

Amend HB 1951 (house committee printing) by adding the following appropriately numbered ARTICLE to the bill and renumbering subsequent ARTICLES of the bill accordingly:

ARTICLE _____. CREDIT SCORING

SECTION _____.001. Sections 559.001(2), (4), and (7), Insurance Code, are amended to read as follows:

(2) "Agent" means a person licensed or required to be licensed as a ~~[general]~~ property and casualty insurance agent ~~[or a personal lines property and casualty agent]~~ under Subchapter B, C, D, or E, Chapter 4051.

(4) "Consumer" means an individual whose credit information has been reported to or is in the possession of a consumer reporting agency or an insurer ~~[is used or whose credit score is computed in the underwriting or rating of a personal insurance policy]~~. The term includes an applicant for insurance coverage.

(7) "Credit report" means any written, oral, or other communication of information by a consumer reporting agency that ~~[+~~

~~[(A)]~~ bears on a consumer's creditworthiness, credit standing, or credit capacity ~~[, and~~

~~[(B) is used or expected to be used or collected in whole or in part to serve as a factor to determine personal insurance premiums, eligibility for coverage, or tier placement]~~.

SECTION _____.002. Section 559.002, Insurance Code, is amended to read as follows:

Sec. 559.002. APPLICABILITY OF CHAPTER. This chapter applies to each ~~[an]~~ insurer that writes personal insurance coverage ~~[and uses credit information or credit reports for the underwriting or rating of that coverage]~~.

SECTION _____.003. Section 559.052, Insurance Code, is amended to read as follows:

Sec. 559.052. ~~[PROHIBITED]~~ USE OF CREDIT INFORMATION PROHIBITED. (a) An insurer may not:

(1) use an underwriting guideline ~~[a credit score]~~ that is based wholly or partly on the credit information, credit report, or credit score of an applicant for insurance coverage or any person other than the applicant who would be insured under a

policy of personal insurance [~~computed using factors that constitute unfair discrimination~~];

(2) refuse to underwrite or [~~deny,~~] cancel[~~,~~] or nonrenew a policy of personal insurance based wholly or partly [~~solely~~] on the [~~basis of~~] credit information, credit report, or credit score of an applicant for insurance coverage or any person other than the applicant who would be insured under the policy [~~without considering any other applicable underwriting factor independent of credit information~~]; [~~or~~]

(3) take an action that results in an adverse effect against a consumer because the consumer does not have a credit card account;

(4) charge an applicant for insurance coverage a higher premium than otherwise would be charged based wholly or partly on the credit information, credit report, or credit score of the applicant or any person other than the applicant who would be insured under a policy of personal insurance;

(5) rate a risk based wholly or partly on the credit information, credit report, or credit score of an applicant for insurance coverage or any person other than the applicant who would be insured under a policy of personal insurance, including:

(A) providing or removing a discount;

(B) assigning the applicant for insurance coverage to a rating tier; or

(C) placing an applicant for insurance coverage with an affiliated company; or

(6) require a particular payment plan based wholly or partly on the credit information, credit report, or credit score of the applicant for insurance coverage or any person other than the applicant who would be insured under a policy of personal insurance [~~without considering any other applicable factor independent of credit information~~].

(b) An insurer may not consider an absence of credit information or an inability to determine credit information for an applicant for insurance coverage or for an insured as a factor in underwriting or rating an insurance policy [~~unless the insurer:~~

[~~(1) has statistical, actuarial, or reasonable~~

~~underwriting information that:~~

~~[(A) is reasonably related to actual or anticipated loss experience; and~~

~~[(B) shows that the absence of credit information could result in actual or anticipated loss differences;~~

~~[(2) treats the consumer as if the applicant for insurance coverage or insured had neutral credit information, as defined by the insurer; or~~

~~[(3) excludes the use of credit information as a factor in underwriting and uses only other underwriting criteria].~~

SECTION ____ .004. Section 559.055, Insurance Code, is amended by adding Subsection (c) to read as follows:

(c) This section expires September 1, 2012.

SECTION ____ .005. The following laws are repealed:

(1) Section 559.004(b), Insurance Code;

(2) Sections 559.003, 559.051, 559.053, 559.054, and 559.056, Insurance Code; and

(3) Subchapters C and D, Chapter 559, Insurance Code.

SECTION ____ .006. (a) The changes in law made by this article apply only to a personal insurance policy:

(1) that is delivered, issued for delivery, or renewed on or after January 1, 2012;

(2) the application for which is submitted on or after January 1, 2012; or

(3) that is subject to determination of denial, cancellation, or nonrenewal on or after January 1, 2012.

(b) A personal insurance policy delivered, issued for delivery, or renewed before January 1, 2012, or the application for which is submitted before January 1, 2012, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.