



## **Sub. S.B. 151**

125th General Assembly

(As Reported by H. Banking, Pensions, and Securities)

**Sens. Austria, Schuring, Jacobson, Armbruster, Harris, Roberts, Spada**

**Reps. G. Smith, Gibbs, Schmidt, Schneider, J. Stewart, Seitz**

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### **BILL SUMMARY**

- Prohibits consumer reporting agencies from disclosing certain information obtained from insurance companies.
- Requires insurance companies to indemnify licensed resident insurance agents for the use of specified credit information in error if the agent follows established procedures and laws and works within authority granted to the agent.

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### **CONTENT AND OPERATION**

#### **Consumer reporting agencies prohibited from disclosing certain information obtained from insurance companies; licensed resident agents indemnified**

(sec. 1349.51)

The bill prohibits consumer reporting agencies from selling or otherwise furnishing any information relative to an individual's insurance coverage that was submitted to the agency in whole or in part in conjunction with an insurance company's inquiry into an individual's credit history or a request for a consumer report. Information relative to an individual's insurance coverage includes, but is not limited to, the expiration date of an insurance policy, information that may be used to find a policy's expiration date or approximate expiration date, and the terms and conditions of an insurance policy.

The bill does not prohibit a consumer reporting agency from furnishing information relative to an individual's insurance coverage to the agent or producer that supplied the information to the consumer reporting agency. A consumer reporting agency also may furnish this information to an insurance company and its affiliates, or to the members of a holding company in which the insurance

company is a member, if the information was supplied to the consumer reporting agency by an agent or producer acting on behalf of the insurance company. Nothing in the bill prohibits an insurance company from obtaining a claims history or motor vehicle report.

Insurance companies, under the bill, must indemnify, defend, and hold harmless a "licensed resident insurance agent" from and against all liability, damages, fees, and costs arising out of or relating to the actions, errors, or omissions of the agent resulting from the use of credit information or credit scores on behalf of the insurance company, provided that the agent follows the procedures and instructions established by the insurance company, follows all applicable laws and regulations, and works within the authority granted by the insurance company to its licensed resident insurance agent. (The bill defines "licensed resident insurance agent" as a natural person or business entity licensed as a resident insurance agent under the Insurance Law.)

The bill stipulates that nothing in the bill may be construed to provide a consumer or insured with a cause of action that would not otherwise exist.

### **Definitions**

As used in this bill, "consumer report" and "consumer reporting agency" have the same meanings as in the federal "Fair Credit Reporting Act." In general:

--A "consumer report" is any written, oral, or other communication of information by a consumer reporting agency bearing on a consumer's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer's eligibility for credit or insurance for personal, family, or household purposes, employment purposes, and other purposes delineated by the "Fair Credit Reporting Act."

--A "consumer reporting agency" is any person that, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties.

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## **COMMENT**

Provisions of the bill (R.C. 1349.51(B)) that may be applied to limit information that is set forth in a *consumer report* (credit report) may be affected by federal law included in the federal Fair Credit Reporting Act that preempts

states from enacting laws specifying information to be excluded from credit reports (see, 15 U.S.C.A. 1681t(b)(1)(E) and notes following that section).

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## HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	11-12-03	p. 1160
Reported, S. Insurance, Commerce, and Labor	02-18-04	p. 1552
Passed Senate (32-0)	03-17-04	p. 1633
Reported, H. Banking, Pensions, & Securities	05-18-04	p. 1938

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