

BY: Conference 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 “Act” in line 15 and substitute “prohibiting an insurer, with respect to homeowner’s insurance, from refusing to underwrite, cancel, or refuse to renew a risk based on a certain credit history; prohibiting an insurer, with respect to homeowner’s insurance, from rating a risk based on a certain credit history; prohibiting an insurer, with respect to homeowner’s insurance, from requiring a particular payment plan based on a certain credit history; prohibiting an insurer, with respect to private passenger motor vehicle insurance, from refusing to underwrite, cancel, refuse to renew, or increase the renewal premium based on a certain credit history; prohibiting an insurer, with respect to private passenger motor vehicle insurance, from requiring a particular payment plan based on a certain credit history; authorizing a certain insurer to use the credit history of a certain applicant in a certain manner; providing that rating includes certain practices; prohibiting an insurer, with respect to private passenger motor vehicle insurance, from using a certain factor on a certain credit history; requiring a certain insurer to advise a certain applicant about a certain credit history; prohibiting an insurer from using certain factors in rating a certain policy; requiring an insurer to disclose to a certain applicant certain information about a certain credit history; allowing a certain insurer to provide an actuarially justified discount in the rate or a surcharge in the rate; defining a certain term; requiring the Insurance Commissioner to conduct a certain study to be reported by a certain date; providing for the application of the Act; providing for the termination of certain provisions of this Act”; in line 16, strike “prohibiting”; in line 18, strike “with” and substitute “without”; in line 21, strike “repealing and reenacting, with amendments,” and substitute “adding”; in line 23, strike “(e)” and substitute “(e-1)”.

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 13 through 30, inclusive, and substitute:

(Over)

“(E-1) (1) IN THIS SUBSECTION “CREDIT HISTORY” MEANS ANY WRITTEN, ORAL, OR OTHER COMMUNICATION OF ANY INFORMATION BY A CONSUMER REPORTING AGENCY BEARING ON A CONSUMER’S CREDITWORTHINESS, CREDIT STANDING, OR CREDIT CAPACITY THAT IS USED OR EXPECTED TO BE USED, OR COLLECTED IN WHOLE OR IN PART, FOR THE PURPOSE OF DETERMINING PERSONAL LINES INSURANCE PREMIUMS OR ELIGIBILITY FOR COVERAGE.

(2) WITH RESPECT TO HOMEOWNER’S INSURANCE, AN INSURER MAY NOT:

(I) REFUSE TO UNDERWRITE, CANCEL, OR REFUSE TO RENEW A RISK BASED, IN WHOLE OR IN PART, ON THE CREDIT HISTORY OF AN APPLICANT OR INSURED;

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

1. THE PROVISION OR REMOVAL OF A DISCOUNT;
2. ASSIGNING THE INSURED OR APPLICANT TO A RATING TIER; OR
3. PLACING AN INSURED OR APPLICANT WITH AN AFFILIATED COMPANY; OR

(III) REQUIRE A PARTICULAR PAYMENT PLAN BASED, IN WHOLE OR IN PART, ON THE CREDIT HISTORY OF THE INSURED OR APPLICANT.

(3) (I) WITH RESPECT TO PRIVATE PASSENGER MOTOR VEHICLE INSURANCE, AN INSURER MAY NOT:

1. REFUSE TO UNDERWRITE, CANCEL, REFUSE TO RENEW, OR INCREASE THE RENEWAL PREMIUM BASED, IN WHOLE OR IN PART, ON THE CREDIT HISTORY OF THE INSURED OR APPLICANT; OR

2. REQUIRE A PARTICULAR PAYMENT PLAN BASED, IN

WHOLE OR IN PART, ON THE CREDIT HISTORY OF THE INSURED OR APPLICANT.

(II) 1. AN INSURER MAY, SUBJECT TO PARAGRAPHS (4) AND (5) OF THIS SUBSECTION, USE THE CREDIT HISTORY OF AN APPLICANT TO RATE A NEW POLICY OF PRIVATE PASSENGER MOTOR VEHICLE INSURANCE.

2. FOR PURPOSES OF THIS SUBSECTION, RATING INCLUDES:

A. THE PROVISION OR REMOVAL OF A DISCOUNT;  
B. ASSIGNING THE APPLICANT TO A RATING TIER; OR  
C. PLACING AN APPLICANT WITH AN AFFILIATED COMPANY.

(4) WITH RESPECT TO PRIVATE PASSENGER MOTOR VEHICLE INSURANCE, AN INSURER THAT RATES A NEW POLICY BASED, IN WHOLE OR IN PART, ON THE CREDIT HISTORY OF THE APPLICANT:

(I) MAY NOT USE A FACTOR ON THE CREDIT HISTORY OF THE APPLICANT THAT OCCURRED MORE THAN 5 YEARS PRIOR TO THE ISSUANCE OF THE NEW POLICY;

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

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

(III) MAY NOT USE THE FOLLOWING FACTORS IN RATING THE POLICY:

(Over)

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

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

(IV) 1. 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 OF THE POLICY:

A. EVERY 2 YEARS; OR

B. ON REQUEST OF THE INSURED; AND

2. 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; OR

(V) SHALL DISCLOSE TO THE APPLICANT 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. ON 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.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Insurance

27-501.

(E-1) (5) WITH RESPECT TO PRIVATE PASSENGER MOTOR VEHICLE INSURANCE, AN INSURER THAT RATES A NEW POLICY BASED, IN WHOLE OR IN PART, ON THE CREDIT HISTORY OF THE APPLICANT MAY, IF ACTUARIALLY JUSTIFIED, PROVIDE A DISCOUNT OF UP TO 40% OR IMPOSE A SURCHARGE OF UP TO 40%.”.

AMENDMENT NO. 3

On page 2, before line 31, insert:

“SECTION 3. 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 also study the impact of premium rates on policies issued by the Maryland Automobile Insurance Fund on the insurance market. The Commissioner shall report on the results of these studies to the Governor and, in accordance with § 2-1246 of the State Government Article, the General Assembly, on or before January 1, 2004.”;

in lines 31 and 34, strike “2.” and “3.”, respectively, and substitute “4.” and “6.”, respectively; in lines 33 and 35, in each instance, strike “July” and substitute “October”; and after line 33, insert:

“SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect October 1, 2002. Section 2 of this Act shall remain effective for a period of 2 years and, at the end of September 30, 2004, with no further action required by the General Assembly, Section 2 of

(Over)

this Act shall be abrogated and of no further force and effect.”.