

## CHAPTER 100

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**INSURANCE**

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**HOUSE BILL 03-1273**

BY REPRESENTATIVE(S) Jahn, Boyd, Carroll, Frangas, Fritz, Garcia, Johnson R., Lee, Madden, Plant, Spradley, Stengel, Vigil, and Williams S.;  
also SENATOR(S) Johnson S., Entz, Evans, Fitz-Gerald, Grossman, Hagedorn, Hanna, Jones, Keller, Lamborn, Owen, Takis, Tapia, Tupa, and Windels.

**AN ACT**

**CONCERNING DISCLOSURE OF CREDIT SCORING INFORMATION TO THE CONSUMER WHEN USED TO UNDERWRITE MOTOR VEHICLE INSURANCE.**

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

**SECTION 1.** Part 6 of article 4 of title 10, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

**10-4-616. Disclosure of credit reports.** (1) (a) INSURERS USING NEW OR UPDATED CREDIT INFORMATION IN INSURANCE UNDERWRITING OR RATING SHALL NOTIFY APPLICANTS OR POLICYHOLDERS THAT THEIR CREDIT INFORMATION WILL BE USED FOR UNDERWRITING OR RATING.

(b) WHEN AN INSURER USES A PRODUCER FOR SUCH DISCLOSURE, THE INSURER SHALL PROVIDE THE PRODUCER WITH THE FORM OF SUCH NOTICE AND USE A REASONABLE MEANS TO VERIFY THAT SUCH NOTICE IS GIVEN. THE DISCLOSURE NOTICE FORM SHALL BE DEVELOPED BY THE INSURER.

(c) UPON REQUEST BY AN APPLICANT OR POLICYHOLDER, AN INSURER OR PRODUCER SHALL PROVIDE AN EXPLANATION OF THE SIGNIFICANT CHARACTERISTICS OF THE CREDIT INFORMATION THAT IMPACT THE POLICYHOLDER'S INSURANCE SCORE. THIS INFORMATION MAY BE INCLUDED IN THE DISCLOSURE NOTICE FORM.

(2) IF THE USE OF CREDIT INFORMATION RESULTS IN AN ADVERSE ACTION TO A CONSUMER, THE INSURER SHALL COMPLY WITH THE NOTICE REQUIREMENTS OF THE FEDERAL "FAIR CREDIT REPORTING ACT", 15 U.S.C.S. SEC. 1681 ET SEQ. SUCH NOTICE SHALL INCLUDE, BUT IS NOT LIMITED TO:

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

(a) THE IDENTITY, TELEPHONE NUMBER, AND ADDRESS OF ANY CONSUMER REPORTING AGENCY FROM WHOM A CREDIT REPORT WAS OBTAINED.

(b) NOTICE OF THE CONSUMER'S RIGHT TO RECEIVE A FREE CREDIT REPORT FROM THE CONSUMER REPORTING AGENCY FOR A PERIOD OF SIXTY DAYS IF SUCH REPORT RESULTED IN AN ADVERSE ACTION; AND

(c) NOTICE OF THE CONSUMER'S RIGHT TO LODGE A DISPUTE WITH THE CONSUMER REPORTING AGENCY AND HAVE ANY ERRONEOUS INFORMATION CORRECTED IN ACCORDANCE WITH THE FEDERAL "FAIR CREDIT REPORTING ACT", 15 U.S.C.S. SEC. 1681 ET SEQ.

(3) FOR THE PURPOSES OF THIS SECTION, "ADVERSE ACTION" MEANS A DENIAL, CANCELLATION, OR NONRENEWAL OF, AN INCREASE IN ANY CHARGE FOR, A PLACEMENT INTO A HIGHER TIER, OR A REDUCTION OR UNFAVORABLE CHANGE IN THE TERMS OF COVERAGE OR AMOUNT OF INSURANCE IN CONNECTION WITH UNDERWRITING OF EXISTING INSURANCE OR AN APPLICATION FOR INSURANCE.

**SECTION 2. Effective date.** This act shall take effect July 1, 2004.

**SECTION 3. 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: April 1, 2003