

# SENATE BILL 235

C4  
SB 72/18 – FIN

9lr0371  
CF 9lr1039

---

By: **Senators Young, Benson, Carter, Lee, McCray, Nathan–Pulliam, Patterson, Smith, and Washington**

Introduced and read first time: January 25, 2019

Assigned to: Finance

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Insurance – Use of Credit History in Rating Policies**

3 FOR the purpose of prohibiting an insurer, with respect to private passenger motor vehicle  
4 insurance, from rating a risk based, in whole or in part, on the credit history of an  
5 applicant or insured in any manner; repealing certain provisions of law authorizing  
6 an insurer to use the credit history of an applicant or insured to rate a new policy of  
7 private passenger motor vehicle insurance subject to certain limitations and  
8 requirements; making conforming and clarifying changes; providing for the  
9 application of this Act; and generally relating to rating policies of private passenger  
10 motor vehicle insurance.

11 BY repealing and reenacting, with amendments,  
12 Article – Insurance  
13 Section 27–501(e–2)  
14 Annotated Code of Maryland  
15 (2017 Replacement Volume and 2018 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
17 That the Laws of Maryland read as follows:

18 **Article – Insurance**

19 27–501.

20 (e–2) (1) In this subsection, “credit history” means any written, oral, or other  
21 communication of any information by a consumer reporting agency bearing on a consumer’s  
22 creditworthiness, credit standing, or credit capacity that is used or expected to be used, or  
23 collected in whole or in part, for the purpose of determining personal lines insurance  
24 premiums or eligibility for coverage.

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) With respect to homeowner's insurance, an insurer may not:

2 (i) refuse to underwrite, cancel, or refuse to renew a risk based, in  
3 whole or in part, on the credit history of an applicant or insured;

4 (ii) rate a risk based, in whole or in part, on the credit history of an  
5 applicant or insured in any manner, including:

6 1. the provision or removal of a discount;

7 2. assigning the insured or applicant to a rating tier; or

8 3. placing an insured or applicant with an affiliated  
9 company; or

10 (iii) require a particular payment plan based, in whole or in part, on  
11 the credit history of the insured or applicant.

12 (3) [(i)] With respect to private passenger motor vehicle insurance, an  
13 insurer may not:

14 [1.] (I) refuse to underwrite, cancel, OR refuse to renew[, or  
15 increase the renewal premium] A RISK based, in whole or in part, on the credit history of  
16 [the insured or] AN applicant OR INSURED; [or]

17 (II) RATE A RISK BASED, IN WHOLE OR IN PART, ON THE CREDIT  
18 HISTORY OF AN APPLICANT OR INSURED IN ANY MANNER, INCLUDING:

19 1. THE PROVISION OR REMOVAL OF A DISCOUNT;

20 2. ASSIGNING THE INSURED OR APPLICANT TO A RATING  
21 TIER; OR

22 3. PLACING AN INSURED OR APPLICANT WITH AN  
23 AFFILIATED COMPANY; OR

24 [2.] (III) require a particular payment plan based, in whole  
25 or in part, on the credit history of the insured or applicant.

26 [(ii) 1. An insurer may, subject to paragraphs (4) and (5) of this  
27 subsection, use the credit history of an applicant to rate a new policy of private passenger  
28 motor vehicle insurance.

29 2. For purposes of this subsection, rating includes:

30 A. the provision or removal of a discount;

1 B. assigning the applicant to a rating tier; or

2 C. placing an applicant with an affiliated company.

3 (4) With respect to private passenger motor vehicle insurance, an insurer  
4 that rates a new policy based, in whole or in part, on the credit history of the applicant:

5 (i) may not use a factor on the credit history of the applicant that  
6 occurred more than 5 years prior to the issuance of the new policy;

7 (ii) 1. shall advise an applicant at the time of application that  
8 credit history is used; and

9 2. shall, on request of the applicant, provide a premium  
10 quotation that separately identifies the portion of the premium attributable to the  
11 applicant's credit history;

12 (iii) may not use the following factors in rating the policy:

13 1. the absence of credit history or the inability to determine  
14 the applicant's credit history; or

15 2. the number of credit inquiries about an applicant's credit  
16 history;

17 (iv) 1. shall review the credit history of an insured who was  
18 adversely impacted by the use of the insured's credit history at the initial rating of the  
19 policy:

20 A. every 2 years; or

21 B. on request of the insured; and

22 2. shall adjust the premium of an insured whose credit  
23 history was reviewed under this subparagraph to reflect any improvement in the insured's  
24 credit history; or

25 (v) shall disclose to the applicant at the time of the issuance of a  
26 policy that the insurer is required to:

27 1. review the credit history of an insured who was adversely  
28 impacted by the use of the insured's credit history at the initial rating or underwriting of  
29 the policy:

30 A. every 2 years; or

1 B. on request of the insured; and

2 2. adjust the premium of an insured whose credit history was  
3 reviewed to reflect any improvement in the insured's credit history.

4 (5) With respect to private passenger motor vehicle insurance, an insurer  
5 that rates a new policy based, in whole or in part, on the credit history of the applicant may,  
6 if actuarially justified, provide a discount of up to 40% or impose a surcharge of up to 40%.]

7 [(6)] (4) With respect to private passenger motor vehicle insurance, an  
8 insurer may not increase the premium for an insured who becomes a surviving spouse  
9 based solely on the insured's change in marital status.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all  
11 private passenger motor vehicle insurance policies issued, delivered, or renewed in the  
12 State on or after the effective date of this Act.

13 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
14 October 1, 2019.