
**Financial Institutions &
Insurance Committee**

SB 6195

Brief Description: Requiring consumer reporting agencies to only use actual claims in underwriting decisions.

Sponsors: Senator Benton.

Brief Summary of Bill

- Requires consumer reporting databases to contain information pertaining to actual claims and not mere inquiries.

Hearing Date: 2/25/04

Staff: Carrie Tellefson (786-7127).

Background:

Under the federal Fair Credit Reporting Act and the state law found in RCW 19.182, consumer reporting agencies may keep correct and verifiable information in an individual's file for seven years, and 10 years in the case of bankruptcy, with some exceptions. A person can request a copy of their consumer report and may challenge the accuracy of specific information in the report. In addition, a person may enter a statement explaining the information more fully. The Act also provides authority for an insurer to request a consumer report for underwriting purposes.

A "consumer reporting agency" is an entity that regularly engages in the business of assembling or evaluating consumer credit information or other information for the purpose of furnishing consumer reports to third parties. Some consumer reporting agencies operate databases of consumer claims that an insurance company can access when it underwrites or rates an insurance policy. There are two major property claims databases: The Comprehensive Loss Underwriting Exchange (CLUE) and the Automated Property Loss Underwriting System (A-PLUS). CLUE is administered by ChoicePoint, a data management company. The Insurance Services Office, and insurance industry organization, operates A-PLUS. Most reports are commonly referred to as CLUE reports, regardless of which company produced the report. The CLUE and A-PLUS reports contain consumer claim information provided by the insurance companies. Insurers that contribute loss data to the database can also retrieve information from the system. The database includes policy information such as name, date of birth, and policy number, claim information, and a description of the property covered. For homeowners coverage, the report includes the property address and for auto coverage, it includes specific vehicle information. This database

contains up to five years of personal property claims history. These reports can only be accessed by the owner or lender of the property.

Summary of Bill:

Consumer reporting agencies may not include mere inquiries to an insurer in a consumer report. Business databases used by consumer reporting agencies may only contain information regarding actual claims history.

All remedies available under the Fair Credit Reporting Act apply to consumers of homeowners insurance, with respect to data and reports maintained by consumer reporting agencies.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.