

State Corporation Commission 2012 Fiscal Impact Statement

1. Bill Number: HB432

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: Tata

3. Committee: Commerce and Labor

4. Title: Motor vehicle insurance; premiums based on credit information.

5. Summary: Motor vehicle insurance; premiums based on credit information. Prohibits insurers from using credit information to underwrite or rate new or renewal private passenger automobile insurance policies. The bill applies to new policies of motor vehicle insurance issued or delivered in the Commonwealth not later than January 1, 2013 and to renewal policies issued or delivered in the Commonwealth, not later than April 1, 2013.

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: The legislation effectively repeals the provisions enacted in 2003 pursuant to Senate Bill 1284 with respect to private passenger automobile insurance. The bill bans the use of credit (for automobile insurance) in pricing decisions and setting rates based on a person's credit history, lack of credit history, and credit score. The bill adds credit information to the list of prohibited reasons for a company's refusal to issue a motor vehicle policy as defined in § 38.2-2212. Finally, the bill prohibits the use of credit information contained in a consumer report for underwriting, tier placement, or rating. Insurance companies will be required to amend filings for automobile insurance as a result of House Bill 432. Consumers determined to have good credit ratings could experience an increase in their automobile insurance premiums if credit information is no longer used in rating or underwriting. Conversely, consumers with poor credit could receive lower premiums.

House Bill 432 is identical to Senate Bill 350. HB 432 is currently assigned to House Commerce and Labor Subcommittee #2.

Date: 01/21/12/V. Tompkins

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cc: Secretary of Commerce and Trade
Secretary of Health and Human Resources