

State Corporation Commission

2019 Fiscal Impact Statement

1. Bill Number: HB2230

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Bagby

3. Committee: Commerce and Labor

4. Title: Insurance; use of credit rating.

5. Summary: Clarifies what constitutes adverse action in the use of credit in the rating and underwriting of homeowners and private passenger automobile insurance policies. An insurer is required to notify the applicant or insured when an insurer takes adverse action based on credit information. The measure conforms the definition of adverse action to the U.S. Supreme Court's decision in *Safeco Insurance Company v. Burr*, in which it held that an adverse action has occurred only when the use of credit information puts the applicant or insured in a worse position than if credit had not been considered.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates: No Fiscal Impact on the State Corporation Commission

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: Delegate Bagby introduced House Bill 2230 at the request of the State Corporation Bureau of Insurance. The bill conforms the language of the Code of Virginia with case law and the provisions of the Fair Credit Reporting Act, 15 USC § 1681a.

Date: 01/14/19/V. Tompkins