BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: S-4132.2/22 2nd draft

ATTY/TYPIST: MW:jlb

BRIEF DESCRIPTION: Delaying the office of the insurance commissioner from conducting rule making on the use of credit scores in setting insurance premiums.

AN ACT Relating to delaying the office of the insurance commissioner from conducting rule making on the use of credit scores in setting insurance premiums until a work group can address ways to reduce insurance costs for Washington residents with below average credit scores; creating new sections; providing expiration dates; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** The purpose of this act is to provide insurance consumers the best possible outcome from the use of credit history in the underwriting of their insurance and the determination of their premium. By convening a work group to review the use of credit history and its effect on insureds with low credit scores, the legislature intends to offer insurers an option to continue to predict risk effectively while limiting the negative outcomes a lower credit score may have on an insured's premium.

NEW SECTION. **Sec. 2.** (1)(a) The office of financial management shall appoint a mediator to convene a work group to examine the use of credit history in insurance scores and develop viable policy options for creating an insurance environment that is affordable and equitable for everyone, including those with low credit scores. The

mediator shall promptly meet with the representatives of the work group, either jointly or separately, and take such other steps as the mediator deems appropriate in order to assist the parties in developing a list of viable policy options to present to the legislature. The mediator may not force an agreement between the parties.

(b) The work group shall consist of the following:

(i) Five members representing the insurance industry, chosen by a nonprofit, member-supported council representing property and casualty insurers located in the Pacific Northwest; and

(ii) Five members representing consumer advocacy organizations and insurance regulators, chosen by the office of the insurance commissioner.

(c) Membership of the work group is limited to residents of the state of Washington.

(2) The work group shall submit viable policy options to the legislature, in compliance with RCW 43.01.036, by December 1, 2022. At minimum, the work group shall consider the use of credit history in insurance scores and methods to lower the cost of insurance for individuals with low credit scores.

(3) To assist in the work group's deliberations, insurers shall provide information relating to consumer experience with emergency rules R2021-02 and R2021-19 adopted by the office of the insurance commissioner. Information may be provided on an aggregate basis through an insurance information organization and must be produced within three months from the date of the request by the work group.

(4) To assist in the work group's deliberations, the office of the insurance commissioner shall not adopt any rules that would conflict with current law regarding the use of credit history in insurance scores as established in section 3 of this act.

(5) This section expires June 30, 2023.

NEW SECTION. **Sec. 3.** (1) Rules adopted to implement RCW 48.18.480 and 48.19.020 shall comply with the provisions of RCW 48.19.035. To the extent the commissioner adopts rules in conflict with RCW 48.19.035, RCW 48.19.035 controls.

(2) This section expires June 30, 2023.

NEW SECTION. **Sec. 4.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of

the state government and its existing public institutions, and takes effect immediately.

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