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A bill to be entitled
 An act relating to the use of credit reports by insurers;
 creating s. 626.9741, F.S.; specifying that the act's
 purpose is to regulate and limit the use of credit reports
 by insurers for underwriting and rating purposes;
 specifying the types of insurance to which the section
 applies; defining terms; requiring insurers to notify
 applicants and insureds of the use of credit reports and
 to provide a copy of the credit report; prohibiting
 insurers from making adverse underwriting decisions based
 on certain credit information or under certain
 circumstances; authorizing the Financial Services
 Commission to adopt rules; requiring the Office of
 Insurance Regulation to approve an insurer's methodology
 for using credit reports and to conduct a study of the use
 of credit reports for underwriting and rating purposes;
 providing for application; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 626.9741, Florida Statutes, is created
 to read:

626.9741 Use of credit reports by insurers.--

(1) The purpose of this section is to regulate and limit
 the use of credit reports by insurers for underwriting and
 rating purposes. This section applies only to personal lines
 motor vehicle insurance and homeowner's insurance.

(2) As used in this section, the term:

(a) "Adverse underwriting decision" means a decision to
 deny or nonrenew a policy of insurance, to issue a policy with



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31 exclusions or restrictions, or to increase the rates or premium
32 charged for the policy of insurance.

33 (b) "Credit report" means any written, oral, or other
34 communication of any information by a consumer reporting agency,
35 as defined in the Federal Fair Credit Reporting Act, 15 U.S.C.
36 ss.1681, et seq., bearing on a consumer's credit worthiness,
37 credit standing, or credit capacity, which is used or expected
38 to be used or collected as a factor to establish a person's
39 eligibility for credit or insurance or any other purpose
40 authorized pursuant to the applicable provision of the Federal
41 Fair Credit Reporting Act.

42 (3) An insurer must notify the applicant or insured, in
43 writing, prior to requesting a credit report, that a credit
44 report is being requested and may be used for underwriting or
45 rating purposes. An insurer that makes an adverse underwriting
46 decision based upon a credit report must provide, or designate a
47 third party to provide, a copy of the credit report to the
48 applicant or insured and must identify the specific items in the
49 credit report which resulted in the adverse underwriting
50 decision.

51 (4)(a) An insurer may not make an adverse underwriting
52 decision solely because of credit information contained in a
53 credit report.

54 (b) An insurer may not make an adverse underwriting
55 decision based on:

- 56 1. The absence of, or an insufficient, credit history;
- 57 2. The number of credit reports or credit inquiries
58 requested or made regarding the applicant or insured;
- 59 3. Credit problems resulting from medical bills; or



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60 4. Any other special circumstance that the Financial
61 Services Commission determines, by rule, does not pose an
62 increased insurance risk.

63 (c) An insurer may not request a credit report based upon
64 the race, color, creed, marital status, gender, or national
65 origin of the applicant or insured.

66 (5) An insurer may not use a credit report as an
67 underwriting or rating factor unless the insurer provides the
68 Office of Insurance Regulation sufficient information for the
69 office to determine that the methodology used by the insurer
70 reasonably predicts the insurance risk posed by the applicant or
71 insured and that the weight given to the credit information is
72 reasonable compared to other factors affecting insurance risk.
73 Any premium increase imposed by an insurer based on credit
74 information contained in a credit report must be consistent with
75 the rates filed with and approved by the Office of Insurance
76 Regulation pursuant to the applicable insurance rating laws and
77 rules.

78 (6) An insurer may not refuse to renew a policy or impose
79 a premium increase due to credit information contained in a
80 credit report until the insured has had an opportunity to
81 correct any errors in the credit report, as provided in this
82 subsection. The insurer must notify the insured that he or she
83 may correct or question the accuracy of the information on which
84 the nonrenewal or premium increase is based within 10 days after
85 receiving a copy of the credit report required to be provided by
86 subsection (3). If, within such period, the insured notifies the
87 insurer or a third party designated by the insurer, in writing,
88 that the insured questions the accuracy of the credit
89 information on which the nonrenewal or premium increase was



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90 based, the nonrenewal or premium increase may not take effect
91 until 30 days after the accuracy of the credit information has
92 been verified and communicated to the insured. An insured must
93 cooperate in any such investigation. The insurer may nonrenew
94 the policy or impose the premium increase if the insured fails
95 to respond to relevant questions regarding the investigation
96 within 15 days after written notice to the insured.

97 (7) The Financial Services Commission may adopt rules to
98 administer this section.

99 Section 2. The Office of Insurance Regulation shall
100 conduct a study of the use of credit information as an
101 underwriting and rating factor. The study shall evaluate and
102 determine the increased risk of insurance loss posed by an
103 individual's credit worthiness, credit standing, or credit
104 capacity, and the appropriate weight that should be given to
105 such factors in determining insurability in conjunction with
106 other risk factors.

107 Section 3. This act shall take effect January 1, 2004, and
108 applies to policies issued or renewed on or after that date.