

**MINUTES OF THE  
BUSINESS AND LABOR INTERIM COMMITTEE**  
Wednesday, June 20, 2001 – 8:00 a.m. – Room 403 State Capitol

**Members Present:**

Sen. Dan R. Eastman, Senate Chair  
Rep. Katherine M. Bryson, House Chair  
Sen. Curtis S. Bramble  
Sen. Gene Davis  
Sen. Parley G. Hellewell  
Sen. Ed P. Mayne  
Rep. Gerry A. Adair  
Rep. Roger E. Barrus  
Rep. Cindy Beshear  
Rep. Jackie Biskupski  
Rep. Carl W. Duckworth  
Rep. Ben C. Ferry  
Rep. Thomas Hatch  
Rep. Brad King  
Rep. Karen W. Morgan  
Rep. Brent D. Parker

**Members Absent:**

Sen. L. Steven Poulton  
Rep. David Clark  
Rep. Greg J. Curtis

**Staff Present:**

Ms. Mary Catherine Perry,  
Research Analyst  
Ms. Patricia Owen,  
Associate General Counsel  
Ms. Jennifer Markham,  
Legislative Secretary

**Note:** A list of others present and a copy of materials distributed in the meeting are on file in the Office of Legislative Research and General Counsel.

**1. Call to Order**

Chair Eastman called the meeting to order at 8:05 a.m.

**2. Committee Business - Approval of May 23, 2001 minutes**

**MOTION:** Rep. Parker moved to approve the minutes of the May 23, 2001 meeting. The motion passed unanimously with Sen. Bramble, Sen. Poulton, Rep Adair, Rep. Clark, and Rep. Curtis absent for the vote.

**3. Proposed Legislation: "Utah Revised Nonprofit Corporation Act Amendments"**

Sen. Lyle Hillyard discussed the need for the proposed legislation "Utah Revised Nonprofit Corporation Act Amendments," which he distributed to the committee members.

Mr. Warren Peterson, private attorney, discussed the need for the amendments and spoke in favor of the bill.

Mr. Bruce Olson, private attorney, stressed that some nonprofit corporations are unable to obtain a majority of votes to authorize corporate actions and that the bill as drafted was consistent with the entire Utah Revised Nonprofit Corporate Act.

**Motion:** Sen. Davis moved to approve First Special Session draft legislation "Utah Revised Nonprofit Corporation Act Amendments" as a committee bill. The motion passed unanimously with Sen. Bramble, Sen. Poulton, Rep. Adair, Rep. Clark, and Rep. Curtis absent for the vote.

#### **4. Consumer Credit Education**

Mr. Ed Leary, Commissioner, Department of Financial Institutions, presented the department's statutorily required report on consumer credit education and distributed a handout, "Second Report of the Department of Financial Institutions Pursuant to 70C-8-102 Consumer Credit Education." He provided staff with a copy of the power point presentation, "Tips to Avoid Fraud, Scams and High Cost Loans," that he referred to in his report and that has been presented to a variety of groups by his Department.

Committee discussion followed.

#### **5. Consumer Credit Reporting Laws**

Ms. Patricia Owen, Associate General Counsel, provided an overview of the Fair Credit Reporting Act and its relationship to state law. She provided committee members with copies of her presentation, "Fair Credit Reporting: An Overview of the Federal and State Interplay."

##### **A. Fair Credit Reporting Activities**

Ms. Mary Catherine Perry, Research Analyst, provided an overview of consumer credit reporting and distributed copies of her presentation to committee members.

Sen. Gene Davis provided a history of his involvement with the consumer credit reporting issue. He stressed that this is a state-wide problem. Sen. Davis compared discussion draft legislation, "Utah Consumer Credit Reporting Act," to Colorado's law and distributed "Table of Legislative History: Colorado Consumer Credit Reporting Act" to committee members.

Mr. William J. Welsh, III, President, Credit Bureau of Provo, stated what he believes are the critical issues in credit reporting including the credit bureau's role in consumer education, the manner in which a consumer's dispute is processed and how the information is verified, accuracy and currency of the information, and the consumer's opportunity to give assistance in credit

history. Mr. Welsh stated the credit bureaus want consumers to know what is on their credit report, but unsolicited notifications to consumers about their credit are burdensome and confusing. He stated that he believes the federal law provides adequate provisions. He distributed a packet of information to the committee.

Committee discussion followed.

Mr. Scott McCagno, Director of Education, Consumer Credit Counseling Services (CCCS), described CCCS and its board of directors. He described CCCS's consumer education program, Successful Strides. He said CCCS supports proposed legislation relating to a consumer's knowledge of credit rating. He emphasized that incorrect information on the credit report impacts businesses as well as consumers.

Committee discussion followed.

#### **B. Use of Credit Reports for Insurance Underwriting**

Ms. Perry provided an overview of credit scoring and states' regulation of the use of credit reports by insurers. She provided committee members with copies of her presentation.

Mr. Brad Tibbits, Director, Division of Property & Casualty Insurance, Department of Insurance, explained credit scores and provided examples of it affecting a person's eligibility for insurance. He stated the department's position is that it is a bad business practice to use credit scores to set insurance rates or deny insurance coverage. He suggested that the legislature ought to consider addressing this issue during the next general session.

Mr. Chris Purcell, Government Relations, State Farm Insurance, introduced Ms. Joy Keyser Pickar, Government Relations, State Farm Insurance Mountain States Region. Ms. Pickar described State Farm's use of credit reports for eligibility and the correlation between credit scores and risk for automobile insurance coverage.

Ms. Ann Weber, Associate Counsel, National Association of Independent Insurers, stressed the importance of continuing to use credit scores. She indicated a good credit history can result in insurance availability at the lowest possible price.

Ms. Shanna Abraham, Product Manager, Auto Products, Progressive Insurance Company, provided background on Progressive Insurance. She described Progressive's use of credit in underwriting insurance.

Mr. John Haas, Allstate Insurance Co., described Allstate's initial experience in the use of credit scoring in Utah. He stated people should pay commensurate with the risk and not subsidize poor drivers.

Mr. Curtis Breitweiser, President, Utah Association of Independent Insurance Agents, stated that from an agent's perspective the credit scoring is unfair and there is a potential for abuse.

**6. Adjourn**

**MOTION:** Sen. Davis moved to adjourn the meeting. The motion passed unanimously with Rep. Hatch absent for the vote.

Chair Eastman adjourned the meeting at 10:00 a.m.