WEST VIRGINIA LEGISLATURE

2024 REGULAR SESSION

Introduced

House Bill 5681

By Delegate Sheedy

[Introduced February 13, 2024; Referred to the

Committee on Banking and Insurance then the

Judiciary]

1   A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article,

2   designated §33-11C-1, §33-11C-2, §33-11C-3, and §33-11C-4, all relating to prohibiting

3   the use of credit or insurance rating to deny, cancel, or refuse to renew personal insurance;

4   providing definitions, rulemaking, and providing an enacting date.

Be it enacted by the Legislature of West Virginia:

ARTICLE 11C. RESTRICTIONS APPLICABLE TO PERSONAL INSURANCE UNDERWRITING.

§33-11C-1.   Definitions.

1   For the purposes of this section:

2   (a) "Affiliated" means an affiliate of, or person affiliated with, a specific person, and includes

3   a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by,

4   or is under common control with, the person specified.

5   (b) "Credit history" means any written, oral, or other communication of any information by a

6   consumer reporting agency bearing on a consumer's credit worthiness, credit standing, or credit

7   capacity, which is used, or expected to be used, or collected in whole or in part for the purpose of

8   serving as a factor in establishing personal insurance premiums or eligibility for coverage.

9   (c) "Insurance score" means a number or rating that is derived from an algorithm, computer

10   application, model, or other process that is based in whole or in part on credit history.

11   (d) "Personal insurance" means property and casualty insurance to be used primarily for

12   personal, family, or household purposes, such as homeowner and private passenger auto

13   insurance.

14   (e) "Tier" means a category within a single insurer into which insureds with substantially

15   like insuring, risk, or exposure factors and expense elements are placed for the purposes of

16   determining rate or premium.

§33-11C-2.   Restrictions.

1   (a) An insurer shall not deny, cancel, or refuse to renew personal insurance due in whole or

2   in part to an insured's credit history or insurance score.

3   (b) Placement with an affiliated insurer does not constitute denial of coverage under this

4   section.

5   (c) In the case of personal insurance, premium rates are subject to this subsection. An

6   insurer may adjust rates based on credit history, in combination with other objective criteria, to

7   create an insurance score to consider substantiated statistical differences in risk or exposure. The

8   maximum premium differential based on credit history shall be no more than five percent. This

9   restriction applies whether the adjustment is due to application of any of the following:

10   (1) Class rate,

11   (2) Insurance score,

12   (3) Minimum rate,

13   (4) Rating plan,

14   (5) Rating rule,

15   (6) Rating schedule,

16   (6) Rating tier,

17   (7) Placement with an affiliated insurer,

18   (8) Or any modification of each.

19   (d) Credit history and insurance scores shall not be combined or used in combination with

20   other rating factors or rating rules in such a way that credit history or the insurance score affects

21   premiums charged by more than 5%. For otherwise similarly situated insureds, the maximum

22   premium differential based on credit history shall be no more than 5%.

23   (1) The 5% limit shall be computed relative to premiums charged to an insured with the

24   most favorable credit history or insurance score. Each insurer and affiliated insurer must

25   demonstrate to the satisfaction of the commissioner that the total premium differential based on

26   credit history is no greater than 5%.

§33-11C-3. **Rulemaking.**

1   The commissioner may adopt such rules as are necessary to implement this section.

§33-11C-4. **Effective** **date.**

1   This section applies to all personal insurance policies written or renewed on or after

2   January 1, 2025.

NOTE: The purpose of this bill is to prohibit insurance rates in WV from being based upon credit or insurance scores.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.