### 2007 DRAFTING REQUEST

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Received	eived: 06/26/2007 Received By: pkahler							
Wanted:	As time perm	its			Identical to LRB:			
For: <b>Joh</b> i	n Lehman (60	08) 266-1832			By/Representing: Tom Rylander			
This file	This file may be shown to any legislator: <b>NO</b> Drafter: <b>pkahler</b>							
May Con	ntact:				Addl. Drafters:			
Subject: Submit v		ice - auto ice - other insu	irance		Extra Copies:			
•	r's email:	Sen.Lehma	an@legis.w	isconsin.gov				
Carbon c	copy (CC:) to:							
Pre Top	ic:							
No speci	fic pre topic gi	ven						
Topic:								
Prohibiti	ng use of credi	t reports for iss	uing or sett	ing premiums	for motor vehicle	or property inst	urance	
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Drafting	g History:							
Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	<u>Jacketed</u>	Required	
/?	pkahler 06/26/2007	jdyer 06/28/2007						
/1			nnatzke 06/28/20	07	lparisi 06/28/2007	cduerst 09/04/2007		

FE Sent For:



### 2007 DRAFTING REQUEST

#### Bill

Receive	ed: <b>06/26/2007</b>				Received By: pl	kahler		
Wanted: As time permits For: John Lehman (608) 266-1832				Identical to LRB:				
				By/Representing: Tom Rylander				
This file	e may be shown	n to any legislat	or: NO	Drafter: pkahler				
May Co	ontact:			Addl. Drafters:				
Subject: Insurance - auto Insurance - other insurance Submit via email: YES				Extra Copies:				
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/?	pkahler 06/26/2007	jdyer 06/28/2007						
/1			nnatzke 06/28/200	07	lparisi 06/28/2007			
FE Sent	For:							

<END>

#### 2007 DRAFTING REQUEST

Bill

Received: 06/26/2007 Received By: pkahler

Wanted: As time permits Identical to LRB:

For: John Lehman (608) 266-1832 By/Representing: Tom Rylander

This file may be shown to any legislator: **NO**Drafter: **pkahler** 

May Contact: Addl. Drafters:

Subject: Insurance - auto Extra Copies:

Insurance - other insurance

Requester's email: Sen.Lehman@legis.wisconsin.gov

Carbon copy (CC:) to:

Submit via email: YES

Pre Topic:

No specific pre topic given

Topic:

Prohibiting use of credit reports for issuing or setting premiums for motor vehicle or property insurance

Instructions:

See Attached

**Drafting History:** 

Vers. <u>Drafted</u> <u>Reviewed</u> <u>Typed</u> <u>Proofed</u> <u>Submitted</u> <u>Jacketed</u> <u>Required</u>

/? pkahler / 8 icd 6/28 nwn 6/28 6/28

FE Sent For:

<END>

<i>6</i>	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 2007 - 2008 LEGISLATURE





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# 2007 ASSEMBLY BILL 387

May 31, 2007 - Introduced by Representatives Berceau, Vruwink, Ballweg, Albers, Pocan, Grigsby, Hilgenberg, Fields, Hixson, A. Williams and Sinicki, cosponsored by Senators Erpenbach, Roessler and Plale. Referred to Committee on Insurance.

AN ACT

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

2 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

#### **ASSEMBLY BILL 387**

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 387**

service organization or with such modification for its own expense and loss
experience as the credibility of that experience allows.
SECTION 4. 628.34 (3) (a) of the statutes is amended to read:
628.34 (3) (a) No insurer may unfairly discriminate among policyholders by
charging different premiums or by offering different terms of coverage except on the
basis of classifications related to the nature and the degree of the risk covered or the
expenses involved, subject to ss. <u>632.12</u> , 632.365, <u>632.367</u> , 632.746, and 632.748.
Rates are not unfairly discriminatory if they are averaged broadly among persons
insured under a group, blanket, or franchise policy, and terms are not unfairly
discriminatory merely because they are more favorable than in a similar individual
policy.
SECTION 5. 632.12 of the statutes is created to read:
632.12 Use of information in credit report. (1) In this section, "property
insurance" includes renter's insurance and homeowner's insurance.
(2) A rating plan for property insurance may not use information in an
individual's credit report as a rating factor.
(3) For the purpose of determining whether to issue or renew coverage under
a property 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 6. 632.367 of the statutes is created to read:

#### **ASSEMBLY BILL 387**

632.367 Use of information in credit report. (1) A rating plan for motor
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
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.

(END)

#### **Duerst, Christina**

From:

Stromme, Denise

Sent:

Tuesday, September 04, 2007 1:44 PM

To:

LRB.Legal

Subject:

Draft Review: LRB 07-2916/1 Topic: Prohibiting use of credit reports for issuing or setting premiums for motor vehicle or property insurance

Please Jacket LRB 07-2916/1 for the SENATE.