

2025 Regular Session

SENATE BILL NO. 61

BY SENATOR LUNEAU

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE RATES. Provides for the use of credit information in underwriting or rating of certain personal insurance policies. (8/1/25)

AN ACT

To amend and reenact R.S. 22:1508, 1509, and 1510, relative to the use of credit information in underwriting or rating of certain personal insurance policies; to require an insurer to provide a consumer's credit-related insurance rating; to provide for adverse action notification; to require review of an insurer's scoring system; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:1508, 1509, and 1510 are hereby amended and reenacted to read as follows:

§1508. Initial notification; **disclosure with quote**

A.**(1)** If an insurer writing personal insurance uses credit information in underwriting or rating a consumer, the insurer or its agent shall disclose, either on the insurance application or at the time the insurance application is taken, that it may obtain credit information in connection with ~~such~~ **the** application. ~~Such~~ **The** disclosure shall be either written or provided to an applicant in the same medium as the application for insurance. The insurer need not provide the disclosure statement required under this Section to any insured on a renewal policy, if ~~such~~ **the** consumer

has previously been provided a disclosure statement.

~~B.(2)~~ Use of the following example disclosure statement constitutes compliance with this ~~Section~~**Subsection**: "In connection with this application for insurance, we may review your credit report or obtain or use a credit-based insurance score based on the information contained in that credit report. We may use a third party in connection with the development of your insurance score."

B.(1) The insurer shall, prior to or at the time of providing a quote, deliver to the consumer a written statement containing the consumer's credit-based insurance score that was used to determine the premium rate and all of the following information:

(a) A breakdown of the insurance score scale, including both of the following:

(i) The minimum and maximum possible scores within the model used.

(ii) A clear statement on how different score ranges affect policy pricing, coverage options, and eligibility.

(b) A detailed explanation of the primary elements that contribute to the insurance score.

(c) A general explanation of how much influence each applicable factor provided for in Subparagraph (b) of this Paragraph has on the final insurance score.

(d) A list of sources used to generate the insurance score.

(e) Specific recommendations on how a consumer can improve the insurance score over time.

(2) The insurer shall provide the required information in a manner that is clear, concise, and understandable to the consumer. The information shall be provided either electronically or in writing, at the insurer's discretion. If delivered electronically, the insurer shall use a readily accessible format that allows the consumer to review and retain the information.

§1509. Adverse action notification

1 If an insurer takes an adverse action based upon credit information, the
2 insurer must meet the notice requirements of this Section. ~~Such~~ The insurer shall do
3 both of the following:

4 (1) Provide notification to the consumer that an adverse action has been taken
5 in accordance with the requirements of the federal Fair Credit Reporting Act, 15
6 U.S.C. 1681m(a).

7 (2) Provide notification to the consumer explaining the reason for the adverse
8 action. The reasons shall be provided in sufficiently clear and specific language so
9 that a person can identify the basis for the insurer's decision to take an adverse
10 action. ~~Such~~ The notification shall include a description of up to four factors that
11 were the primary influences of the adverse action. The use of generalized terms such
12 as "poor credit history", "poor credit rating", or "poor insurance score" does not meet
13 the explanation requirements of this Section. Standardized credit explanations
14 provided by consumer reporting agencies or other third-party vendors are deemed
15 to comply with this Section.

16 §1510. Filing; review by commissioner

17 A.(1) Insurers that use insurance-related scoring systems to underwrite and
18 rate risks shall file their scoring models or other scoring processes with the
19 Department of Insurance. A third party may file scoring models on behalf of
20 insurers. A filing that includes insurance scoring may include loss experience
21 justifying the use of credit information.

22 (2) The commissioner shall review the scoring models or other scoring
23 processes filed with the department pursuant to this Subsection to ensure
24 compliance with the requirements of this Subpart.

25 B. Any filing relating to credit information is considered a trade secret ~~under~~
26 pursuant to the Uniform Trade Secrets Act, R.S. 51:1431 et seq.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Senate Legislative Services. The keyword, summary, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Present law regulates the use of credit information for personal insurance. Further defines personal insurance as the following categories of insurance policies that are individually underwritten for personal, family, or household use: private passenger automobile, homeowners', motorcycle, mobile home owners', noncommercial dwelling fire insurance, boat, personal watercraft, snowmobile, and recreational vehicle.

Proposed law retains present law.

Present law requires an insurer writing personal insurance that uses credit information in underwriting or rating a consumer to disclose, either on the insurance application or at the time the insurance application is taken, that it may obtain credit information in connection with the application.

Proposed law retains present law but makes technical changes.

Proposed law requires the insurer, prior to or at the time of providing a quote, to deliver to the consumer a written statement containing the consumer's credit-based insurance score that was used to determine the premium rate and specific information to assist the consumer in understanding the insurance score.

Present law requires an insurer that takes an adverse action based upon credit information to provide notification to the consumer that an adverse action has been taken in accordance with the federal Fair Credit Reporting Act. Further requires the insurer to provide the reason for the adverse action in sufficiently clear and specific language so the consumer can identify the basis for the insurer's decision to take an adverse action, including up to four factors that were the primary influences of the adverse action.

Proposed law retains present law but makes technical changes.

Present law requires insurers that use insurance-related scoring systems to underwrite and rate risks to file their scoring models or other scoring processes with the Dept. of Insurance.

Proposed law retains present law but makes technical changes.

Proposed law requires the commissioner to review the scoring models or other scoring processes filed with the department to ensure compliance with the requirements of proposed law.

Present law provides that any filing relating to credit information is considered a trade secret pursuant to the Uniform Trade Secrets Act.

Proposed law retains present law but makes technical changes.

Effective August 1, 2025.

(Amends R.S. 22:1508-1510)