

# STATE OF NEW YORK

---

4656

2021-2022 Regular Sessions

## IN SENATE

February 8, 2021

---

Introduced by Sens. PARKER, ADDABBO -- read twice and ordered printed,  
and when printed to be committed to the Committee on Insurance

AN ACT to direct the superintendent of financial services 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 Assem-  
bly, 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 therefore would not have the information they needed to exercise  
6 responsible control over a factor which could affect their insurance  
7 rates.

8 The legislature further finds that a "credit score" comes from infor-  
9 mation contained in consumer credit reports and is considered along with  
10 other motor vehicle and driving records to compute insurance risk at a  
11 particular point in time. Insurance scoring is predicated on a statis-  
12 tical correlation between personal money management and insurance risk.  
13 Insurance scoring is one of many factors which can be used to evaluate  
14 risks and assign rates.

15 Accordingly, the legislature finds that, since it is a calculation  
16 that is one of many used actuarial calculations it need not be a deci-  
17 sive factor. It is the purpose of this act to direct the superintendent  
18 of financial services to promulgate any rules and regulations necessary  
19 to prohibit the use of this method of calculating risk in the formu-  
20 lation of auto insurance premiums on policies held by residents of New  
21 York.

22 § 2. The superintendent of financial services shall review the actuar-  
23 ial methods and formulas currently utilized to determine auto insurance  
24 premiums for New York consumers. Such review shall include a determi-

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

LBD09191-01-1

1 nation of whether or not the manner in which insurance premiums are  
2 determined includes the use of "credit scores" or similar means of  
3 utilizing consumer credit reports to determine a statistical correlation  
4 between personal money management and insurance risk. If such super-  
5 intendent determines that such methods are utilized he or she shall  
6 promulgate amended rules and regulations which do not include the use of  
7 credit scoring methods. If such superintendent determines that such  
8 methods are not utilized, he or she shall promulgate rules and regu-  
9 lations which prohibit the future use of credit scoring methods.

10 § 3. This act shall take effect on the one hundred twentieth day after  
11 it shall have become a law. Effective immediately, the addition, amend-  
12 ment and/or repeal of any rules or regulations necessary for the imple-  
13 mentation of the provisions of this act on its effective date are  
14 authorized to be made and completed on or before such effective date.