

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 37
Economic Matters

(Delegate Krysiak)

Motor Vehicle Insurance - Discrimination in Underwriting Based on Credit
History - Extension of Prohibition

This bill postpones the sunset provision, from September 30, 2002 to September 30, 2004, applicable to: (1) the prohibition against refusing to underwrite a private passenger motor vehicle insurance risk solely because of the credit history of the applicant or named insured; and (2) the provision authorizing an insurer to request a finding by the Insurance Commissioner that a computer program, model, or algorithm used to develop or create a credit score for rating purposes be considered confidential commercial information.

Fiscal Summary

State Effect: The bill would not materially affect the finances or operations of the Maryland Insurance Administration (MIA).

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 576 of 1998, which sunsets September 30, 2002, establishes: (1) the prohibition against refusing to underwrite a private passenger motor vehicle insurance risk solely because of the credit history of the applicant or named insured; and (2) the provision authorizing an insurer to request a finding by the Insurance Commissioner that a computer program, model, or algorithm used to develop or create a credit score for rating purposes be considered confidential commercial information.

Background: In a recent report to the Governor and the General Assembly, MIA noted that approximately 92% of the respondents to a survey of large, private passenger automobile insurers used credit to some extent, along with other factors, in underwriting or rating private passenger insurance policies. In the same report, MIA advised that it was unable to quantify the effect of the prohibition against refusing to underwrite private passenger automobile insurance solely on the basis of credit.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Automobile Insurance Fund, Maryland Insurance Administration, Department of Legislative Services

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