

1538

2009-2010 Regular Sessions

I N A S S E M B L Y

(PREFILED)

January 7, 2009

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Introduced by M. of A. PERALTA -- read once and referred to the Committee on Insurance

AN ACT to direct the superintendent of insurance to promulgate rules and regulations relating to excluding the use of "credit scores" in determining auto insurance premiums

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Legislative intent. The legislature finds that the practice  
2 of using "credit scores" to determine auto insurance premiums can result  
3 in premium fluctuations that are difficult for consumers to manage. In  
4 addition, consumers may not be aware of changes in their credit rating  
5 and therefor would not have information they needed to exercise respon-  
6 sible control over a factor which could affect their insurance rates.  
7 The legislature further finds that a "credit score" comes from infor-  
8 mation contained in consumer credit reports and is considered along with  
9 other motor vehicle and driving records to compute insurance risk at a  
10 particular point in time. Insurance scoring is predicated on a statis-  
11 tical correlation between personal money management and insurance risk.  
12 Insurance scoring is one of many factors which can be used to evaluate  
13 risks and assign rates.  
14 Accordingly, the legislature finds that, since it is a calculation  
15 that is one of many used actuarial calculations it need not be a deci-  
16 sive factor. It is the purpose of this act to direct the superintendent  
17 of insurance to promulgate any rules and regulations necessary to  
18 prohibit the use of this method of calculating risk in the formulation  
19 of auto insurance premiums on policies held by citizens of New York.  
20 S 2. The superintendent of insurance shall review the actuarial meth-  
21 ods and formulas currently utilized to determine auto insurance premiums  
22 for New York consumers. Such review shall include a determination of  
23 whether or not the manner in which insurance premiums are determined

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

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1 includes the use of "credit scores" or similar means of utilizing  
2 consumer credit reports to determine a statistical correlation between  
3 personal money management and insurance risk. If the superintendent  
4 determines that such methods are currently utilized he or she shall  
5 promulgate amended rules and regulations which do not include the use of  
6 credit scoring methods. If the superintendent determines that such meth-  
7 ods are not currently utilized, he or she shall promulgate rules and  
8 regulations which prohibit the future use of credit scoring methods.  
9 S 3. This act shall take effect on the one hundred twentieth day after  
10 it shall have become a law, provided, however, that effective immediate-  
11 ly, the addition, amendment and/or repeal of any rules or regulations  
12 necessary for the implementation of the provisions of this act on its  
13 effective date is authorized and directed to be made and completed on or  
14 before such effective date.