

# ALASKA STATE LEGISLATURE

## News from the Alaska State Senate

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### **Both Sides and Both House Come Together on Consumer Protection** **Cowdery/Elton Bill Limits Use of Credit Scoring by Insurance Companies**

(Juneau) -- With a final procedural vote late last night the Alaska Legislature adopted a bill creating strong protections for insurance consumers.

Senate Bill 13 unanimously passed the House Monday. The Senate, which passed a version of the bill 19-0 last week, approved the House changes Monday night. The bill now goes to the governor.

SB 13 is one of three jointly sponsored pieces of bipartisan legislation to pass the legislature this year.

"The fact that nobody voted against it says a lot about how important the issue is, and how much work went into crafting the bill," said Sen. Kim Elton (D-Juneau) "I want to thank Senator Cowdery for joining forces on this issue."

"We got most of the insurance industry on board," noted Cowdery (R-Anchorage), "Sen. Elton and I both did bills on this last year, and it just made sense to work together. It got the job done, too."

Representatives Chenault (R-Kenai) and Crawford (D-Anchorage) introduced similar bills in the House this year.

The bill sets firm limits on insurance companies' use of credit history. It lets consumers know how their credit is used, tells them when they've been hurt by information on their credit reports, and protects them from the worst effects of credit scoring. The bill also lets the Alaska Division of Insurance study in detail how companies use the information. If it finds unfair effects still exist, the division can address them by regulation.

The House made two substantive changes in the bill. The first allowed insurance companies to use credit scoring at the consumer's request when renewing a policy. The second requires insurance companies to hold agents harmless from lawsuits if the companies violate the new law.

"The final bill protects minorities, seniors, and the poor," said Elton, who often made note of credit scoring's effect on rural Alaskans. Cowdery added, "Hawaii is the only state that bans credit scoring. Next to them, this is the toughest law in the country."

Both senators said they expected the governor to sign the bill, because it is good policy and because insurance director Linda Hall was involved in the compromise and testified in favor of the final version in the House.

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