

CHAPTER 58

PROFESSIONS AND OCCUPATIONS

HOUSE BILL 00-1088

BY REPRESENTATIVES Hagedorn, Bacon, Coleman, Gagliardi, Ragsdale, Takis, Tapia, Tate, Tochtrop, and S. Williams;
also SENATORS Owen and Lamborn.

AN ACT

CONCERNING A REQUIREMENT THAT INSURANCE COMPANIES NOTIFY CONSUMERS WHEN USING CREDIT
SCORING TO MAKE DECISIONS REGARDING INSURANCE.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 12-14.3-102, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

12-14.3-102. Definitions. As used in this article, unless the context otherwise requires:

(4.3) "CREDIT SCORING" MEANS THE PRACTICE OF QUANTIFYING THE CREDIT RISK A PERSON PRESENTS USING SUCH PERSON'S HISTORY, CHARACTERISTICS, OR ATTRIBUTES IN A FORMULA DESIGNED TO OBJECTIVELY RATE CREDIT RISK OR INSURANCE RISK OF LOSS.

SECTION 2. 12-14.3-103 (1) (c) (III), Colorado Revised Statutes, is amended to read:

12-14.3-103. Permissible purposes - prohibition. (1) A consumer reporting agency may furnish a consumer report only under the following circumstances:

(c) To a person which the consumer reporting agency has reason to believe:

(III) Intends to use ~~the~~ CREDIT SCORING information in connection with the underwriting OR RATING of insurance involving the consumer and such person establishes that the consumer has received written notification, or notification in the same medium as the application for insurance, that a credit report may be requested in connection with his or her application for insurance AND THAT CREDIT SCORING

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

INFORMATION MAY BE USED TO DETERMINE EITHER THE CONSUMER'S ELIGIBILITY FOR INSURANCE OR THE PREMIUM TO BE CHARGED TO THE CONSUMER; or

SECTION 3. Effective date. This act shall take effect January 1, 2001.

SECTION 4. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: March 17, 2000