Senate File 2075

AN ACT

REQUIRING REASONABLE EXCEPTIONS TO INSURANCE RATES FOR CONSUMERS WHOSE CREDIT INFORMATION IS INFLUENCED BY EXTRAORDINARY LIFE CIRCUMSTANCES AND PROVIDING AN APPLICABILITY DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 515.103, Code 2009, is amended by adding the following new subsection:

NEW SUBSECTION. 5A. *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.

Sec. 2. APPLICABILITY DATE. This Act applies to personal insurance contracts or policies delivered, issued for delivery, continued, or renewed in this state on or after July 1, 2010.

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JOHN P. KIBBIE
President of the Senate

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PATRICK J. MURPHY
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2075, Eighty-third General Assembly.

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MICHAEL E. MARSHALL
Secretary of the Senate

Approved _____, 2010

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CHESTER J. CULVER
Governor