

THE GENERAL ASSEMBLY OF PENNSYLVANIA

# HOUSE BILL

No. 701 Session of 2003

INTRODUCED BY GEORGE, BARRAR, BEBKO-JONES, BELARDI, BELFANTI, BISHOP, CAPPELLI, CAWLEY, CORRIGAN, COSTA, CRUZ, CURRY, DeLUCA, DONATUCCI, FAIRCHILD, GOODMAN, GORDNER, GRUCELA, HARHAI, HENNESSEY, HORSEY, HUTCHINSON, JOSEPHS, KIRKLAND, LEACH, LEDERER, MANDERINO, McILHATTAN, MELIO, NAILOR, PALLONE, PETRARCA, PISTELLA, READSHAW, ROEBUCK, ROONEY, SAINATO, SATHER, SHANER, B. SMITH, SOLOBAY, STABACK, STERN, SURRA, TANGRETTI, THOMAS, TIGUE, WALKO, WANSACZ, WOJNAROSKI AND YOUNGBLOOD, MARCH 6, 2003

REFERRED TO COMMITTEE ON INSURANCE, MARCH 6, 2003

## AN ACT

1 Amending the act of July 22, 1974 (P.L.589, No.205), entitled  
2 "An act relating to unfair insurance practices; prohibiting  
3 unfair methods of competition and unfair or deceptive acts  
4 and practices; and prescribing remedies and penalties,"  
5 further providing for unfair acts; and providing for a report  
6 by the Insurance Department.

7 The General Assembly of the Commonwealth of Pennsylvania  
8 hereby enacts as follows:

9 Section 1. Section 5 of the act of July 22, 1974 (P.L.589,  
10 No.205), known as the Unfair Insurance Practices Act, is amended  
11 by adding paragraphs to read:

12 Section 5. Unfair Methods of Competition and Unfair or  
13 Deceptive Acts or Practices Defined.--(a) "Unfair methods of  
14 competition" and "unfair or deceptive acts or practices" in the  
15 business of insurance means:

16 \* \* \*

1     (15) Cancelling or denying motor vehicle insurance coverage  
2 based solely on the basis of information obtained from a credit  
3 rating, credit history or credit scoring model.

4     (16) Increasing the rate of a person's motor vehicle  
5 insurance on the basis of information obtained from a credit  
6 rating, credit history or credit scoring model when a person can  
7 demonstrate that the person's credit rating, credit history or  
8 credit scoring model was caused by a lack of credit history.

9     \* \* \*

10    Section 2. The Insurance Department shall report to the  
11 General Assembly within one year of the effective date of this  
12 act on the impact of credit ratings, credit history or credit  
13 scoring models on insurance rates. Persons regulated by the  
14 Insurance Department under the act shall cooperate with the  
15 Insurance Department in the preparation of this report.

16    Section 3. The addition of section 5(a)(15) and (16) of the  
17 act shall apply to insurance policy applications for issuance or  
18 renewal made on or after the effective date of this act.

19    Section 4. This act shall take effect in 60 days.