

By: Bonnen

H.B. No. 700

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the contents of consumer credit reports and to an
3 insurer's use of credit scores in rating policies providing
4 personal insurance coverage.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Chapter 20, Business & Commerce Code, is amended
7 by adding Section 20.14 to read as follows:

8 Sec. 20.14. INCLUDING CERTAIN INFORMATION IN REPORT
9 PROHIBITED. A consumer reporting agency may not include in any
10 consumer report delivered in this state information concerning an
11 inquiry made by an insurer into a consumer's credit worthiness,
12 credit standing, or credit capacity. For purposes of this section,
13 "insurer" has the meaning assigned by Section 1, Article 21.49-2U,
14 Insurance Code.

15 SECTION 2. Article 21.49-2U, Insurance Code, is amended by
16 adding Section 17 to read as follows:

17 Sec. 17. REEXAMINATION OF CREDIT INFORMATION REQUIRED. (a)
18 If an insurer uses an insured's credit score or reviews an insured's
19 credit information or credit report in rating or underwriting a
20 personal insurance policy covering the insured, the insurer, each
21 time the policy is renewed, shall reexamine the insured's credit
22 score, credit information, or credit report.

23 (b) If, between the date the insurer last rated or underwrote
24 the insured's policy and the date the policy is renewed, the

1 insured's credit score, credit information, or credit report
2 changes in a manner that would result in the insured's paying a
3 lower premium for the policy, the insurer, not later than the 30th
4 day after the date the insurer reexamines the credit score, credit
5 information, or credit report under Subsection (a), shall
6 re-underwrite and re-rate the insured.

7 SECTION 3. The change in law made by Section 20.14, Business
8 & Commerce Code, as added by this Act, applies only to a credit
9 report that is delivered on or after the effective date of this Act.
10 A credit report that is delivered before the effective date of this
11 Act is covered by the law in effect at the time the credit report was
12 delivered, and that law is continued in effect for that purpose.

13 SECTION 4. The change in law made by Section 17, Article
14 21.49-2U, Insurance Code, as added by this Act, applies only to a
15 personal insurance policy that is renewed or issued for renewal on
16 or after January 1, 2006. A personal insurance policy that is
17 renewed or issued for renewal before January 1, 2006, is covered by
18 the law in effect at the time the policy was renewed or issued for
19 renewal, and that law is continued in effect for that purpose.

20 SECTION 5. This Act takes effect September 1, 2005.