

State Corporation Commission 2007 Fiscal Impact Statement

1. Bill Number HB2887

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Phillips

3. Committee Committee on Commerce and Labor

4. Title Insurance; use of credit history.

5. Summary/Purpose: Prohibits refusing to renew subject policies solely based on credit history, lack of credit history, or credit score; prohibits refusing to issue a policy solely because of credit history, lack of credit history, or credit score; prohibits the use of credit information for underwriting, tier placement, or rating an applicant or insured; forbids taking adverse action against an applicant for a policy based on credit information; and prohibits the setting of rates or making of pricing decisions based on a person's credit history, lack of credit history, or credit score. The bill is applicable to owner-occupied dwellings, renter's policies, and insurance on motor vehicles purchased primarily for personal, family, or household purposes.

6. No Fiscal Impact on the State Corporation Commission

7. Budget amendment necessary: No

8. Fiscal implications: None on the State Corporation Commission

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance

10. Technical amendment necessary: No

11. Other comments: Statutes were added to Title 38.2 in 2003 to prohibit insurance companies from non-renewing automobile and homeowners insurance policies solely on the basis of a policyholder's credit history. Insurers, however, were permitted to use credit information for new business pricing. The 2003 law also stipulated certain disclosures be provided to policyholders about the use of credit histories.

The Bureau of Insurance anticipates that as a result of HB 2887, insurers will re-evaluate and adjust rate levels to offset their inability to use credit in establishing rates. As for consumers, policyholders with poor credit histories that are currently paying higher insurance premiums should pay lower premiums as a result of this bill, but policyholders with good credit could pay somewhat higher premiums since they would lose good credit discounts now afforded.

Date: 01/25/07 / V. Tompkins

cc: Secretary of Commerce and Trade