

By: Harper-Brown

H.B. No. 2734

A BILL TO BE ENTITLED

AN ACT

relating to disclosure of credit scoring by insurers.

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

SECTION 1. Section 559.051, Insurance Code, is amended to read as follows:

Sec. 559.051. PERMISSIBLE USE OF CREDIT SCORING; ADVERTISEMENT. (a) An insurer may use credit scoring, except for factors that constitute unfair discrimination, to develop rates, rating classifications, or underwriting criteria regarding lines of insurance subject to this chapter.

(b) A person may not use an advertisement for or display on an Internet website an insurance product from a line of insurance that uses credit scoring under Subsection (a) unless the advertisement or website includes in a prominent place the following language or similar language: "In connection with this insurance product, we may review your credit report or obtain or use a credit score based on the information contained in that credit report. We may use a third party in connection with the development of your credit score."

SECTION 2. Sections 559.053(a), (b), and (c), Insurance Code, are amended to read as follows:

(a) An insurer that uses credit scoring in the underwriting or rating of insurance subject to this chapter shall disclose to each applicant for insurance coverage that the applicant's credit

1 report may be used in the underwriting or rating of the applicant's  
2 policy. The disclosure must be provided at the time of application  
3 by the insurer or agent and may be given [~~orally,~~] in writing[~~7~~] or  
4 electronically.

5 (b) If a policy is issued to the applicant for insurance  
6 coverage, an insurer or agent shall [~~is not required to~~] make the  
7 disclosure required under Subsection (a) on any subsequent renewal  
8 of the coverage.

9 (c) An insurer or its agent shall disclose to its customers,  
10 in writing or electronically, on a form adopted by the  
11 commissioner, whether credit information will be obtained on an  
12 applicant for insurance coverage or insured or on any other member  
13 or members of the applicant's or insured's household and used as  
14 part of the insurance credit scoring process.

15 SECTION 3. This Act applies only to an insurance policy or  
16 contract or evidence of coverage that is delivered, issued for  
17 delivery, or renewed on or after January 1, 2010. An insurance  
18 policy or contract or evidence of coverage delivered, issued for  
19 delivery, or renewed before January 1, 2010, is governed by the law  
20 as it existed immediately before the effective date of this Act, and  
21 that law is continued in effect for that purpose.

22 SECTION 4. This Act takes effect September 1, 2009.