

ASSEMBLY BILL NO. 120—ASSEMBLYMAN AIZLEY

FEBRUARY 14, 2013

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing information provided to insurance policyholders. (BDR 57-802)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.
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; requiring the Division of Insurance of the Department of Business and Industry to post certain information on its Internet website; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Subject to certain limitations, an insurer is allowed to use an insurance score,
2 defined as a number or rating that is derived from an algorithm, computer
3 application, model or other process that is based in whole or in part on credit
4 information, when determining an insurance premium. (NRS 686A.660, 686A.680)
5 If an insurer uses credit information in underwriting or rating an applicant, the
6 insurer is required to provide written disclosure that the insurer may obtain credit
7 information in connection with an application. (NRS 686A.700) If an insurer takes
8 adverse action based on credit information, the insurer is required to provide to the
9 applicant or policyholder a detailed explanation of the reasons for the adverse
10 action. (NRS 686A.710) This bill: (1) requires the Division of Insurance of the
11 Department of Business and Industry to post on its Internet website a list of each
12 authorized insurer that does not use an insurance score when underwriting, rating
13 an applicant for or calculating the premium for a policy of insurance for a
14 passenger car or homeowner's insurance; and (2) authorizes the Division to post
15 certain information relating to the use of insurance scores on its Internet website.



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

Section 1. NRS 686A.700 is hereby amended to read as follows:

686A.700 1. If an insurer uses credit information in underwriting or rating an applicant, the insurer or its agent shall disclose, either on the application for the policy or at the time the application is taken, that the insurer may obtain credit information in connection with the application. The disclosure must be written or provided to an applicant in the same medium as the application. The insurer need not provide the disclosure required pursuant to this ~~section~~ *subsection* to a policyholder upon renewal of a policy if the policyholder was previously provided the disclosure in connection with the policy.

~~{2-}~~ An insurer may comply with the requirements of this ~~section~~ *subsection* by providing the following statement:

In connection with this application for insurance, we may review your credit report or obtain or use a credit-based insurance score based on the information contained in that credit report. We may use a third party in connection with the development of your insurance score.

2. The Division shall post on its Internet website a list of each insurer that does not use an insurance score when underwriting, rating an applicant for or calculating the premium for a policy of insurance for a passenger car or homeowner's insurance and shall update this list on July 1 of each year.

3. The Division may post on its Internet website, without limitation:

(a) General information concerning the use of an insurance score in underwriting, rating an applicant for or calculating the premium for a policy of insurance; and

(b) Applicable laws governing the manner in which an insurance score may be used.

4. As used in this section, "passenger car" has the meaning ascribed to it in NRS 482.087.

