

SENATE BILL REPORT

SB 5723

AS OF FEBRUARY 25, 1991

Brief Description: Prohibiting credit history from being used in determining eligibility or rates for automobile insurance.

SPONSORS: Senator Williams.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Staff: Mark Hutson (786-7488)

Hearing Dates: February 26, 1991

BACKGROUND:

Numerous applicants for, or holders of, automobile insurance policies have been either declined, cancelled, or had their rates increased solely on the basis of financial information contained in their credit history.

Concern has been expressed that the financial information which these decisions are based on are frequently incorrect, outdated, and sometimes the information is mistakenly entered from another person's file of a similar name.

SUMMARY:

Applicants for, or holders of, an automobile insurance policy may not be rejected, cancelled or be subjected to rate increases based solely on financial information contained within a credit report.

The term "credit history" shall be limited to financial information and shall not be construed to include health, driving record or other nonfinancial information.

Unless proven not to be intentional and resulting from a bona fide error, civil penalties can be imposed up to a maximum of \$250 for each violation.

Appropriation: none

Revenue: none

Fiscal Note: none requested