S T A T E   O F   N E W   Y O R K

6659

I N S E N A T E

January 25, 2010

Introduced by Sen. SAVINO -- read twice and ordered printed, and when printed to be committed 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:

Section 1. Legislative intent. The legislature finds that the practice of using "credit scores" to determine auto insurance premiums can result in premium fluctuations that are difficult for consumers to manage. In addition, consumers may not be aware of changes in their credit rating and therefore would not have the information they needed to exercise responsible control over a factor which could affect their insurance rates.

The legislature further finds that a "credit score" comes from information contained in consumer credit reports and is considered along with other motor vehicle and driving records to compute insurance risk at a particular point in time. Insurance scoring is predicated on a statistical correlation between personal money management and insurance risk. Insurance scoring is one of many factors which can be used to evaluate risks and assign rates.

Accordingly, the legislature finds that, since it is a calculation that is one of many used actuarial calculations it need not be a decisive factor. It is the purpose of this act to direct the superintendent of insurance to promulgate any rules and regulations necessary to prohibit the use of this method of calculating risk in the formulation of auto insurance premiums on policies held by residents of New York.

S 2. The superintendent of insurance shall review the actuarial methods and formulas currently utilized to determine auto insurance premiums for New York consumers. Such review shall include a determination of whether or not the manner in which insurance premiums are determined includes the use of "credit scores" or similar means of utilizing consumer credit reports to determine a statistical correlation between personal money management and insurance risk. If the superintendent of

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

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insurance determines that such methods are utilized he or she shall promulgate amended rules and regulations which do not include the use of credit scoring methods. If the superintendent of insurance determines that such methods are not utilized, he or she shall promulgate rules and regulations which prohibit the future use of credit scoring methods.

S 3. This act shall take effect on the one hundred eightieth day after it shall have become a law, provided, however, that effective immediately, the addition, amendment and/or repeal of any rules or regulations necessary for the implementation of the provisions of this act on its effective date is authorized and directed to be made and completed on or before such effective date.