

## Amendment No. 857

Senate Amendment to Assembly Bill No. 404

(BDR 57-1335)

**Proposed by:** Senate Committee on Commerce and Labor**Amends:** Summary: No Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes

| ASSEMBLY ACTION                       |                               |       | Initial and Date | SENATE ACTION                         |                               |       | Initial and Date |
|---------------------------------------|-------------------------------|-------|------------------|---------------------------------------|-------------------------------|-------|------------------|
| Adopted <input type="checkbox"/>      | Lost <input type="checkbox"/> | _____ |                  | Adopted <input type="checkbox"/>      | Lost <input type="checkbox"/> | _____ |                  |
| Concurred In <input type="checkbox"/> | Not <input type="checkbox"/>  | _____ |                  | Concurred In <input type="checkbox"/> | Not <input type="checkbox"/>  | _____ |                  |
| Receded <input type="checkbox"/>      | Not <input type="checkbox"/>  | _____ |                  | Receded <input type="checkbox"/>      | Not <input type="checkbox"/>  | _____ |                  |

EXPLANATION: Matter in (1) ***blue bold italics*** is new language in the original bill; (2) ***green bold italic underlining*** is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment; and (6) ***green bold*** is newly added transitory language.

WBD/TMC



Date: 5/20/2007

A.B. No. 404—Revises provisions governing the use of credit information by insurers. (BDR 57-1335)



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 SETTELMAYER

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; ~~prohibiting~~ **revising provisions concerning the notice that must be given by** an insurer ~~from using~~ **who uses** certain credit information concerning an applicant or policyholder ~~in underwriting or rating a policy;~~ **under certain circumstances;** and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law regulates the use by an insurer of the credit information of a policyholder or an applicant for insurance. ~~(NRS 686A.680) This bill prohibits an insurer from using the number of times that an applicant or policyholder opens or closes credit accounts during any specific period as a negative factor in any insurance scoring methodology or in reviewing credit information for the purpose of underwriting or rating a policy.~~ (NRS 686A.600-686A.730) **In particular, existing law requires an insurer who takes an adverse action against an applicant or policyholder based on his credit information to provide notice to the applicant or policyholder in accordance with federal law that an adverse action has been taken and to provide notice to the applicant or policyholder explaining the reasons for the adverse action. (NRS 686A.710) This bill requires the notice explaining the reasons for the adverse action to be provided in a form approved by the Commissioner of Insurance.**

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

**Delete existing section 1 of this bill and replace with the following new section 1:**

**Section 1. NRS 686A.710 is hereby amended to read as follows:**

686A.710 If an insurer takes an adverse action based upon credit information, the insurer shall:

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

4        2. Provide notice to the applicant or policyholder explaining the reasons for  
5 the adverse action. The reasons must be provided in sufficiently clear and specific  
6 language so that a person can identify the basis for the insurer's decision to take the  
7 adverse action. The notice must include a description of not more than four factors  
8 that were the primary influences of the adverse action. The use of generalized terms  
9 such as "poor credit history," "poor credit rating" or "poor insurance score" does  
10 not meet the requirements of this subsection. ~~Standardized explanations provided~~

11 ~~by consumer reporting agencies are deemed to comply with this section.~~ The  
12 notice required by this subsection must be provided in a form approved by the  
13 Commissioner.