MURIEL BOWSER  
MAYOR  
FEB - 3  2016  
The Honorable Phil Mendelson  
Chairman Council of the District of Columbia  
1350 Pennsylvania Avenue N.W. Suite 410  
Washington, D.C. 20004  

Dear Chairman Mendelson:  

Today, I am transmitting a legislative package that contains the Bill entitled the “Restrictions on the Use of Credit Information Amendment Act of 2016.”  

The District of Columbia is one of only three jurisdictions that currently have no laws or regulations specifically addressing when insurers may – and may not – use credit information to make decisions about insurance transactions. The majority of states that have addressed the issue have prohibited consideration of credit history reflecting medical bill collection issues, and have strictly limited when insurers may take the absence of credit history into account. In order to enhance consumer protections for District residents, this legislation is designed to adopt the best practices recognized by the majority of states nationwide. This legislation is necessary to prevent any unfair discrimination against consumers by prohibiting the use of their credit history (or their lack of credit history) in decisions by insurers about whether to underwrite a policy, cancel a policy, refuse to renew a policy, or increase the premium for a renewal policy; to strictly limit an insurer’s ability to use the absence of credit history to raise premiums; and to prohibit the use of credit history based on medical bills.  

I urge the Council to act favorably on this Bill.  

Sincerely,  

Muriel Bowser
Chairman Phil Mendelson, at the request of the Mayor, introduced the following bill, which was referred to the Committee.

To amend the Insurance Trade and Economic Development Amendment Act of 2000 in order to prohibit the use of credit information by an insurer in deciding whether to underwrite a policy, cancel a policy, refuse to renew a policy, increase the premium for a renewal policy, and to further prohibit an insurer from determining insurance premiums based on either the absence of credit history or a credit history based on collection accounts with a medical industry code.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,
That this Act may be cited as the “Restrictions on the Use of Credit Information Amendment Act of 2016.”

Sec. 2. The Insurance Trade and Economic Development Amendment Act of 2000, effective Apr. 3, 2001 (D.C. Law 13-265, D.C. Official Code § 31-2231.01 et seq.) is amended as follows:

(a) Section 101 (D.C. Official Code § 31-2231.01) is amended as follows:

(1) A new subsection (3A-1) is added to read as follows:

“(3A-1) "Consumer reporting agency" means any person who, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumers’ credit information or other information on consumers for the purpose of furnishing credit reports to third parties.”.
(2) A new subsection (3A-2) is added to read as follows:

"(3A-2) "Credit information" means any credit-related information derived from a credit report, found on a credit report itself, or provided on an application for personal insurance. Information that is not credit-related shall not be considered "credit information," regardless of whether it is contained in a credit report or in an application, or is used to calculate an insurance score.

(3) A new subsection (3A-3) is added to read as follows:

"(3A-3) "Credit report" means any written, oral or other communication of information by a consumer reporting agency bearing on a consumer’s credit worthiness, credit standing or credit capacity which is used, expected to be used or collected in whole or in part for the purpose of serving as a factor to determine insurance policy premiums, eligibility for coverage, or rating tier placement."

(b) A new Section 113A is added to read as follows:

"Section 113A. Restrictions on use of credit information.

(a) With respect to any insurance policy, an insurer may not refuse to underwrite a policy, cancel a policy, refuse to renew a policy, or increase a premium for a renewal policy based, in whole or in part, on the credit information (including but not limited to the lack of credit information) of an applicant for insurance or an insured person.

(b) An insurer shall not use the following types of credit information to calculate an insurance score to determine premiums for insurance transactions that are subject to this Act and shall not knowingly use an insurance score developed by a third party if the score is calculated using any of the following types of credit information:
“(1) The absence of credit history or the inability to determine the credit
history of the applicant for insurance or an insured person unless the insurer treats the
applicant for insurance or the insured person as if that person had neutral credit
information, as defined by the insurer; and

“(2) Credit history or an insurance score based on collection accounts
identified with a medical industry code.”.

Sec. 3. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the
fiscal impact statement required by section 602(c)(3) of the District of Columbia Home
Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-
206.02(c)(3)).

Sec. 4. Effective date.

This Act shall take effect following approval by the Mayor (or in the event of veto
by the Mayor, action by the Council to override the veto), and a 30-day period of
Congressional review as provided in section 602(c)(1) of the District of Columbia Home
Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-206(c)(1)), and
publication in the District of Columbia Register.
MEMORANDUM

TO: Lolita S. Alston  
    Director  
    Office of Legislative Support

FROM: Janet M. Robins  
    Deputy Attorney General  
    Legal Counsel Division

DATE: November 4, 2015


This is to Certify that this Office has reviewed the above-referenced legislation and has found it to be legally sufficient. If you have any questions regarding this certification, please do not hesitate to contact me at 724-5524.

Janet M. Robins

JMR/phg