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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 1754

02/15/2023

Authored by Newton

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; prohibiting automobile insurers from using sex, gender,
1.3 location, or credit information for underwriting auto insurance; amending Minnesota
1.4 Statutes 2022, section 72A.20, subdivisions 23, 36.

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

1.6 Section 1. Minnesota Statutes 2022, section 72A.20, subdivision 23, is amended to read:

1.7 Subd. 23. Discrimination in automobile insurance policies. (a) No insurer that offers
1.8 an automobile insurance policy in this state shall:

1.9 (1) use the employment status of the applicant as an underwriting standard or guideline;

1.10 or

1.11 (2) deny coverage to a policyholder for the same reason.

1.12 (b) No insurer that offers an automobile insurance policy in this state shall:

1.13 (1) use the applicant's status as a residential tenant, as the term is defined in section
1.14 504B.001, subdivision 12, as an underwriting standard or guideline; or

1.15 (2) deny coverage to a policyholder for the same reason; or

1.16 (3) make any discrimination in offering or establishing rates, premiums, dividends, or
1.17 benefits of any kind, or by way of rebate, for the same reason.

1.18 (c) No insurer that offers an automobile insurance policy in this state shall:

1.19 (1) use the failure of the applicant to have an automobile policy in force during any
1.20 period of time before the application is made as an underwriting standard or guideline; or

1.21 (2) deny coverage to a policyholder for the same reason.

2.1 Paragraph (c) does not apply if the applicant was required by law to maintain automobile
2.2 insurance coverage and failed to do so.

2.3 An insurer may require reasonable proof that the applicant did not fail to maintain this
2.4 coverage. The insurer is not required to accept the mere lack of a conviction or citation for
2.5 failure to maintain this coverage as proof of failure to maintain coverage. The insurer must
2.6 provide the applicant with information identifying the documentation that is required to
2.7 establish reasonable proof that the applicant did not fail to maintain the coverage.

2.8 (d) No insurer that offers an automobile insurance policy in this state shall use an
2.9 applicant's prior claims for benefits paid under section 65B.44 as an underwriting standard
2.10 or guideline if the applicant was 50 percent or less negligent in the accident or accidents
2.11 causing the claims.

2.12 (e) No insurer shall refuse to issue any standard or preferred policy of motor vehicle
2.13 insurance or make any discrimination in the acceptance of risks, in rates, premiums,
2.14 dividends, or benefits of any kind, or by way of rebate:

2.15 (1) between persons of the same class;~~or;~~

2.16 (2) on account of race;~~or;~~

2.17 (3) on account of physical disability if the disability is compensated for by special
2.18 training, equipment, prosthetic device, corrective lenses, or medication and if the physically
2.19 disabled person:

2.20 (i) is licensed by the Department of Public Safety to operate a motor vehicle in this state;~~;~~
2.21 and

2.22 (ii) operates only vehicles that are equipped with auxiliary devices and equipment
2.23 necessary for safe and effective operation by the disabled person;~~or;~~

2.24 (4) on account of marital dissolution;

2.25 (5) on account of sex or gender;

2.26 (6) based on a person's residential or workplace location; or

2.27 (7) based on credit information, including but not limited to a credit score or insurance
2.28 score.

2.29 Sec. 2. Minnesota Statutes 2022, section 72A.20, subdivision 36, is amended to read:

2.30 Subd. 36. **Limitations on use of credit information.** (a) No insurer or group of affiliated
2.31 insurers may reject, cancel, or nonrenew a policy of private passenger motor vehicle insurance

3.1 ~~as defined under section 65B.01~~ or a policy of homeowner's insurance as defined under
3.2 section 65A.27, for any person in whole or in part on the basis of credit information, including
3.3 a credit reporting product known as a "credit score" or "insurance score," without
3.4 consideration and inclusion of any other applicable underwriting factor.

3.5 (b) If credit information, credit scoring, or insurance scoring is to be used in underwriting,
3.6 the insurer must disclose to the consumer that credit information will be obtained and used
3.7 as part of the insurance underwriting process.

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

3.10 (d) If a credit score, insurance score, or other credit information relating to a consumer,
3.11 with respect to the types of insurance referred to in paragraph (a), is adversely impacted or
3.12 cannot be generated because of the absence of a credit history, the insurer must exclude the
3.13 use of credit as a factor in the decision to reject, cancel, or nonrenew.

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

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

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

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

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

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

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

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

4.3 (k) An insurer or group of affiliated insurers must not reject, cancel, or nonrenew a
4.4 private passenger motor vehicle insurance policy, as defined under section 65B.01, for any
4.5 person based in whole or in part on the person's credit information.