

REFERENCE TITLE: **insurance underwriting; prohibitions**

State of Arizona
House of Representatives
Fiftieth Legislature
Second Regular Session
2012

HB 2017

Introduced by
Representative Fillmore

AN ACT

AMENDING SECTION 20-2110, ARIZONA REVISED STATUTES; RELATING TO INSURANCE UNDERWRITING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-2110, Arizona Revised Statutes, is amended to
3 read:

4 20-2110. Reasons for adverse underwriting decisions

5 A. In the event of an adverse underwriting decision the insurance
6 institution or insurance producer responsible for the decision shall either
7 provide the applicant, policyholder or individual proposed for coverage with
8 the specific reason for the adverse underwriting decision in writing or
9 advise the person, in writing, that ~~upon~~ ON written request the person may
10 receive the specific reason in writing and provide the applicant,
11 policyholder or individual proposed for coverage with a summary of the rights
12 established under subsection B of this section and sections 20-2108 and
13 20-2109.

14 B. ~~Upon~~ ON receipt of a written request within ninety business days
15 from the date of the mailing of notice or other communication of an adverse
16 underwriting decision to an applicant, policyholder or individual proposed
17 for coverage, the insurance institution or insurance producer shall furnish
18 to the person within twenty-one business days from the date of receipt of the
19 written request:

20 1. The specific reason for the adverse underwriting decision, in
21 writing, if the information was not initially furnished in writing pursuant
22 to subsection A of this section.

23 2. The specific items of personal and privileged information that
24 support those reasons except that:

25 (a) The insurance institution or insurance producer is not required to
26 furnish specific items of privileged information if it has a reasonable
27 suspicion, based ~~upon~~ ON specific information available for review by the
28 director, that the applicant, policyholder or individual proposed for
29 coverage has engaged in criminal activity, fraud, material misrepresentation
30 or material nondisclosure.

31 (b) Specific items of medical record information supplied by a medical
32 care institution or medical professional shall be disclosed either directly
33 to the individual about whom the information relates or to a medical
34 professional designated by the individual and licensed to provide medical
35 care with respect to the condition to which the information relates, at the
36 option of the insurance institution or insurance producer.

37 3. The names and addresses of the institutional sources that supplied
38 the specific items of information pursuant to paragraph 2 of this subsection,
39 except that the identity of any medical professional or medical care
40 institution shall be disclosed either directly to the individual or to the
41 designated medical professional, whichever the insurance institution or
42 insurance producer prefers.

43 C. The obligations imposed by this section ~~upon~~ ON an insurance
44 institution or insurance producer may be satisfied by another insurance
45 institution or insurance producer authorized to act on its behalf.

1 D. If an adverse underwriting decision results solely from an oral
2 request or inquiry, the explanation of the specific reasons and summary of
3 rights required by subsection A of this section may be given orally.

4 E. In providing the specific reason for an adverse underwriting
5 decision based on credit related information contained or not contained in an
6 individual's consumer report, the insurance institution or agent shall
7 provide at least the following information:

8 1. That the decision was based in part on a consumer report or the
9 absence of credit history.

10 2. The source of the consumer report and how the individual may obtain
11 a copy of the consumer report.

12 3. A description of up to four factors that were the primary cause for
13 the adverse action that resulted from the insurance score.

14 F. An insurer shall not use the following types of credit history to
15 calculate an insurance score to determine property or casualty premiums for
16 insurance transactions that are subject to this article and shall not
17 knowingly use an insurance score developed by a third party if the score is
18 calculated using any of the following types of credit history:

19 1. The absence of credit history or the inability to determine the
20 consumer's credit history unless the insurer's action is actuarially
21 justified or the insurer treats the consumer as if the consumer had neutral
22 credit information, as defined by the insurer.

23 2. Credit history or an insurance score based on collection accounts
24 identified with a medical industry code.

25 3. A bankruptcy or a lien satisfaction that is more than seven years
26 old.

27 4. The consumer's use of a particular type of credit card, charge card
28 or debit card unless actuarially justified.

29 5. The consumer's total available line of credit, except that an
30 insurer may consider the total amount of outstanding debt in relation to the
31 total available line of credit.

32 6. An insurance score that is calculated using the income, gender,
33 ~~address, zip code,~~ ethnic group, religion, marital status or nationality of
34 the consumer as a factor. This ~~section~~ PARAGRAPH does not prohibit an
35 insurer from using ~~zip code, address,~~ gender and marital status information
36 for underwriting purposes.