



Greg Schwab

Bill Analysis
Legislative Service Commission

S.B. 48

125th General Assembly
(As Introduced)

Sens. Roberts, Fedor, Miller, Dann, Brady

BILL SUMMARY

- Prohibits an insurer's use of a person's credit history or credit score in fixing a premium rate for, or the terms of, an insurance policy, or in determining whether to issue, continue, or renew the policy.

CONTENT AND OPERATION

Use of credit score as an unfair and deceptive act or practice in the business of insurance

(sec. 3901.21)

The Insurance Law, Title 39 of the Revised Code, defines certain acts and practices as "unfair and deceptive acts or practices in the business of insurance" under section 3901.21 of the Revised Code. The Superintendent of Insurance and the courts may take action against and impose penalties on persons performing any of these acts, pursuant to sections 3901.22 to 3901.26 of the Revised Code.

The bill defines the consideration of an individual's credit report or credit score as an unfair and deceptive act or practice in the business of insurance if the information is used, with regard to policies of homeowners insurance or automobile insurance, for any of the following: (1) to determine the premium, policy fee, or rate, (2) to set coverage and benefits or other policy terms and conditions, or (3) as a consideration in refusing to issue, canceling, or refusing to renew a policy. For this purpose, the bill defines a "credit score" as the numerical value or categorization derived from a statistical tool or modeling system to predict the likelihood of certain credit behaviors, including default. "Homeowner's insurance" is defined as insurance on owner-occupied dwellings providing personal multi-peril property and liability coverages commonly known as homeowner's insurance, subject to reasonable underwriting standards, exclusions, deductibles, rates, and conditions. "Automobile insurance" is defined

as having the same meaning as in section 3937.30 of Ohio's Motor Vehicle Insurance Law.

HISTORY

| ACTION | DATE | JOURNAL ENTRY |
|------------|----------|---------------|
| Introduced | 03-11-03 | p. 173 |

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