

ASSEMBLY BILL NO. 404—ASSEMBLYMEN SMITH, PARKS, CONKLIN, LESLIE, ANDERSON, ARBERRY, BEERS, BUCKLEY, GANSERT, GERHARDT, GOEDHART, GOICOECHEA, KIHUEN, KIRKPATRICK, KOIVISTO, MCCLAIN, OCEGUERA, PARNELL, PIERCE AND SETTELMEYER

MARCH 16, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing the use of credit information by insurers. (BDR 57-1335)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in **bolded italics** is new; matter between brackets **[omitted material]** is material to be omitted.

AN ACT relating to insurance; revising provisions concerning the notice that must be given by an insurer who uses certain credit information concerning an applicant or policyholder under certain circumstances; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law regulates the use by an insurer of the credit information of a
- 2 policyholder or an applicant for insurance. (NRS 686A.600-686A.730) In
- 3 particular, existing law requires an insurer who takes an adverse action against an
- 4 applicant or policyholder based on his credit information to provide notice to the
- 5 applicant or policyholder in accordance with federal law that an adverse action has
- 6 been taken and to provide notice to the applicant or policyholder explaining the
- 7 reasons for the adverse action. (NRS 686A.710) This bill requires the notice
- 8 explaining the reasons for the adverse action to be provided in a form approved by
- 9 the Commissioner of Insurance.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** NRS 686A.710 is hereby amended to read as
- 2 follows:
- 3 686A.710 If an insurer takes an adverse action based upon
- 4 credit information, the insurer shall:



1 1. Provide notice to the applicant or policyholder that an
2 adverse action has been taken, in accordance with the requirements
3 of section 615(a) of the federal Fair Credit Reporting Act, 15 U.S.C.
4 § 1681m(a).

5 2. Provide notice to the applicant or policyholder explaining
6 the reasons for the adverse action. The reasons must be provided in
7 sufficiently clear and specific language so that a person can identify
8 the basis for the insurer's decision to take the adverse action. The
9 notice must include a description of not more than four factors that
10 were the primary influences of the adverse action. The use of
11 generalized terms such as "poor credit history," "poor credit rating"
12 or "poor insurance score" does not meet the requirements of this
13 subsection. ~~{Standardized explanations provided by consumer~~
14 ~~reporting agencies are deemed to comply with this section.}~~ *The*
15 *notice required by this subsection must be provided in a form*
16 *approved by the Commissioner.*

