

FORTY- SEVENTH LEGISLATURE
FIRST SESSION, 2005

SB 560/a

February 25, 2005

Madam President:

Your JUDICIARY COMMITTEE, to whom has been referred

SENATE BILL 560

has had it under consideration and reports same with recommendation that it DO PASS, amended as follows:

1. On page 5, line 12, strike "the most" and insert in lieu thereof "a more".

2. On page 8, line 13, after the period strike the remainder of the line and strike lines 14 and 15 in their entirety.

3. On page 8, between lines 15 and 16, insert the following new subsection:

"G. An insurer that grants an extraordinary life circumstances exception shall maintain that exception for an amount of time that is reasonable for the particular circumstance. Once that reasonable amount of time is exhausted, the insurer is not required to grant another exception for the same specific extraordinary life circumstance."

4. Reletter the succeeding subsection accordingly.

5. On page 9, line 9, after "consumer" insert "at least once, either" and after "application" insert "or upon the first renewal subsequent to December 31, 2005".

6. On page 9, line 10, after "application" insert "or renewal".

7. On page 9, line 24, after "shall" strike the remainder of the line, strike all of line 25 and on page 10, strike lines 1 through 4 in their entirety and insert in lieu thereof "be prepared in substantially the following form:

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"New Mexico state law requires specific notice in clear and concise language if an insurer takes one of the following actions based on credit history:

- Cancels, denies or non-renews coverage
- Gives more limited coverage
- Limits benefits, such as eligibility for dividends
- Does not offer the best rate available
- Adds a premium surcharge or does not offer a discount

If your insurer takes an adverse action due to your credit history, it must also tell you the name of the national credit bureau that supplied the information. You are also entitled to a free copy of your credit report from the credit bureau that supplied the credit information.

Federal law says that you have a right to a free copy of your credit report if you have been denied credit or insurance, if you are on welfare, unemployed, or if you are a victim of identity theft. Otherwise, you may have to pay a small fee.

What can I do if there is incorrect information in my credit report?

If you report an error, the credit bureau must investigate the error and get back to you within thirty days. The credit bureau will contact whoever reported the information. Credit information is often reported by banks, credit card companies, collection agencies or a court clerk. If the investigation shows the information is wrong or if there is no proof it is true, the credit bureau must correct your credit report.

You can ask the credit bureau to send a notice of the correction to any creditor or insurer that has checked your file in the past six months. Once the error is corrected, it is a good idea to get a new copy of your credit report several months later to make sure the wrong information has not been reported again.

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If the credit bureau makes a determination that your credit report is correct, the credit bureau will not change the information in your credit report. If you still dispute the information, you may file a one-hundred-word statement explaining your side of the story, and the credit bureau must include your statement with your credit information each time they send it out. Make sure your insurance company has a copy of your statement, and ask if it will take your statement into account.

Most consumer groups suggest you get a copy of your credit report once a year. Since the national credit bureaus do not share information, it is a good idea to get a copy of your credit report from each of them. Each report may have different errors. If you correct errors on one credit report, it may not fix the errors on the other credit reports.

The national credit bureaus are:

(names of national credit bureaus)

Tell your insurance company. Do not wait until the credit bureau investigates the errors to contact your insurer. Tell your insurance company right away and ask if the errors will make a difference in your insurance.

If the errors are big, tell your insurer that you are disputing the information and ask if they will wait to use your credit information until the errors are corrected. Small errors may not have much effect on your credit score. But if the errors are big, it can make a big difference in your premium.

How can I improve my credit score?

You must find out what attributes of your credit history were used to calculate your credit score. Consumer reporting agencies provide insurance companies with up to four factors that have had a negative impact on your insurance credit score. The agent or company should

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be able to tell you which items in your credit history had the most impact on your score."".

8. On page 10, between lines 4 and 5, insert the following new subsection:

"C. The notification shall also include any other language prescribed by the superintendent in a rule.".

Respectfully submitted,

Cisco McSorley, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 7 For 3 Against

Yes: 7

No: Lopez, McSorley, Sanchez, M

Excused: None

Absent: None

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