

SENATE BILL No. 172

By Committee on Ways and Means

2-2

9 AN ACT amending the Kansas insurance score act; relating to prohibited
10 acts; amending K.S.A. 2008 Supp. 40-5104 and repealing the existing
11 section.

12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 2008 Supp. 40-5104 is hereby amended to read as
15 follows: 40-5104. No insurer authorized to do business in the state of
16 Kansas which uses credit information to underwrite or rate risks, shall:

17 (a) Use an insurance score that is calculated using income, address,
18 zip code, race, religion, color, sex, disability, national origin, ancestry or
19 marital status of the consumer as a factor.

20 (b) Without ~~consideration of there being~~ any other applicable under-
21 writing factor independent of credit information and not expressly pro-
22 hibited by subsection (a), refuse to quote, deny, cancel or refuse to renew
23 any policy of personal insurance solely on the basis of credit information.

24 (c) Without ~~consideration of there being~~ any other applicable factor
25 independent of credit information, base an insured's renewal rates for
26 personal insurance solely upon credit information.

27 (d) Without ~~consideration of there being~~ any other applicable factor
28 independent of credit information, take an adverse action against a con-
29 sumer solely because such consumer does not have a credit card account.

30 (e) Consider an absence of credit information or an inability to cal-
31 culate an insurance score in underwriting or rating personal insurance,
32 unless the insurer does one of the following:

33 (1) Treat the consumer as if the applicant or insured had neutral
34 credit information, as defined by the insurer; or

35 (2) exclude the use of credit information as a factor and use only other
36 underwriting criteria.

37 (f) Take an adverse action against a consumer based on credit infor-
38 mation, unless an insurer obtains and uses a credit report issued or an
39 insurance score calculated within 90 days from the date the personal
40 insurance policy is first written or notice of renewal is issued.

41 (g) (1) Except as provided in paragraphs (2) and (3), use credit in-
42 formation unless not later than every 36 months following the last time
43 that the insurer obtained current credit information for the insured, the

1 insurer recalculates the insurance score or obtains an updated credit
2 report.

3 (2) The insurer shall:

4 (A) Re-underwrite and re-rate the consumer's personal insurance
5 policy, at the annual renewal of such policy, based upon a current credit
6 report or insurance score for such consumer, if requested by the con-
7 sumer. Such consumer's current credit report or insurance score shall be
8 used if the result of the re-underwrite and re-rate reduces the consumer's
9 rate. Such consumer's current credit report or insurance score shall not
10 be used to increase the consumer's rate. The insurer shall not be found
11 to be in violation of rate filings by adjusting an insured's rate in accordance
12 with this subparagraph. Nothing in this subparagraph shall require an
13 insurer to recalculate a consumer's insurance score or obtain the updated
14 credit report of a consumer more frequently than once in a twelve-month
15 period.

16 (B) Have the discretion to obtain current credit information upon
17 any renewal before the 36 months, if consistent with such insurer's un-
18 derwriting guidelines.

19 (3) No insurer shall be required to obtain current credit information
20 for an insured, if:

21 (A) The insured is in the most favorably-priced tier of the insurer,
22 within a group of affiliated insurers. However, the insurer shall have the
23 discretion to order such report, if consistent with such insurer's under-
24 writing guidelines;

25 (B) credit was not used for underwriting or rating such insured when
26 the policy was initially written. However, the insurer shall have the dis-
27 cretion to use credit for underwriting or rating such insured upon re-
28 newal, if consistent with such insurer's underwriting guidelines; or

29 (C) The insurer re-evaluates the insured beginning no later than 36
30 months after inception and thereafter based upon other underwriting or
31 rating factors, excluding credit information.

32 (h) Use any of the following as a negative factor against a consumer
33 in any insurance scoring methodology or in reviewing credit information
34 for the purpose of underwriting or rating a policy of personal insurance:

35 (1) Any credit inquiry not initiated by the consumer or any inquiry
36 requested by the consumer for such consumer's own credit information;

37 (2) any inquiry relating to insurance coverage, if so identified on a
38 consumer's credit report;

39 (3) any collection account with a medical industry code, if so identi-
40 fied on the consumer's credit report; or

41 (4) any additional lender inquiry beyond the first such inquiry related
42 to the same loan purpose, if coded by the consumer reporting agency on
43 the consumer's credit report as being from the given loan industry and

- 1 made within 30 days of one another.
- 2 Sec. 2. K.S.A. 2008 Supp. 40-5104 is hereby repealed.
- 3 Sec. 3. This act shall take effect and be in force from and after its
- 4 publication in the statute book.