



Kansas Insurance Department

Sandy Praeger COMMISSIONER OF INSURANCE

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PRAEGER CALLS FOR CONSUMER PROTECTION BILL *Insurance Commissioner Wants to Regulate Credit Scoring*

Kansas Insurance Commissioner Sandy Praeger is urging Kansas lawmakers to adopt a bill that would regulate the use of credit-based insurance scoring. A task force appointed by the legislature recently reviewed the issue. "Today Kansas consumers have no state protections from the misuse of credit-based insurance scoring," said Praeger. "There has been too much confusion and suspicion regarding this practice. Consumers need assurance that the rates they are paying are fair."

Commissioner Praeger is supporting Senate Bill 144, which includes the recommendations made by the 15-member Credit Scoring Task Force. She also is offering corrections to some technical flaws in the bill to protect Kansas consumers, while preserving the personal lines insurance market.

The bill, with corrections, would:

- give the Kansas Insurance Department jurisdiction over credit-based scoring practices
- require notice to consumers when credit scoring is being used and requires an explanation of its use in individual cases
- require insurers to file their formulas for using credit-based insurance scoring with the Kansas Insurance Department for review for unfair discrimination
- prohibit the use of credit information that is disputed, related to identifiable medical debts or identity theft or information relating to income, gender, address, ethnic group, religion, marital status or nationality of the consumer
- limit the use of certain credit inquiries where little or no credit history exists

The bill would also require re-rating or underwriting when erroneous credit information is discovered, hold insurance agents harmless and protect the confidentiality of personal credit information.

"These are substantial protections for Kansas consumers," said Praeger. "It would be a disservice to our consumers to not seize this opportunity to regulate the practice of credit scoring."

The Commissioner is scheduled to testify before the Senate Financial Institutions and Insurance Committee at 9:30 a.m. Wednesday, February 12.

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