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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 3589

02/17/2022 Authored by Dettmer and Gruenhagen
The bill was read for the first time and referred to the Committee on Commerce Finance and Policy

1.1 A bill for an act
1.2 relating to insurance; requiring certain disclosures related to credit information;
1.3 amending Minnesota Statutes 2020, section 72A.20, subdivision 36.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2020, section 72A.20, subdivision 36, is amended to read:

1.6 Subd. 36. Limitations on use of credit information. (a) No insurer or group of affiliated
1.7 insurers may reject, cancel, or nonrenew a policy of private passenger motor vehicle insurance
1.8 as defined under section 65B.01 or a policy of homeowner's insurance as defined under
1.9 section 65A.27, for any person in whole or in part on the basis of credit information, including
1.10 a credit reporting product known as a "credit score" or "insurance score," without
1.11 consideration and inclusion of any other applicable underwriting factor.

1.12 (b) If credit information, credit scoring, or insurance scoring is to be used in underwriting,
1.13 the insurer must (1) disclose to the consumer that credit information will be obtained and
1.14 used as part of the insurance underwriting process, and (2) provide a detailed explanation
1.15 that indicates how the consumer's rate is affected by the credit information used and what
1.16 type of data was analyzed. Details disclosed to consumers concerning credit history data
1.17 used for underwriting must include the time periods, specified in months or years, during
1.18 which each of the credit data items are included in the underwriting process.

1.19 (c) Insurance inquiries and non-consumer-initiated inquiries must not be used as part of
1.20 the credit scoring or insurance scoring process.

1.21 (d) If a credit score, insurance score, or other credit information relating to a consumer,
1.22 with respect to the types of insurance referred to in paragraph (a), is adversely impacted or

2.1 cannot be generated because of the absence of a credit history, the insurer must exclude the  
2.2 use of credit as a factor in the decision to reject, cancel, or nonrenew.

2.3 (e) Insurers must upon the request of a policyholder reevaluate the policyholder's score.  
2.4 Any change in premium resulting from the reevaluation must be effective upon the renewal  
2.5 of the policy. An insurer is not required to reevaluate a policyholder's score pursuant to this  
2.6 paragraph more than twice in any given calendar year.

2.7 (f) Insurers must upon request of the applicant or policyholder provide reasonable  
2.8 underwriting exceptions based upon prior credit histories for persons whose credit  
2.9 information is unduly influenced by expenses related to a catastrophic injury or illness,  
2.10 temporary loss of employment, or the death of an immediate family member. The insurer  
2.11 may require reasonable documentation of these events prior to granting an exception.

2.12 (g) A credit scoring or insurance scoring methodology must not be used by an insurer  
2.13 if the credit scoring or insurance scoring methodology incorporates the gender, race,  
2.14 nationality, or religion of an insured or applicant.

2.15 (h) Insurers that employ a credit scoring or insurance scoring system in underwriting of  
2.16 coverage described in paragraph (a) must have on file with the commissioner:

2.17 (1) the insurer's credit scoring or insurance scoring methodology; and

2.18 (2) information that supports the insurer's use of a credit score or insurance score as an  
2.19 underwriting criterion.

2.20 (i) Insurers described in paragraph (h) shall file the required information with the  
2.21 commissioner within 120 days of August 1, 2002, or prior to implementation of a credit  
2.22 scoring or insurance scoring system by the insurer, if that date is later.

2.23 (j) Information provided by, or on behalf of, an insurer to the commissioner under this  
2.24 subdivision is trade secret information under section 13.37.

2.25 **EFFECTIVE DATE.** This section is effective August 1, 2022, and applies to  
2.26 homeowners' and auto insurance policies offered, issued, or renewed on or after that date.