



## 2001 ASSEMBLY BILL 774

February 7, 2002 – Introduced by Representatives UNDERHEIM, MILLER, GRONEMUS, MUSSER, HINES, LOEFFELHOLZ, TURNER, PETROWSKI, YOUNG, ALBERS and WOOD, cosponsored by Senators ROESSLER, WIRCH and WELCH. Referred to Committee on Insurance.

1     **AN ACT to amend** 625.12 (1) (e), 625.12 (2), 625.15 (1) and 628.34 (3) (a); and **to**  
2             **create** 632.367 of the statutes; **relating to:** prohibiting the use of information  
3             in credit reports for issuing or setting premiums for motor vehicle insurance.

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### *Analysis by the Legislative Reference Bureau*

Current law contains prohibitions against unfairly discriminating among policyholders with respect to charging different premiums or offering different terms of coverage except on the basis of classifications related to the nature and degree of risk covered. Current law also specifies the factors on which insurance rates may be based. These prohibitions and specifications apply to all types of insurance. Current law specifically prohibits an insurer from using odometer reading data collected in the course of an emissions inspection as a factor in setting rates or premiums for motor vehicle insurance.

This bill prohibits an insurer from considering information in an individual's credit report for purposes of issuing or renewing motor vehicle insurance to the individual or setting premiums for that motor vehicle insurance. The bill also prohibits a rating plan for motor vehicle insurance from using information in an individual's credit report as a rating factor.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

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1           **SECTION 1.** 625.12 (1) (e) of the statutes is amended to read:

2           625.12 (1) (e) Subject to ~~s.~~ ss. 632.365 and 632.367, all other relevant factors,  
3 including the judgment of technical personnel.

4           **SECTION 2.** 625.12 (2) of the statutes is amended to read:

5           625.12 (2) CLASSIFICATION. Risks may be classified in any reasonable way for  
6 the establishment of rates and minimum premiums, except that no classifications  
7 may be based on race, color, creed, or national origin, and classifications in  
8 automobile insurance may not be based on physical condition or developmental  
9 disability as defined in s. 51.01 (5). Subject to ~~s.~~ ss. 632.365 and 632.367, rates thus  
10 produced may be modified for individual risks in accordance with rating plans or  
11 schedules that establish reasonable standards for measuring probable variations in  
12 hazards, expenses, or both. Rates may also be modified for individual risks under  
13 s. 625.13 (2).

14           **SECTION 3.** 625.15 (1) of the statutes is amended to read:

15           625.15 (1) RATE MAKING. An insurer may itself establish rates and  
16 supplementary rate information for one or more market segments based on the  
17 factors in s. 625.12 and, if the rates are for motor vehicle liability insurance, subject  
18 to ~~s.~~ ss. 632.365 and 632.367, or the insurer may use rates and supplementary rate  
19 information prepared by a rate service organization, with average expense factors  
20 determined by the rate service organization or with such modification for its own  
21 expense and loss experience as the credibility of that experience allows.

22           **SECTION 4.** 628.34 (3) (a) of the statutes is amended to read:

23           628.34 (3) (a) No insurer may unfairly discriminate among policyholders by  
24 charging different premiums or by offering different terms of coverage except on the  
25 basis of classifications related to the nature and the degree of the risk covered or the

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1 expenses involved, subject to ss. 632.365, 632.367, 632.746, and 632.748. Rates are  
2 not unfairly discriminatory if they are averaged broadly among persons insured  
3 under a group, blanket, or franchise policy, and terms are not unfairly discriminatory  
4 merely because they are more favorable than in a similar individual policy.

5 **SECTION 5.** 632.367 of the statutes is created to read:

6 **632.367 Use of information in credit report.** (1) A rating plan for motor  
7 vehicle insurance may not use information in an individual's credit report as a rating  
8 factor.

9 (2) For the purpose of determining whether to issue or renew coverage under  
10 a motor vehicle insurance policy, or of setting premiums for coverage under such a  
11 policy, an insurer may not consider information in the credit report of any of the  
12 following:

13 (a) An individual who is, or who if coverage is issued would be, a named insured  
14 under the policy.

15 (b) The spouse or other family member of an individual under par. (a).

16 **SECTION 6. Initial applicability.**

17 (1) This act first applies to motor vehicle insurance policies renewed, or for  
18 which application is made, on the effective date of this subsection.

19 (END)