
ASSEMBLY CONCURRENT RESOLUTION NO. 27—ASSEMBLYMEN
OHRENSCHALL, GIUNCHIGLIANI, PARKS, ANDERSON,
ATKINSON, BUCKLEY, CARPENTER, CHOWNING, CLABORN,
COLLINS, CONKLIN, GEDDES, GIBBONS, GOICOECHEA,
GOLDWATER, GRADY, GRIFFIN, HARDY, HORNE, KNECHT,
KOIVISTO, LESLIE, MABEY, MANENDO, MCCLAIN,
MCCLEARY, PIERCE, SHERER AND WILLIAMS

MAY 19, 2003

Referred to Committee on Elections, Procedures, and Ethics

SUMMARY—Directs Legislative Commission to appoint interim
committee to study business practices of automobile
insurance industry. (BDR R-387)

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets [omitted material] is material to be omitted.

ASSEMBLY CONCURRENT RESOLUTION—Directing the
Legislative Commission to appoint an interim committee
to conduct a study of business practices of the automobile
insurance industry.

1 WHEREAS, Insurance is an essential economic tool for the
2 protection of the assets of the residents and property owners of
3 Nevada; and

4 WHEREAS, In most cases, automobile insurance is the only
5 method available to Nevadans to satisfy the statutory requirement to
6 provide proof of financial responsibility as a condition of vehicle
7 registration; and

8 WHEREAS, The insurance industry uses various methods to
9 underwrite or rate an applicant for insurance risk; and

10 WHEREAS, It is manifestly unfair to base auto insurance rates on
11 a person’s income, age, gender, address, postal “zip” code, ethnic
12 group, religion, marital status or nationality; and

13 WHEREAS, This practice of “scoring” a potential customer is not
14 prohibited in this state, despite the fact that the model act developed
15 by the National Conference of Insurance Legislators prohibits an
16 insurer from credit “scoring”; and



1 WHEREAS, Over 90 percent of the automobile insurance carriers
2 who offer coverage in Nevada consider consumer credit reports
3 when determining insurance premiums and charge a higher
4 insurance premium for automobile insurance coverage for those
5 drivers having an unfavorable credit history or no credit history; and

6 WHEREAS, Some insurance companies have started using
7 insurance credit scores as the basis for nonrenewal of the coverage,
8 regardless of whether a claim has ever been filed or premiums have
9 been paid on time; and

10 WHEREAS, A related practice referred to as "geographic
11 redlining" is a rating method that has been shown to result in the
12 fact that the poorest customers are systematically denied coverage
13 by lower-cost standard insurers and forced to purchase much higher-
14 cost policies from nonstandard insurers or the residual market; and

15 WHEREAS, The public policy of the State of Nevada may dictate
16 that limitations need to be placed on the use of certain rating
17 practices, such as prohibiting the use of insurance credit scoring as
18 the sole factor for rating risk or prohibiting the use of geographic
19 redlining or the use of a credit history that is in a legitimate dispute;
20 now, therefore, be it

21 RESOLVED BY THE ASSEMBLY OF THE STATE OF NEVADA, THE
22 SENATE CONCURRING, That the Legislative Commission is hereby
23 directed to appoint an interim committee to conduct a study
24 concerning the business practices of the automobile insurance
25 industry in Nevada; and be it further

26 RESOLVED, That the interim study committee must be composed
27 of six members selected as follows:

28 1. Three members from the Assembly, at least two of whom
29 served on the Assembly Committee on Commerce and Labor during
30 the 72nd Session of the Legislature; and

31 2. Three members from the Senate, at least two of whom
32 served on the Senate Committee on Commerce and Labor during the
33 72nd Session of the Legislature; and be it further

34 RESOLVED, That the interim study must include, without
35 limitation, consideration of the following issues regarding practices
36 of the automobile insurance industry:

37 1. Whether the use of insurance credit scoring for rating
38 purposes results in discrimination against persons in a protected
39 class, such as classification by age, gender or national origin;

40 2. The types of consumers, based on demographic factors, who
41 benefit from or are harmed by geographic redlining or the use of
42 credit history in automobile insurance rating and underwriting;

43 3. The extent to which the use of credit history affects rates
44 charged to the consumer;



1 4. Whether the use of insurance credit scoring for rating
2 purposes produces disparate effects that unjustly harm people of
3 color or people with low incomes; and

4 5. Additional issues that may be identified by the interim study
5 committee during the course of its review; and be it further

6 RESOLVED, That the interim study committee shall consult with
7 and take testimony from independent economists and impartial
8 experts, as well as professionals in the automobile insurance
9 industry and consumers in the insurance market; and be it further

10 RESOLVED, That the Division of Insurance of the Department of
11 Business and Industry shall provide such advice, information and
12 assistance to the interim study committee as may be requested by
13 the committee to carry out the provisions of this act; and be it
14 further

15 RESOLVED, That any recommended legislation proposed by
16 the interim study committee must be approved by a majority of the
17 members of the Senate and a majority of the members of the
18 Assembly appointed to the committee; and be it further

19 RESOLVED, That the Legislative Commission shall submit a
20 report of the results of the study and any recommendations for
21 legislation to the 73rd Session of the Nevada Legislature; and be it
22 further

23 RESOLVED, That the Chief Clerk of the Assembly prepare and
24 transmit a copy of this resolution to the Commissioner of Insurance.

