

# Extraordinary Circumstances Affecting Credit and Insurance Rates

This Act directs insurers that use credit information to underwrite or rate risks for personal insurance policies to provide reasonable exceptions to those rates for consumers who experience certain events that negatively impact their credit information. These include becoming seriously ill or losing a job.

Submitted as:

Iowa

[Senate File 2075 - Enrolled](#)

Status: Enacted into law in 2010.

## Suggested State Legislation

(Title, enacting clause, etc.)

1           Section 1. [*Short Title.*] This Act shall be cited as “An Act Requiring Reasonable Exceptions  
2 to Insurance Rates for Consumers Whose Credit Information is Influenced by Extraordinary Life  
3 Circumstances.”  
4

5           Section 2. [*Extraordinary Life Circumstances.*]

6           A. An insurer authorized to do business in [insert state] that uses credit information to  
7 underwrite or rate risks for a policy of personal insurance shall, on written request from a consumer,  
8 provide reasonable exceptions to the insurer's rates, rating classifications, company or tier  
9 placement, or underwriting rules or guidelines for a consumer who has experienced and whose credit  
10 information has been directly influenced by any of the following events:

11                   (1) Catastrophic event, as declared by the federal or a state government.

12                   (2) Serious illness or injury, or serious illness or injury to an immediate family  
13 member.

14                   (3) Death of a spouse, child, or parent.

15                   (4) Divorce or involuntary interruption of legally owed alimony or support payments.

16                   (5) Identity theft.

17                   (6) Temporary loss of employment for a period of [three] months or more, if such loss  
18 results from involuntary termination of employment.

19                   (7) Military deployment overseas.

20                   (8) Other events, as determined by the insurer.

21           B. If a consumer submits a request for an exception as set forth in paragraph (A), an insurer  
22 may, in its sole discretion, but is not required to, do any of the following:

23                   (1) Require the consumer to provide reasonable written and independently verifiable  
24 documentation of the event.

25                   (2) Require the consumer to demonstrate that the event had direct and meaningful  
26 impact on the consumer's credit information.

27                   (3) Require such request to be made no more than [sixty] days from the date of the  
28 application for insurance or the policy renewal.

29                   (4) Grant an exception despite the fact that the consumer did not provide the initial  
30 request for an exception in writing.

31 (5) Grant an exception where the consumer asks for consideration of repeated events  
32 or the insurer has considered this event previously.

33 C. An insurer is not out of compliance with any law or rules relating to underwriting, rating,  
34 or rate-filing as a result of granting an exception under this subsection. Nothing in this subsection  
35 shall be construed to provide a consumer or other insured with a cause of action that does not exist in  
36 the absence of this subsection.

37 D. An insurer shall provide notice to consumers that reasonable exceptions are available  
38 pursuant to this subsection and information about how the consumer may inquire further about  
39 such exceptions.

40 E. Within [thirty] days of the insurer's receipt of sufficient documentation of an event  
41 described in paragraph (A) from a consumer, the insurer shall inform the consumer of the outcome  
42 of the consumer's request for a reasonable exception. Such communication shall be in writing or  
43 provided to a consumer using the same medium as the request.

44 F. This Act applies to personal insurance contracts or policies delivered, issued for delivery,  
45 continued, or renewed in this state on or after [insert date].

46  
47 Section 3. [*Severability.*] [Insert severability clause.]

48  
49 Section 4. [*Repealer.*] [Insert repealer clause.]

50  
51 Section 5. [*Effective Date.*] [Insert effective date.]