

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 518 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 Amending Title 75 (Vehicles) of the Pennsylvania Consolidated
2 Statutes, prohibiting the use of credit scoring.

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

5 Section 1. Title 75 of the Pennsylvania Consolidated
6 Statutes is amended by adding a section to read:

7 § 1706. Use of credit scoring prohibited.

8 (a) Prohibition.--An insurer shall not cancel or refuse to
9 issue or renew a policy of automobile insurance based on the
10 credit rating of a policyholder or applicant which the insurer
11 deems to be unsatisfactory. An insurer shall also be prohibited
12 from imposing a surcharge or applying a rating factor on a
13 policy based on the use of a credit rating as an underwriting
14 standard.

15 (b) Penalty.--Upon conviction of a violation of subsection
16 (a) by any agent of any insurance entity, insurance broker or
17 surplus lines licensee or on satisfactory evidence of such

1 conduct that would disqualify the agent or broker from initial
2 issuance of a certificate of qualification, the Insurance
3 Department may pursue any one or more of the following courses
4 of action regardless of whether the agent or broker was so
5 authorized by the Insurance Department:

6 (1) Suspend or revoke or refuse to renew the certificate
7 of qualification or license of the offending party or
8 parties.

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

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

12 (4) Impose such other conditions as the Insurance
13 Department may deem appropriate.

14 (c) Definitions.--As used in this section, the following
15 words and phrases shall have the meanings given to them in this
16 subsection:

17 "Policy of automobile insurance" or "policy." The term shall
18 have the same meaning as given to it in section 2001 of the act
19 of May 17, 1921 (P.L.682, No.284), known as The Insurance
20 Company Law of 1921.

21 "Renewal" or "to renew." The term shall have the same
22 meaning as given to it in section 2001 of the act of May 17,
23 1921 (P.L.682, No.284), known as The Insurance Company Law of
24 1921.

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