

BY: Finance Committee

AMENDMENTS TO HOUSE BILL NO. 521

(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, strike “- Prohibition”; strike beginning with “altering” in line 8 down through “insurance” in line 17 and substitute “prohibiting an insurer from using the credit history of an insured to cancel, refuse to renew, or increase the renewal premium for coverage of certain insurance risks; requiring an insurer that uses credit history, in whole or in part, to rate or underwrite certain insurance policies to advise an applicant that credit history is used to provide a certain premium quotation under certain circumstances; prohibiting an insurer that uses credit history, in whole or in part, to rate or underwrite certain insurance policies from using certain factors in rating or underwriting the policies; requiring an insurer that uses credit history, in whole or in part, to rate or underwrite certain insurance policies to review the credit history of certain insureds at a certain time and to adjust a certain premium under certain circumstances; requiring an insurer that uses credit history, in whole or in part, to rate or underwrite certain insurance policies to disclose certain information to the insured at a certain time; requiring the Maryland Insurance Commissioner to conduct a certain study and report to the Governor and the General Assembly on or before a certain date; and generally relating to property and casualty insurance and the use of credit history”; in line 18, strike “with” and substitute “without”.

AMENDMENT NO. 2

On page 2, in line 7, strike the brackets; in the same line, strike “3”; in lines 7 and 8, strike “AND 9 MONTHS”; in line 8, strike the brackets; in the same line, strike “JUNE”; and strike in their entirety lines 20 through 30, inclusive, and substitute:

“(2) AN INSURER MAY NOT CANCEL, REFUSE TO RENEW, OR INCREASE THE RENEWAL PREMIUM FOR COVERAGE OF A PRIVATE PASSENGER MOTOR VEHICLE OR HOMEOWNER’S INSURANCE RISK BECAUSE OF THE CREDIT HISTORY OF THE INSURED.

(Over)

(3) (I) AN INSURER THAT USES CREDIT HISTORY, IN WHOLE OR IN PART, TO RATE OR UNDERWRITE A NEW PRIVATE PASSENGER OR HOMEOWNER'S INSURANCE POLICY SHALL:

1. ADVISE AN APPLICANT AT THE TIME OF APPLICATION THAT CREDIT HISTORY IS USED; AND

2. ON REQUEST OF THE APPLICANT, PROVIDE A PREMIUM QUOTATION THAT SEPARATELY IDENTIFIES THE PORTION OF THE PREMIUM ATTRIBUTABLE TO THE APPLICANT'S CREDIT HISTORY.

(II) AN INSURER THAT USES CREDIT HISTORY, IN WHOLE OR IN PART, TO RATE OR UNDERWRITE A NEW PRIVATE PASSENGER OR HOMEOWNER'S INSURANCE POLICY MAY NOT USE THE FOLLOWING FACTORS IN RATING OR UNDERWRITING THE POLICY:

1. THE ABSENCE OF CREDIT HISTORY OR THE INABILITY TO DETERMINE THE APPLICANT'S OR INSURED'S CREDIT HISTORY; OR

2. THE NUMBER OF CREDIT INQUIRIES ABOUT AN APPLICANT'S OR INSURED'S CREDIT HISTORY.

(III) 1. AN INSURER THAT USES CREDIT HISTORY, IN WHOLE OR IN PART, TO RATE OR UNDERWRITE A NEW PRIVATE PASSENGER OR HOMEOWNER'S INSURANCE POLICY SHALL REVIEW THE CREDIT HISTORY OF AN INSURED WHO WAS ADVERSELY IMPACTED BY THE USE OF THE INSURED'S CREDIT HISTORY AT THE INITIAL RATING OR UNDERWRITING OF THE POLICY:

A. EVERY 2 YEARS; OR

B. ON REQUEST OF THE INSURED.

2. AN INSURER SHALL ADJUST THE PREMIUM OF AN INSURED WHOSE CREDIT HISTORY WAS REVIEWED UNDER THIS SUBPARAGRAPH TO

REFLECT ANY IMPROVEMENT IN THE INSURED'S CREDIT HISTORY.

(IV) AN INSURER THAT USES CREDIT HISTORY, IN WHOLE OR IN PART, TO RATE OR UNDERWRITE A NEW PRIVATE PASSENGER OR HOMEOWNER'S INSURANCE POLICY SHALL DISCLOSE TO THE INSURED AT THE TIME OF THE ISSUANCE OF A POLICY THAT THE INSURER IS REQUIRED TO:

1. REVIEW THE CREDIT HISTORY OF AN INSURED WHO WAS ADVERSELY IMPACTED BY THE USE OF THE INSURED'S CREDIT HISTORY AT THE INITIAL RATING OR UNDERWRITING OF THE POLICY:

A. EVERY 2 YEARS; OR

B. AT ANY TIME, UPON REQUEST OF THE INSURED; AND

2. ADJUST THE PREMIUM OF AN INSURED WHOSE CREDIT HISTORY WAS REVIEWED TO REFLECT ANY IMPROVEMENT IN THE INSURED'S CREDIT HISTORY."

AMENDMENT NO. 3

On page 2, before line 31, insert:

"SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland Insurance Commissioner shall conduct a study on whether the use of credit scoring in the State has an adverse impact on any demographic group defined by race or socio-economic status. In conducting the study, the Commissioner shall consult with representatives of the property and casualty insurance industry, insurance producer organizations, consumer organizations, consumer reporting agencies, and any other person that the Commissioner considers necessary to assist the Commissioner in conducting the study. The Commissioner shall report on the results of the study to the Governor and, in accordance with § 2-1246 of the State Government Article, the General Assembly, on or before December 31, 2002."

in lines 31 and 34, strike "2." and "3.", respectively, and substitute "3." and "4.", respectively; and in

(Over)

lines 33 and 35, in each instance, strike "July" and substitute "October".