

Representative Peggy Wallace proposes the following substitute bill:

**MOTOR VEHICLE INSURANCE AND CREDIT
INFORMATION**

2002 GENERAL SESSION

STATE OF UTAH

Sponsor: Peggy Wallace

Ron Bigelow

This act modifies the Insurance Code to regulate the use of certain credit information in making insurance decisions related to motor vehicle insurance.

This act affects sections of Utah Code Annotated 1953 as follows:

ENACTS:

31A-22-320, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **31A-22-320** is enacted to read:

31A-22-320. Use of credit information.

(1) For purposes of this section:

(a) "Credit information" means:

(i) a consumer report;

(ii) a credit score;

(iii) any information obtained by the insurer from a consumer report;

(iv) any part of a consumer report; or

(v) any part of a credit score.

(b) (i) Except as provided in Subsection (1)(b)(ii), "consumer report" is as defined in 15

U.S.C. 1681.

(ii) "Consumer report" does not include:

(A) a motor vehicle record obtained from a state or an agency of a state; or



26 (B) any information regarding an applicant's or insured's insurance claim history.

27 (c) (i) "Credit score" means a numerical value or a categorization that is:

28 (A) derived from information in a consumer report;

29 (B) derived from a statistical tool or modeling system; and

30 (C) developed to predict the likelihood of:

31 (I) future insurance claims behavior; or

32 (II) credit behavior.

33 (ii) "Credit score" includes:

34 (A) a risk predictor; or

35 (B) a risk score.

36 (iii) A numerical value or a categorization described in Subsection (1)(c)(i) is a credit score

37 if it is developed to predict the behavior described in Subsection (1)(c)(i)(C) regardless of whether

38 it is developed to predict other factors in addition to predicting the behavior described in

39 Subsection (1)(c)(i)(C).

40 (d) "Motor vehicle related insurance policy" means:

41 (i) a motor vehicle liability policy;

42 (ii) a policy that contains uninsured motorist coverage;

43 (iii) a policy that contains underinsured motorist coverage;

44 (iv) a policy that contains property damage coverage under this part; or

45 (v) a policy that contains personal injury coverage under this part.

46 (2) An insurer that issues a motor vehicle related insurance policy:

47 (a) ~~h~~ EXCEPT AS PROVIDED IN SUBSECTION (2)(b), ~~h~~ may not use credit information for the

47a purpose of determining for the motor vehicle

48 related insurance policy:

48a ~~h~~ **(i) RENEWAL; ~~h~~**

49 ~~h~~ **[~~(i)~~] (ii) ~~h~~ nonrenewal; ~~h~~ [or**

50 ~~h~~ **(ii)] (iii) ~~h~~ termination; ~~h~~ [and]**

50a **(iv) ELIGIBILITY;**

50b **(v) UNDERWRITING; OR**

50c **(vi) RATING; AND ~~h~~**

51 (b) ~~h~~ [if the conditions of Subsection (3) are met,] NOTWITHSTANDING SUBSECTION (2)(a), ~~h~~

51a may use credit information for the purpose

52 of ~~h~~ [determining for the motor vehicle related insurance policy:] § : (i) IF RISK RELATED FACTORS

52 1a OTHER THAN CREDIT INFORMATION ARE CONSIDERED, DETERMINING INITIAL UNDERWRITING;

52 1b OR

52 1c (ii) § PROVIDING TO AN INSURED:

52a § [(f)] (A) § A REDUCTION IN RATES PAID BY THE INSURED FOR THE MOTOR VEHICLE ^h

52b ^h RELATED INSURANCE POLICY; OR

52c § [(f)] (B) § ANY OTHER DISCOUNT SIMILAR TO THE REDUCTION IN RATES DESCRIBED IN

52d SUBSECTION § [(2)(b)(f)] (2)(b)(ii)(A) § . ^h

53 ^h [(f) eligibility;

54 (ii) underwriting; or

55 (iii) rating;

56 (3) (a) An insurer that issues a motor vehicle related insurance policy may use credit] ^h

57 ~~h [information as provided in Subsection (2)(b) only if:~~

58 ~~—— (i) in addition to the credit information, the insurer uses other criteria not related to credit~~
59 ~~in making a determination described in Subsection (2)(b); and~~

60 ~~—— (ii) the credit information is not the primary basis for the determination described in~~
61 ~~Subsection (2)(b):~~

62 ~~—— (b) For purposes of this Subsection (3), the commissioner shall by rule define under what~~
63 ~~circumstances use of credit information constitutes the primary basis for a determination described~~
64 ~~in Subsection (2)(b) in violation of this Subsection (3).] h~~

65 ~~h [(4) (3) h~~ In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,

65a ~~the~~

66 ~~commissioner may make rules necessary to enforce this section.~~