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SENATE BILL NO. 129—COMMITTEE ON JUDICIARY

FEBRUARY 13, 2003

Referred to Committee on Commerce and Labor

SUMMARY—Requires certain insurers that make adverse underwriting decisions based on consumer reports, credit history or insurance scores to follow certain procedures. (BDR 57-836)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

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

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AN ACT relating to insurance; requiring certain insurers that make adverse underwriting decisions based on consumer reports, credit history or insurance scores to follow certain procedures; requiring those insurers to provide notice to the individuals and to reconsider the adverse underwriting decisions in certain circumstances; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1     **Section 1.** Chapter 686A of NRS is hereby amended by  
2 adding thereto the provisions set forth as sections 2 to 7, inclusive,  
3 of this act.  
4     **Sec. 2.** *As used in sections 2 to 7, inclusive, of this act, unless*  
5 *the context otherwise requires, the words and terms defined in*  
6 *sections 3 to 6, inclusive, of this act have the meanings ascribed to*  
7 *them in those sections.*  
8     **Sec. 3.** *“Adverse underwriting decision” means any decision*  
9 *whereby an individual who applies for or is insured by a policy of*  
10 *insurance is assigned to a higher rating tier, is required to pay a*  
11 *higher premium, is denied a type of coverage, is given a decreased*  
12 *amount of coverage or is not given a premium discount or credit*  
13 *by the insurer based on:*



\* S B 1 2 9 \*

- 1     1. *Information contained in a consumer report;*
- 2     2. *The lack of a credit history or an inadequate credit history;*
- 3     or

4     3. *An insurance score.*

5     **Sec. 4.** *“Consumer report” means any written, oral or*  
6 *electronic communication of information that:*

7     1. *Involves the credit worthiness, credit standing, credit*  
8 *capacity, character, general reputation, personal characteristics or*  
9 *mode of living of an individual; and*

10    2. *Is intended to be used by an insurer, in whole or in part, as*  
11 *a basis for any decision in connection with a transaction involving*  
12 *insurance.*

13    **Sec. 5.** *“Insurance” means casualty insurance or property*  
14 *insurance.*

15    **Sec. 6.** *“Insurance score” means any type of score or*  
16 *designation that:*

17    1. *Has been derived from an algorithm, a computer program,*  
18 *a model or any other process whereby one or more data sources,*  
19 *including, without limitation, information contained in a*  
20 *consumer report, is used to produce a number, an alphabetical*  
21 *character or any type of rating or classification; and*

22    2. *Is intended to be used by an insurer, in whole or in part, as*  
23 *a basis for any decision in connection with a transaction involving*  
24 *insurance.*

25    **Sec. 7.** 1. *If an insurer makes an adverse underwriting*  
26 *decision concerning an individual who applies for or is insured by*  
27 *a policy of insurance from the insurer, the insurer shall mail a*  
28 *written notice to the individual that:*

29    (a) *Notifies the individual of the adverse underwriting*  
30 *decision;*

31    (b) *Furnishes the individual with the information required by*  
32 *NRS 598C.170, if the provisions of that section are applicable to*  
33 *the adverse underwriting decision;*

34    (c) *Informs the individual of the right to receive a written*  
35 *explanation from the insurer stating the specific reasons for the*  
36 *adverse underwriting decision; and*

37    (d) *Furnishes the individual with a written summary of all*  
38 *other rights available to the individual pursuant to sections 2 to 7,*  
39 *inclusive, of this act.*

40    2. *If the insurer receives from the individual a request for a*  
41 *written explanation within 90 business days after the date on*  
42 *which the insurer mailed its notice of the adverse underwriting*  
43 *decision to the individual, the insurer shall mail to the individual,*  
44 *within 20 business days, a written explanation stating the specific*



1 *reasons for the adverse underwriting decision. The written*  
2 *explanation must:*

3 *(a) State in detail the specific reasons for the adverse*  
4 *underwriting decision; and*

5 *(b) If the adverse underwriting decision is based, in whole or*  
6 *in part, on information from a consumer report or the credit*  
7 *history of the individual, identify any specific items in the*  
8 *consumer report or credit history of the individual that contributed*  
9 *to the adverse underwriting decision.*

10 *3. Within 60 business days after the date on which the insurer*  
11 *mails the written explanation to the individual, the individual may*  
12 *make a written request for the insurer to reconsider the adverse*  
13 *underwriting decision. The insurer shall reconsider the adverse*  
14 *underwriting decision if, in the written request, the individual*  
15 *provides evidence or a statement that disputes the accuracy of any*  
16 *information in the consumer report or credit history of the*  
17 *individual that contributed to the adverse underwriting decision.*

18 *4. Within 30 business days after the date on which the insurer*  
19 *receives a written request to reconsider the adverse underwriting*  
20 *decision, the insurer shall mail to the individual a written*  
21 *statement that explains whether the insurer has decided to affirm*  
22 *or modify the adverse underwriting decision and the reasons for*  
23 *the decision of the insurer.*

