

REFERENCE TITLE: automobile insurance premiums; consumer reports

State of Arizona
Senate
Forty-eighth Legislature
Second Regular Session
2008

SB 1284

Introduced by
Senator McCune Davis

AN ACT

AMENDING SECTION 20-2110, ARIZONA REVISED STATUTES; RELATING TO AUTOMOBILE INSURANCE PREMIUMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-2110, Arizona Revised Statutes, is amended to
3 read:

4 20-2110. Reasons for adverse underwriting decisions: use of
5 certain credit history prohibited

6 A. In the event of an adverse underwriting decision the insurance
7 institution or insurance producer responsible for the decision shall either
8 provide the applicant, policyholder or individual proposed for coverage with
9 the specific reason for the adverse underwriting decision in writing or
10 advise the person, in writing, that ~~upon~~ ON written request the person may
11 receive the specific reason in writing and provide the applicant,
12 policyholder or individual proposed for coverage with a summary of the rights
13 established under subsection B of this section and sections 20-2108 and
14 20-2109.

15 B. ~~Upon~~ ON receipt of a written request within ninety business days
16 from the date of the mailing of notice or other communication of an adverse
17 underwriting decision to an applicant, policyholder or individual proposed
18 for coverage, the insurance institution or insurance producer shall furnish
19 to the person within twenty-one business days from the date of receipt of the
20 written request:

21 1. The specific reason for the adverse underwriting decision, in
22 writing, if the information was not initially furnished in writing pursuant
23 to subsection A of this section.

24 2. The specific items of personal and privileged information that
25 support those reasons except that:

26 (a) The insurance institution or insurance producer is not required to
27 furnish specific items of privileged information if it has a reasonable
28 suspicion, based ~~upon~~ ON specific information available for review by the
29 director, that the applicant, policyholder or individual proposed for
30 coverage has engaged in criminal activity, fraud, material misrepresentation
31 or material nondisclosure.

32 (b) Specific items of medical record information supplied by a medical
33 care institution or medical professional shall be disclosed either directly
34 to the individual about whom the information relates or to a medical
35 professional designated by the individual and licensed to provide medical
36 care with respect to the condition to which the information relates, at the
37 option of the insurance institution or insurance producer.

38 3. The names and addresses of the institutional sources that supplied
39 the specific items of information pursuant to paragraph 2 of this subsection,
40 except that the identity of any medical professional or medical care
41 institution shall be disclosed either directly to the individual or to the
42 designated medical professional, whichever the insurance institution or
43 insurance producer prefers.

1 C. The obligations imposed by this section ~~upon~~ ON an insurance
2 institution or insurance producer may be satisfied by another insurance
3 institution or insurance producer authorized to act on its behalf.

4 D. If an adverse underwriting decision results solely from an oral
5 request or inquiry, the explanation of the specific reasons and summary of
6 rights required by subsection A of this section may be given orally.

7 E. In providing the specific reason for an adverse underwriting
8 decision based on credit related information contained or not contained in an
9 individual's consumer report, the insurance institution or agent shall
10 provide at least the following information:

11 1. That the decision was based in part on a consumer report or the
12 absence of credit history.

13 2. The source of the consumer report and how the individual may obtain
14 a copy of the consumer report.

15 3. A description of up to four factors that were the primary cause for
16 the adverse action that resulted from the insurance score.

17 F. An insurer shall not use the following types of credit history to
18 calculate an insurance score to determine property or casualty premiums for
19 insurance transactions that are subject to this article and shall not
20 knowingly use an insurance score developed by a third party if the score is
21 calculated using any of the following types of credit history:

22 1. The absence of credit history or the inability to determine the
23 consumer's credit history unless the insurer's action is actuarially
24 justified or the insurer treats the consumer as if the consumer had neutral
25 credit information, as defined by the insurer.

26 2. Credit history or an insurance score based on collection accounts
27 identified with a medical industry code.

28 3. A bankruptcy or a lien satisfaction that is more than seven years
29 old.

30 4. The consumer's use of a particular type of credit card, charge card
31 or debit card unless actuarially justified.

32 5. The consumer's total available line of credit, except that an
33 insurer may consider the total amount of outstanding debt in relation to the
34 total available line of credit.

35 6. An insurance score that is calculated using the income, gender,
36 address, zip code, ethnic group, religion, marital status or nationality of
37 the consumer as a factor. This ~~section~~ PARAGRAPH does not prohibit an
38 insurer from using zip code, address, gender and marital status information
39 for underwriting purposes.

40 G. IN DETERMINING AN AUTOMOBILE OR MOTOR VEHICLE INSURANCE PREMIUM, AN
41 INSURER SHALL NOT USE AN APPLICANT'S CREDIT INFORMATION THAT IS CONTAINED IN
42 A CONSUMER REPORT.