

SENATE BILL 749

C4

5lr2889

By: **Senator Pugh**

Introduced and read first time: February 13, 2015

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Insurance – Discrimination in Underwriting and Rating –**
3 **Prohibitions**

4 FOR the purpose of prohibiting an insurer, with respect to private passenger motor vehicle
5 insurance, from refusing to underwrite, canceling, refusing to renew, rating a risk,
6 or increasing a renewal premium based, in whole or in part, on the marital status or
7 employment or occupation of or education level attained by the insured or applicant;
8 repealing certain provisions of law authorizing an insurer, under certain
9 circumstances, to use the credit history of an applicant to rate a new policy of private
10 passenger motor vehicle insurance; defining a certain term; making conforming
11 changes; and generally relating to private passenger motor vehicle insurance.

12 BY repealing and reenacting, with amendments,
13 Article – Insurance
14 Section 27–501(e–2)
15 Annotated Code of Maryland
16 (2011 Replacement Volume and 2014 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
18 That the Laws of Maryland read as follows:

19 **Article – Insurance**

20 27–501.

21 (e–2) (1) In this subsection, “credit history” means any written, oral, or other
22 communication of any information by a consumer reporting agency bearing on a consumer’s
23 creditworthiness, credit standing, or credit capacity that is used or expected to be used, or
24 collected in whole or in part, for the purpose of determining personal lines insurance
25 premiums or eligibility for coverage.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) With respect to homeowner's insurance, an insurer may not:

2 (i) refuse to underwrite, cancel, or refuse to renew a risk based, in
3 whole or in part, on the credit history of an applicant or insured;

4 (ii) rate a risk based, in whole or in part, on the credit history of an
5 applicant or insured in any manner, including:

6 1. the provision or removal of a discount;

7 2. assigning the insured or applicant to a rating tier; or

8 3. placing an insured or applicant with an affiliated
9 company; or

10 (iii) require a particular payment plan based, in whole or in part, on
11 the credit history of the insured or applicant.

12 (3) (i) With respect to private passenger motor vehicle insurance, an
13 insurer may not:

14 1. refuse to underwrite, cancel, refuse to renew, **RATE A**
15 **RISK**, or increase the renewal premium based, in whole or in part, on the:

16 **A.** credit history of the insured or applicant;

17 **B.** **MARITAL STATUS OF THE INSURED OR APPLICANT;**

18 **C.** **EMPLOYMENT OR OCCUPATION OF THE INSURED OR**
19 **APPLICANT; OR**

20 **D.** **EDUCATION LEVEL ATTAINED BY THE INSURED OR**
21 **APPLICANT; or**

22 2. require a particular payment plan based, in whole or in
23 part, on the credit history of the insured or applicant.

24 [(ii) 1. An insurer may, subject to paragraphs (4) and (5) of this
25 subsection, use the credit history of an applicant to rate a new policy of private passenger
26 motor vehicle insurance.

27 2.] **(II)** For purposes of this [subsection, rating]
28 **PARAGRAPH, "RATE"** includes:

29 **[A.] 1.** the provision or removal of a discount;

1 [B.] 2. assigning the **INSURED OR** applicant to a rating
2 tier; or

3 [C.] 3. placing an **INSURED OR** applicant with an affiliated
4 company.

5 [(4) With respect to private passenger motor vehicle insurance, an insurer
6 that rates a new policy based, in whole or in part, on the credit history of the applicant:

7 (i) may not use a factor on the credit history of the applicant that
8 occurred more than 5 years prior to the issuance of the new policy;

9 (ii) 1. shall advise an applicant at the time of application that
10 credit history is used; and

11 2. shall, on request of the applicant, provide a premium
12 quotation that separately identifies the portion of the premium attributable to the
13 applicant's credit history;

14 (iii) may not use the following factors in rating the policy:

15 1. the absence of credit history or the inability to determine
16 the applicant's credit history; or

17 2. the number of credit inquiries about an applicant's credit
18 history;

19 (iv) 1. shall review the credit history of an insured who was
20 adversely impacted by the use of the insured's credit history at the initial rating of the
21 policy:

22 A. every 2 years; or

23 B. on request of the insured; and

24 2. shall adjust the premium of an insured whose credit
25 history was reviewed under this subparagraph to reflect any improvement in the insured's
26 credit history; or

27 (v) shall disclose to the applicant at the time of the issuance of a
28 policy that the insurer is required to:

29 1. review the credit history of an insured who was adversely
30 impacted by the use of the insured's credit history at the initial rating or underwriting of
31 the policy:

32 A. every 2 years; or

1 B. on request of the insured; and

2 2. adjust the premium of an insured whose credit history was
3 reviewed to reflect any improvement in the insured's credit history.

4 (5) With respect to private passenger motor vehicle insurance, an insurer
5 that rates a new policy based, in whole or in part, on the credit history of the applicant may,
6 if actuarially justified, provide a discount of up to 40% or impose a surcharge of up to 40%.]

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2015.