

HOUSE BILL NO. HB0040

Insurance regulation.

Sponsored by: Joint Corporations, Elections and Political
Subdivisions Interim Committee

A BILL

for

1 AN ACT relating to insurance; imposing certain restrictions
2 and requirements relating to the issuance, renewal and
3 cancellation of certain contracts of insurance as
4 specified; providing for enforcement; providing
5 definitions; making conforming amendments; and providing
6 for effective dates.

7

8 *Be It Enacted by the Legislature of the State of Wyoming:*

9

10 **Section 1.** W.S. 26-23-106 through 26-23-108 are
11 created to read:

12

13 **26-23-106. Use of insurance support organizations**
14 **limited.**

15

1 This section shall apply if an insurer uses for
2 underwriting purposes for insurance policies information
3 from a report provided by, or database maintained by, an
4 insurance support organization, or consumer reporting
5 agency, related to the premises that is the subject of the
6 application or to the person applying for insurance.
7 Failure of the insurer, within twenty-five (25) business
8 days of issuing a binder, to act upon the information
9 referenced in this section precludes the insurer from
10 declining insurance coverage or terminating a binder of
11 insurance coverage based on the information.
12 Notwithstanding any other law, an insurer may decline or
13 terminate insurance coverage based on the condition of the
14 premises as determined through a physical inspection of the
15 premises. This section applies only to homeowner's
16 insurance and does not apply to a policy renewal.

17

18 **26-23-107. Cancellation and nonrenewal of homeowner's**
19 **insurance policies for natural causes restricted.**

20

21 (a) No homeowner's insurance policy shall be denied
22 renewal as a result of three (3) or fewer claims within a
23 three (3) year period arising from natural causes.

24

1 (b) No homeowner's insurance policy shall be
2 cancelled during its term as a result of any claim arising
3 from natural causes.

4
5 (c) As used in this section "natural cause" means an
6 act occasioned exclusively by the violence of nature where
7 all human agency is excluded from creating or contributing
8 to the cause of the damage or injury.

9
10 (d) Any insurer which violates the provisions of this
11 section shall be subject to the procedures and penalties
12 provided under this code. Following the procedures in this
13 code, the commissioner may order the reinstatement, with no
14 lapse in coverage, of any policy cancelled or nonrenewed in
15 violation of this section.

16
17 **26-23-108. Restrictions on underwriting for homeowner**
18 **policies.**

19
20 (a) No insurer shall cancel, refuse to renew or offer
21 to renew at a higher premium a homeowner's insurance policy
22 based in any manner upon the claims history of a named
23 insured unless the claims history excludes customer
24 inquiries. Customer inquiries are defined as telephone

1 calls or other requests for information made by the named
2 insured or a person who would be a named insured under the
3 policy, that reference the terms, conditions or coverage
4 afforded under an insurance contract and do not result in
5 claims being filed or paid.

6

7 (b) Any insurer which violates the provisions of this
8 section shall be subject to the procedures and penalties
9 provided under this code. Following the procedures in this
10 code, the commissioner may order the reinstatement, with no
11 lapse in coverage, of any policy cancelled or nonrenewed in
12 violation of this section. If the commissioner finds a
13 policy was renewed at a higher premium in violation of this
14 section he may order the return of any unauthorized
15 increase in premium together with interest at a rate of ten
16 percent (10%) per year.

17

18 **Section 2.** W.S. 26-1-102(a) by creating new
19 paragraphs (xxxvii) through (xl) and 26-35-201 are amended
20 to read:

21

22 **26-1-102. Definitions.**

23

24 (a) As used in this act:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

(xxxvii) "Consumer reporting agency" means any person who does any of the following:

(A) Regularly engages, in whole or in part, in the practice of assembling or preparing consumer reports for a monetary fee;

(B) Obtains information primarily from sources other than insurers;

(C) Furnishes consumer reports to other persons.

(xxxviii) "Insurance support organization" means:

(A) Any person who regularly engages, in whole or in part, in the practice of assembling or collecting information about natural persons for the primary purpose of providing the information to an insurance institution or insurance producer for insurance transactions, including the furnishing of consumer reports or investigative consumer reports to an insurer or insurance producer for use in connection with an insurance transaction

1 or the collection of personal information from insurers,
2 insurance producers or other insurance support organizations
3 for the purpose of detecting or preventing fraud, material
4 misrepresentation or material nondisclosure in connection
5 with insurance underwriting or insurance claim activity;

6
7 (B) Notwithstanding subparagraph (A) of this
8 paragraph the following persons are not considered insurance
9 support organizations for purposes of this code:

10
11 (I) Insurance producers;

12
13 (II) Government institutions;

14
15 (III) Insurers;

16
17 (IV) Medical care institutions;

18
19 (V) Medical professionals.

20
21 (xxxix) "Insurance transaction" for the purposes
22 of paragraph (xxxviii) of this subsection, means any
23 transaction involving insurance primarily for personal,
24 family or household needs rather than business or

1 professional needs and which entails the determination of an
2 individual's eligibility for an insurance coverage, benefit
3 or payment or the servicing of an insurance application,
4 policy, contract or certificate;

5
6 (xl) "Investigative consumer report" means a
7 consumer report or portion of a consumer report in which
8 information about a natural person's character, general
9 reputation, personal characteristics or mode of living is
10 obtained through personal interviews with the person's
11 neighbors, friends, associates, acquaintances or others who
12 may have knowledge concerning those items of information.

13
14 **26-35-201. Scope of article.**

15
16 This article applies to all property and casualty insurance
17 as defined in W.S. 26-5-104 and 26-5-106, except this
18 article does not apply to binders and other temporary
19 contracts for temporary insurance provided for under W.S.
20 26-15-119, ~~homeowners' policies~~ or personal lines auto
21 policies.

22
23 **Section 3.** W.S. 26-3-131(d) is repealed.

24

1 **Section 4.** The insurance commissioner may begin the
2 promulgation of rules implementing the provisions of this
3 act upon the effective date of this section.

4

5 **Section 5.** The provisions of this act shall apply to
6 insurance policies delivered, issued for delivery or
7 renewed in this state on or after July 1, 2004.

8

9 **Section 6.**

10

11 (a) Section 4 of this act is effective immediately
12 upon completion of all acts necessary for a bill to become
13 law as provided by Article 4, Section 8 of the Wyoming
14 Constitution.

15

16 (b) Except as provided in subsection (a) of this
17 section, this act is effective July 1, 2004.

18

19

(END)