# 2007 DRAFTING REQUEST

## Bill

Received	d: <b>03/07/2007</b>				Received By: pk	ahler	
Wanted: As time permits  For: Terese Berceau (608) 266-3784				Identical to LRB:			
					By/Representing: <b>Tom Powell</b> Drafter: <b>pkahler</b>		
This file may be shown to any legislator: NO							
May Cor	ntact:				Addl. Drafters:		
Subject:		nce - auto nce - other insu	ırance		Extra Copies:		
	er's email:		au@legis.w	isconsin.gov			
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Topic:							
Instruct See Atta							.26
Drafting	g History:						
Vers.	Drafted	Reviewed	<u>Typed</u>	Proofed	Submitted	<u>Jacketed</u>	Required
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/1			jfrantze 03/08/200	07	lparisi 03/08/2007	cduerst 03/08/2007	
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FE Sent For:

NA

<END>

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For: Terese Berceau (608) 266-3784						
This file may be shown to any legislato	or: NO		Drafter: pkahler			
May Contact:			Addl. Drafters:			
Subject: Insurance - auto Insurance - other insu	rance		Extra Copies:			
Submit via email: YES						
Requester's email: Rep.Bercea	u@legis.wi	isconsin.gov				
Carbon copy (CC:) to:						
Pre Topic:						
No specific pre topic given						
<b>Topic:</b> Prohibit use of credit reports for auto or	r property in	Surance				
Instructions:	- property in				·····	
See Attached						
Drafting History:						
Vers. <u>Drafted</u> <u>Reviewed</u>	Typed	Proofed	Submitted	Jacketed	Req	uired
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FE Sent For:		<end></end>				

#### 2007 DRAFTING REQUEST

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Received: 03/07/2007 Received By: pkahler Wanted: As time permits Identical to LRB: For: Terese Berceau (608) 266-3784 By/Representing: Tom Powell This file may be shown to any legislator: NO Drafter: pkahler May Contact: Addl. Drafters: Subject: Insurance - auto Extra Copies: Insurance - other insurance Submit via email: YES Requester's email: Rep.Berceau@legis.wisconsin.gov Carbon copy (CC:) to: Pre Topic: No specific pre topic given Topic: Prohibit use of credit reports for auto or property insurance **Instructions:** See Attached **Drafting History:** Drafted Vers. Reviewed Submitted Jacketed Required

FE Sent For:

pkahler

<END>

## STATE OF WISCONSIN – LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

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# State of Misconsin 2003 - 2004 LEGISLATURE

LRB-1160/3 PJK:jld:jf

# 2003 ASSEMBLY BILL 278

April 18, 2003 - Introduced by Representatives Underheim, Musser, Schneider, Bies, Miller, Berceau, J. Wood, Hines, Pocan, Ainsworth, Hahn, Albers, Seratti, Turner and Hundertmark, cosponsored by Senators Roessler, Erpenbach, Decker and Wirch. Referred to Committee on Insurance.

AN ACT to amend 625.12 (1) (e), 625.12 (2), 625.15 (1) and 628.34 (3) (a); and to

create 632.12 and 632.367 of the statutes; relating to: prohibiting the use of

information in credit reports for issuing or setting premiums for motor vehicle

or property insurance.

#### Analysis by the Legislative Reference Bureau

Current law contains prohibitions against unfairly discriminating among policyholders with respect to charging different premiums or offering different terms of coverage except on the basis of classifications related to the nature and degree of risk covered. Current law also specifies the factors on which insurance rates may be based. These prohibitions and specifications apply to all types of insurance. Current law specifically prohibits an insurer from using odometer reading data collected in the course of an emissions inspection as a factor in setting rates or premiums for motor vehicle insurance.

This bill prohibits an insurer from considering information in an individual's credit report for purposes of issuing or renewing motor vehicle or property insurance, including renter's and homeowner's insurance, or setting premiums for motor vehicle or property insurance. The bill also prohibits a rating plan for motor vehicle

#### **ASSEMBLY BILL 278**

or property insurance from using information in an individual's credit report as a rating factor.

# The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

**SECTION 1.** 625.12 (1) (e) of the statutes is amended to read:

625.12 (1) (e) Subject to s. ss. 632.12, 632.365, and 632.367, all other relevant factors, including the judgment of technical personnel.

**Section 2.** 625.12 (2) of the statutes is amended to read:

625.12 (2) Classification. Risks may be classified in any reasonable way for the establishment of rates and minimum premiums, except that no classifications may be based on race, color, creed, or national origin, and classifications in automobile insurance may not be based on physical condition or developmental disability as defined in s. 51.01 (5). Subject to s. ss. 632.12, 632.365, and 632.367, rates thus produced may be modified for individual risks in accordance with rating plans or schedules that establish reasonable standards for measuring probable variations in hazards, expenses, or both. Rates may also be modified for individual risks under s. 625.13 (2).

**Section 3.** 625.15 (1) of the statutes is amended to read:

625.15 (1) RATE MAKING. An insurer may itself establish rates and supplementary rate information for one or more market segments based on the factors in s. 625.12 and, if the rates are for property insurance, subject to s. 632.12 or, if the rates are for motor vehicle liability insurance, subject to s. ss. 632.365 and 632.367, or the insurer may use rates and supplementary rate information prepared by a rate service organization, with average expense factors determined by the rate

#### **ASSEMBLY BILL 278**

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1	service organization or with such modification for its own expense and loss
2	experience as the credibility of that experience allows.
3	SECTION 4. 628.34 (3) (a) of the statutes is amended to read:
4	628.34 (3) (a) No insurer may unfairly discriminate among policyholders by
5	charging different premiums or by offering different terms of coverage except on the
6	basis of classifications related to the nature and the degree of the risk covered or the
7	expenses involved, subject to ss. <u>632.12</u> , 632.365, <u>632.367</u> , 632.746, and 632.748.
8	Rates are not unfairly discriminatory if they are averaged broadly among persons
9	insured under a group, blanket, or franchise policy, and terms are not unfairly
10	discriminatory merely because they are more favorable than in a similar individual
11	policy.
12	SECTION 5. 632.12 of the statutes is created to read:
13	632.12 Use of information in credit report. (1) In this section, "property
14	insurance" includes renter's insurance and homeowner's insurance.
15	(2) A rating plan for property insurance may not use information in an
16	individual's credit report as a rating factor.
17	(3) For the purpose of determining whether to issue or renew coverage under
18	a property insurance policy, or of setting premiums for coverage under such a policy,
19	an insurer may not consider information in the credit report of any of the following:
20	(a) An individual who is, or who if coverage is issued would be, a named insured
21	under the policy.
22	(b) The spouse or other family member of an individual under par. (a).

**SECTION 6.** 632.367 of the statutes is created to read:

#### **ASSEMBLY BILL 278**

	1	632.367 Use of information in credit report. (1) A rating plan for motor
	2	vehicle insurance may not use information in an individual's credit report as a rating
	3	factor.
	4	(2) For the purpose of determining whether to issue or renew coverage under
	5	a motor vehicle insurance policy, or of setting premiums for coverage under such a
	6	policy, an insurer may not consider information in the credit report of any of the
	7	following:
	8	(a) An individual who is, or who if coverage is issued would be, a named insured
	9	under the policy.
	10	(b) The spouse or other family member of an individual under par. (a).
	11	Section 7. Initial applicability.
1	12	(1) This act first applies to motor vehicle insurance policies or property
1	13	insurance policies that are renewed, or for which application is made, on the effective
1	l <b>4</b>	date of this subsection.
1	5	(END)



# State of Misconsin 2007 - 2008 LEGISLATURE



### **2007 BILL**



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AN ACT  $to \ amend \ 625.12 \ (1) \ (e), \ 625.12 \ (2), \ 625.15 \ (1) \ and \ 628.34 \ (3) \ (a); \ and \ to$ 

create 632.12 and 632.367 of the statutes; relating to: prohibiting the use of

information in credit reports for issuing or setting premiums for motor vehicle

or property insurance.

#### Analysis by the Legislative Reference Bureau

Current law contains prohibitions against unfairly discriminating among policyholders by charging different premiums or offering different terms of coverage except on the basis of classifications related to the nature and degree of risk covered. Current law also specifies the factors on which insurance rates may be based. These prohibitions and specifications apply to all types of insurance. Current law specifically prohibits an insurer from using odometer reading data collected in the course of an emissions inspection as a factor in setting rates or premiums for motor vehicle insurance.

This bill prohibits an insurer from considering information in an individual's credit report for purposes of issuing or renewing motor vehicle or property insurance, including renter's and homeowner's insurance, or setting premiums for motor vehicle or property insurance. The bill also prohibits a rating plan for motor vehicle

#### **BILL**

or property insurance from using information in an individual's credit report as a rating factor.

# The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 625.12 (1) (e) of the statutes is amended to read:

625.12 (1) (e) Subject to s. ss. 632.12, 632.365, and 632.367, all other relevant factors, including the judgment of technical personnel.

**SECTION 2.** 625.12 (2) of the statutes is amended to read:

625.12 (2) Classification. Risks may be classified in any reasonable way for the establishment of rates and minimum premiums, except that no classifications may be based on race, color, creed, or national origin, and classifications in automobile insurance may not be based on physical condition or developmental disability as defined in s. 51.01 (5). Subject to s. ss. 632.12, 632.365, and 632.367, rates thus produced may be modified for individual risks in accordance with rating plans or schedules that establish reasonable standards for measuring probable variations in hazards, expenses, or both. Rates may also be modified for individual risks under s. 625.13 (2).

**SECTION 3.** 625.15 (1) of the statutes is amended to read:

625.15 (1) RATE MAKING. An insurer may itself establish rates and supplementary rate information for one or more market segments based on the factors in s. 625.12 and, if the rates are for property insurance, subject to s. 632.12 or, if the rates are for motor vehicle liability insurance, subject to s. ss. 632.365 and 632.367, or the insurer may use rates and supplementary rate information prepared by a rate service organization, with average expense factors determined by the rate

BILL

23

1	service organization or with such modification for its own expense and loss
2	experience as the credibility of that experience allows.
3	SECTION 4. 628.34 (3) (a) of the statutes is amended to read:
4	628.34 (3) (a) No insurer may unfairly discriminate among policyholders by
5	charging different premiums or by offering different terms of coverage except on the
6	basis of classifications related to the nature and the degree of the risk covered or the
7	expenses involved, subject to ss. <u>632.12</u> , 632.365, <u>632.367</u> , 632.746, and 632.748.
8	Rates are not unfairly discriminatory if they are averaged broadly among persons
9	insured under a group, blanket, or franchise policy, and terms are not unfairly
10	discriminatory merely because they are more favorable than in a similar individual
11	policy.
12	SECTION 5. 632.12 of the statutes is created to read:
13	632.12 Use of information in credit report. (1) In this section, "property
14	insurance" includes renter's insurance and homeowner's insurance.
15	(2) A rating plan for property insurance may not use information in an
16	individual's credit report as a rating factor.
17	(3) For the purpose of determining whether to issue or renew coverage under
18	a property insurance policy, or of setting premiums for coverage under such a policy,
19	an insurer may not consider information in the credit report of any of the following:
20	(a) An individual who is, or who if coverage is issued would be, a named insured
21	under the policy.
22	(b) The spouse or other family member of an individual under par. (a).

**SECTION 6.** 632.367 of the statutes is created to read:

#### **BILL**

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vehicle insurance may not use information in an individual's credit report as a rating
factor.
(2) For the purpose of determining whether to issue or renew coverage under
a motor vehicle insurance policy, or of setting premiums for coverage under such a

- a motor vehicle insurance policy, or of setting premiums for coverage under such a policy, an insurer may not consider information in the credit report of any of the following:
- (a) An individual who is, or who if coverage is issued would be, a named insured under the policy.
  - (b) The spouse or other family member of an individual under par. (a).

#### SECTION 7. Initial applicability.

(1) This act first applies to motor vehicle insurance policies or property insurance policies that are renewed, or for which application is made, on the effective date of this subsection.

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# Barman, Mike

From:

Sent:

To:

Subject:

Powell, Thomas
Thursday, March 08, 2007 1:00 PM
LRB.Legal
Draft Review: LRB 07-2174/1 Topic: Prohibit use of credit reports for auto or property

insurance

Please Jacket LRB 07-2174/1 for the ASSEMBLY.