

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 517 Session of
2007

INTRODUCED BY LAVALLE, LOGAN, PUNT, FONTANA, KITCHEN, STOUT,
TARTAGLIONE, KASUNIC, MUSTO, FERLO, COSTA, EARLL, RHOADES,
C. WILLIAMS, HUGHES, BROWNE AND WOZNIAK, MARCH 19, 2007

REFERRED TO BANKING AND INSURANCE, MARCH 19, 2007

AN ACT

1 Prohibiting the use of credit scoring.

2 The General Assembly of the Commonwealth of Pennsylvania
3 hereby enacts as follows:

4 Section 1. Short title.

5 This act shall be known and may be cited as the Credit
6 Scoring Prohibition Act.

7 Section 2. Definitions.

8 The following words and phrases when used in this act shall
9 have the meanings given to them in this section unless the
10 context clearly indicates otherwise:

11 "Insurance policy." A document setting forth the terms and
12 conditions of a contract of insurance.

13 "Insurer." Any of the following:

14 (1) A company, association or exchange as defined by
15 section 101 of the act of May 17, 1921 (P.L.682, No.284),
16 known as The Insurance Company Law of 1921.

17 (2) An unincorporated association of underwriting

1 members.

2 (3) A hospital plan corporation.

3 (4) A professional health services plan corporation.

4 (5) A health maintenance organization.

5 (6) A fraternal benefit society.

6 (7) A self-insured health care provider under the act of
7 March 20, 2002 (P.L.154, No.13), known as the Medical Care
8 Availability and Reduction of Error (Mcare) Act.

9 "Renewal." The issuance and delivery:

10 (1) by an insurer of a policy superseding at the end of
11 the policy period a policy previously issued and delivered by
12 the same insurer with the renewal policy to provide types and
13 limits of coverage at least equal to those contained in the
14 policy being superseded; or

15 (2) of a certificate or notice extending the term of a
16 policy beyond its policy period or term with types and limits
17 of coverage at least equal to those contained in the policy
18 being extended.

19 Any policy with a policy period or term of less than 12 months
20 or any period with no fixed expiration date shall, for the
21 purpose of this act, be considered as if written for successive
22 policy periods or terms of 12 months.

23 Section 3. Use of credit scoring prohibited.

24 An insurer shall not cancel or refuse to issue or renew an
25 insurance policy based on the credit rating of a policyholder or
26 applicant which the insurer deems to be unsatisfactory. An
27 insurer shall also be prohibited from imposing a surcharge or
28 applying a rating factor on a policy based on the use of a
29 credit rating as an underwriting standard.

30 Section 4. Penalty.

1 Upon conviction of a violation of this act by any agent of
2 any insurance entity, insurance broker or surplus lines licensee
3 or on satisfactory evidence of such conduct that would
4 disqualify the agent or broker from initial issuance of a
5 certificate of qualification, the Insurance Department may
6 pursue any one or more of the following courses of action
7 regardless of whether the agent or broker was so authorized by
8 the Insurance Department:

9 (1) Suspend or revoke or refuse to renew the certificate
10 of qualification or license of the offending party or
11 parties.

12 (2) Impose a civil penalty of not more than \$5,000 for
13 each violation.

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

15 (4) Impose such other conditions as the Insurance
16 Department may deem appropriate.

17 Section 5. Effective date.

18 This act shall take effect in 60 days.