  
79 375.002 and section 379.114. Nothing in this section shall be construed as prohibiting any  
80 insurer from using credit information in determining whether to offer a policyholder or  
81 applicant the option to finance or establish a payment plan for the payment of any premium  
82 for a contract. Nothing in this section shall apply to any entity not acting as an insurer or  
83 credit scoring entity as defined in subsection 1 of this section.

84 12. No credit scoring entity shall provide or sell to any party, other than the insurer,  
85 its insurance company affiliates or holding companies, and the producer from whom the  
86 inquiry was generated, data or lists that include any information that in whole or in part is  
87 submitted in conjunction with credit inquiries about consumers. Such information includes,  
88 but is not limited to, expiration dates, information that may identify time periods during  
89 which a consumer's insurance may expire, or other nonpublic personal information as defined

90 under the Gramm-Leach-Bliley Act, 15 U.S.C. Sections 6801 to 6809. The provisions of this  
91 subsection shall not preclude the exchange of information specifically authorized under the  
92 federal Fair Credit Reporting Act, 15 U.S.C. Section 1681, et seq., the Gramm-Leach-Bliley  
93 Act, 15 U.S.C. Sections 6801 to 6809 and other applicable federal law. The provisions of this  
94 subsection shall not apply to data disclosed in connection with a proposed or actual sale,  
95 merger, transfer or exchange of all or a portion of an insurer's or producer's business or  
96 operating unit, including but not limited to, the sale of a portfolio of contracts, if such  
97 disclosure concerns solely consumers of the business or unit and such disclosure is not the  
98 primary reason for the sale, merger, transfer or exchange.

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

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

102 **15. Notwithstanding any provision of law to the contrary, for any contract that is**  
103 **an automobile insurance policy as defined in section 379.110 that is entered into on or**  
104 **after August 28, 2026, no insurer shall utilize any information obtained directly or**  
105 **indirectly from a consumer reporting agency or any insurance credit score that relies on**  
106 **information obtained directly or indirectly from a consumer reporting agency for the**  
107 **purpose of determining the rate charged for such contract.**

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