

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 566 Session of 2005

INTRODUCED BY A. WILLIAMS, STOUT, PUNT, MUSTO, M. WHITE,  
KITCHEN, ERICKSON, COSTA, TARTAGLIONE, STACK, LAVALLE,  
O'PAKE, KASUNIC, FERLO AND LOGAN, MARCH 31, 2005

REFERRED TO BANKING AND INSURANCE, MARCH 31, 2005

AN ACT

1 Amending the act of May 17, 1921 (P.L.789, No.285), entitled, as  
2 amended, "An act relating to insurance; establishing an  
3 insurance department; and amending, revising, and  
4 consolidating the law relating to the licensing,  
5 qualification, regulation, examination, suspension, and  
6 dissolution of insurance companies, Lloyds associations,  
7 reciprocal and inter-insurance exchanges, and certain  
8 societies and orders, the examination and regulation of fire  
9 insurance rating bureaus, and the licensing and regulation of  
10 insurance agents and brokers; the service of legal process  
11 upon foreign insurance companies, associations or exchanges;  
12 providing penalties, and repealing existing laws," providing  
13 for use of credit history of insureds; and further providing  
14 for penalties imposed by Insurance Department.

15 The General Assembly of the Commonwealth of Pennsylvania  
16 hereby enacts as follows:

17 Section 1. The act of May 17, 1921 (P.L.789, No.285), known  
18 as The Insurance Department Act of 1921, is amended by adding a  
19 section to read:

20 Section 652-A. Use of credit history of insured.

21 (a) General rule.--An insurer shall not deny, cancel or  
22 refuse to renew personal insurance due in whole or in part to an  
23 insured's credit history. Placement with an affiliated insurer

1 does not constitute denial of coverage under this section.

2 (b) Rules and regulations.--The department may adopt such  
3 rules and regulations as are necessary to administer this  
4 section.

5 (c) Violations.--Upon satisfactory evidence of the conduct  
6 violating this section by any insurer or insurance producer or  
7 on satisfactory evidence of such conduct that would disqualify  
8 the insurance producer from initial issuance of a certificate of  
9 qualification under old sections 604 or 622 or under this  
10 article, the department may pursue any one or more of the  
11 following courses of action regardless of whether the insurance  
12 producer was previously so authorized by the department:

13 (1) Suspend or revoke or refuse to renew the certificate  
14 of qualification or license of the offending party or  
15 parties.

16 (2) Impose a civil penalty of not more than \$5,000 for  
17 each action in violation of any of the provisions listed in  
18 this subsection.

19 (3) Issue an order to cease and desist.

20 (4) Impose such other conditions as the department may  
21 deem appropriate.

22 (d) Definitions.--As used in this section, the following  
23 words and phrases shall have the meanings given to them in this  
24 subsection:

25 "Credit history." A written, oral or other communication of  
26 information by a consumer reporting agency bearing on a  
27 consumer's credit worthiness, credit standing or credit  
28 capacity, which is used, expected to be used or collected in  
29 whole or in part for the purpose of serving as a factor in  
30 establishing personal insurance premiums or eligibility for

1 coverage.

2 "Insurance score." A number or rating that is derived from  
3 an algorithm, computer application, model or other process that  
4 is based in whole or in part on credit history.

5 "Personal insurance." Property and casualty insurance to be  
6 used primarily for personal, family or household purposes, such  
7 as homeowner and private passenger automobile insurance.

8 "Tier." A category within a single insurer into which  
9 insureds with substantially like insuring, risk or exposure  
10 factors and expense elements are placed for the purposes of  
11 determining rate or premium.

12 Section 2. This act shall take effect in 60 days.