

515.103 Use of credit information — personal insurance.

1. *Definitions.* As used in [this section](#) unless the context otherwise requires:

a. “Adverse action” means a denial of issuance, cancellation, or refusal to renew, an increase in any charge for, or a reduction or other unfavorable change in the terms of coverage or amount of any personal insurance existing or applied for, or in connection with the underwriting of personal insurance.

b. “Affiliate” means any company that controls, is controlled by, or is under common control with another company.

c. “Applicant” means an individual who has applied to be covered by a personal insurance policy with an insurer.

d. “Consumer” means an insured whose credit information is used or whose insurance score is calculated in the underwriting or rating of a personal insurance policy or an applicant for such a personal insurance policy.

e. “Consumer reporting agency” means any person that, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information concerning consumers for the purpose of furnishing consumer credit reports to third parties.

f. “Credit information” means any information related to credit that is contained in or derived from a credit report, or provided in an application for personal insurance. Information that is not related to credit shall not be considered “credit information” regardless of whether the information is contained in or derived from a credit report or an application for credit or is used to calculate an insurance score.

g. “Credit report” means any written, oral, or other communication of information by a consumer reporting agency that relates to a consumer’s creditworthiness, credit standing, or credit capacity and that is used or expected to be used or is collected, in whole or in part, for the purpose of serving as a factor in determining personal insurance premiums, eligibility for personal insurance coverage, or tier placement.

h. “Insurance score” means a number or rating that is derived from an algorithm, computer application, model, or other process that is based in whole or in part on credit information for the purposes of predicting the future insurance loss exposure of a consumer.

i. “Insured” means an individual who is covered by a personal insurance policy.

j. “Personal insurance” means personal insurance and not commercial insurance and is limited to private passenger automobile, homeowners, farm owners, personal farm liability, motorcycle, mobile home owners, noncommercial dwelling fire, boat, personal watercraft, snowmobile, and recreational vehicle insurance policies, that are individually underwritten for personal, family, farm, or household use. No other type of insurance is included as personal insurance for the purposes of [this section](#).

2. *Use of credit information.* An insurer authorized to do business in Iowa that uses credit information to underwrite or rate risks for a policy of personal insurance shall not do any of the following:

a. Use an insurance score that is calculated using income, gender, address, zip code, ethnic group, religion, marital status, race, or nationality of a consumer as a factor.

b. Deny issuance, cancel, or refuse to renew a policy of personal insurance solely on the basis of credit information, without consideration of any other applicable underwriting factors independent of credit information that are not otherwise prohibited under paragraph “a”.

c. Base a consumer’s renewal rates for personal insurance solely on the basis of credit information, without consideration of any other applicable underwriting factors independent of credit information that are not otherwise prohibited under paragraph “a”.

d. Take adverse action against a consumer solely because the consumer does not have a credit card account, without consideration of any other applicable underwriting factors independent of credit information that are not otherwise prohibited under paragraph “a”.

e. Consider an absence of credit information or an inability to calculate an insurance score in underwriting or rating personal insurance unless the insurer does one of the following:

(1) Treats the consumer as if the consumer has neutral credit information, as defined by the insurer.

(2) Excludes the use of credit information as an underwriting factor and only uses other underwriting criteria.

f. Take adverse action against a consumer based on credit information, unless the insurer obtains and uses a credit report issued or an insurance score calculated within ninety days before the date a personal insurance policy is first written or a renewal is issued.

g. Use credit information unless not later than every thirty-six months following the last time that the insurer obtained current credit information for the insured, the insurer recalculates the insurance score or obtains an updated credit report for the insured. Regardless of the requirements of this paragraph:

(1) At annual renewal, upon the request of the consumer or the consumer's agent, the insurer shall re-underwrite and re-rate the personal insurance policy based upon a current credit report or insurance score. An insurer is not required to recalculate an insurance score or obtain a current credit report more than once in a twelve-month period.

(2) The insurer shall have the discretion to obtain current credit information for a consumer more frequently than every thirty-six months, if consistent with the insurer's underwriting guidelines.

(3) Notwithstanding subparagraph (1), an insurer is not required to obtain current credit information for a consumer if any of the following applies:

(a) The insurer is treating the consumer as otherwise approved by the commissioner of insurance.

(b) The consumer is in the most favorably priced tier of the insurer, within a group of affiliated insurers. However, the insurer shall have the discretion to obtain current credit information, if consistent with the insurer's underwriting guidelines.

(c) Credit information was not used for underwriting or rating the insured when the personal insurance policy was initially written. However, the insurer shall have the discretion to use current credit information for underwriting or rating the insured upon renewal of the policy, if consistent with the insurer's underwriting guidelines.

(d) The insurer reevaluates the insured beginning no later than thirty-six months after the personal insurance policy was initially written and thereafter, based on other underwriting or rating factors, excluding credit information.

h. Use any of the following as a negative factor in any insurance scoring methodology or in reviewing credit information for the purpose of underwriting or rating a personal insurance policy:

(1) Credit inquiries not initiated by the consumer or inquiries requested by the consumer for the consumer's own credit information.

(2) Inquiries relating to insurance coverage, if so identified on a consumer's credit report.

(3) Collection accounts with a medical industry code, if so identified on a consumer's credit report.

(4) Multiple lender inquiries, if coded by a consumer reporting agency on the consumer's credit report as being from the home mortgage industry and made within thirty days of one another, unless only one inquiry is considered.

(5) Multiple lender inquiries, if coded by a consumer reporting agency on the consumer's credit report as being from the automobile lending industry and made within thirty days of one another, unless only one inquiry is considered.

3. *Dispute resolution and error correction.* If it is determined through the dispute resolution process set forth under the federal Fair Credit Reporting Act, 15 U.S.C. §1681i(a)(5), that the credit information of a current insured is incorrect or incomplete and the insurer receives notice of such determination from either the consumer reporting agency or from the insured, the insurer shall re-underwrite and re-rate the insured within thirty days of receiving the notice. After re-underwriting or re-rating the insured, the insurer shall make any adjustments necessary, consistent with the insurer's underwriting and rating guidelines. If an insurer determines that an insured has overpaid the premium on a personal insurance policy, the insurer shall refund the amount of the overpayment to the insured, calculated for either the last twelve months of coverage or the actual policy period, whichever is shorter.

4. *Initial notification.*

a. If an insurer writing personal insurance uses credit information in underwriting or

rating a consumer, the insurer or the insurer's agent shall disclose, either on the insurance application or at the time that the insurance application is taken, that the insurer may obtain credit information of the consumer in connection with the application. Such disclosure to a consumer shall either be written or provided in the same medium as the application for insurance. An insurer is not required to provide the disclosure statement required under [this subsection](#) to a consumer in connection with the renewal of a personal insurance policy if the consumer has previously been provided with such a disclosure statement.

b. An insurer that uses the following statement of disclosure shall be deemed to be in compliance with [this subsection](#):

In connection with this application for insurance, we may review your credit report or obtain or use a credit-based insurance score based on the information contained in that credit report. We may use a third party in connection with the development of your insurance score.

5. *Notification of adverse action.* If an insurer takes adverse action against a consumer based on credit information, the insurer shall do all of the following:

a. Provide notification to the consumer that adverse action has been taken, in accordance with the requirements of the federal Fair Credit Reporting Act, 15 U.S.C. §1681m(a).

b. Provide notification to the consumer explaining the reasons for the adverse action taken. Such notice shall give reasons for the adverse action taken in language that is sufficiently clear and specific so that a person can identify the basis for the insurer's decision to take adverse action. Such notification shall include a description of up to four factors that were the primary influences for the adverse action taken. The use of generalized terms such as "poor credit history", "poor credit rating", or "poor insurance score" does not meet the explanation requirements of this paragraph. Standardized credit explanations that are provided by consumer reporting agencies or other third-party vendors are deemed to comply with this paragraph.

6. *Extraordinary life circumstances.*

a. An insurer authorized to do business in Iowa that uses credit information to underwrite or rate risks for a policy of personal insurance shall, on written request from a consumer, provide reasonable exceptions to the insurer's rates, rating classifications, company or tier placement, or underwriting rules or guidelines for a consumer who has experienced and whose credit information has been directly influenced by any of the following events:

- (1) Catastrophic event, as declared by the federal or a state government.
- (2) Serious illness or injury, or serious illness or injury to an immediate family member.
- (3) Death of a spouse, child, or parent.
- (4) Divorce or involuntary interruption of legally owed alimony or support payments.
- (5) Identity theft.
- (6) Temporary loss of employment for a period of three months or more, if such loss results from involuntary termination of employment.
- (7) Military deployment overseas.
- (8) Other events, as determined by the insurer.

b. If a consumer submits a request for an exception as set forth in paragraph "a", an insurer may, in its sole discretion, but is not required to, do any of the following:

- (1) Require the consumer to provide reasonable written and independently verifiable documentation of the event.
- (2) Require the consumer to demonstrate that the event had direct and meaningful impact on the consumer's credit information.
- (3) Require such request to be made no more than sixty days from the date of the application for insurance or the policy renewal.
- (4) Grant an exception despite the fact that the consumer did not provide the initial request for an exception in writing.
- (5) Grant an exception where the consumer asks for consideration of repeated events or the insurer has considered this event previously.

c. An insurer is not out of compliance with any law or rules relating to underwriting,

rating, or rate-filing as a result of granting an exception under [this subsection](#). Nothing in [this subsection](#) shall be construed to provide a consumer or other insured with a cause of action that does not exist in the absence of [this subsection](#).

d. An insurer shall provide notice to consumers that reasonable exceptions are available pursuant to [this subsection](#) and information about how the consumer may inquire further about such exceptions.

e. Within thirty days of the insurer's receipt of sufficient documentation of an event described in paragraph "a" from a consumer, the insurer shall inform the consumer of the outcome of the consumer's request for a reasonable exception. Such communication shall be in writing or provided to a consumer using the same medium as the request.

7. Information filed with the commissioner of insurance.

a. An insurer that uses insurance scores to underwrite and rate risks for personal insurance shall file the insurer's scoring models or other scoring processes with the commissioner of insurance. A third party may file scoring models on behalf of an insurer. Information filed with the commissioner that includes insurance scoring models may include information including loss experience that justifies the insurer's use of credit information.

b. Information filed with the commissioner of insurance pursuant to [this subsection](#) shall be considered a confidential record and be recognized and protected as a trade secret pursuant to [section 22.7, subsection 3](#).

8. *Indemnification.* An insurer shall indemnify, defend, and hold harmless agents or producers of the insurer from and against all liability, fees, and costs, arising out of or relating to the actions, errors, or omissions of an agent or producer who obtains or uses credit information or insurance scores on behalf of an insurer, provided that the agent or producer follows the instructions or procedures established by the insurer and complies with any applicable law or regulation. [This subsection](#) shall not be construed to provide a consumer or other insured with a cause of action that does not exist in the absence of [this subsection](#).

9. Consumer reporting agency — sale of credit information.

a. A consumer reporting agency shall not provide or sell data or lists that include any information that was submitted, in whole or in part, in conjunction with an insurance inquiry about a consumer's credit information or a request for a credit report or insurance score. Such information includes, but is not limited to, the expiration dates of an insurance policy or any other information that can be used to identify the expiration date of a consumer's insurance policy or the terms and conditions of the consumer's insurance coverage.

b. [This subsection](#) does not apply to the provision of information, including data or lists, by a consumer reporting agency to the agent or producer from whom the information was received, to the insurer on whose behalf the agent or producer acted, or to the insurer's affiliates or holding companies.

c. [This subsection](#) shall not be construed to restrict an insurer from obtaining a claims history report or a motor vehicle report of a consumer.

10. *Severability.* If any subsection, paragraph, sentence, clause, phrase, or any other part of [this section](#) is declared invalid due to an interpretation of or a future change in the federal Fair Credit Reporting Act, the remaining subsections, paragraphs, sentences, clauses, phrases, or parts thereof shall be in no manner affected thereby but shall remain in full force and effect.

[2004 Acts, ch 1039, §1; 2004 Acts, ch 1175, §341](#)

[C2005, §515.109A](#)

[2005 Acts, ch 3, §83, 84; 2007 Acts, ch 152, §28](#)

[CS2007, §515.103](#)

[2010 Acts, ch 1056, §1, 2; 2015 Acts, ch 30, §165](#)

Subsection 11 stricken