

## Chapter 57

### INSURANCE REGULATION

Original House Bill No. 40

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

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

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

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

This section shall apply if an insurer uses for underwriting purposes for insurance policies information from a report provided by, or database maintained by, an insurance support organization, or consumer reporting agency, related to the premises that is the subject of the application or to the person applying for insurance. Failure of the insurer, within forty-five (45) calendar days of issuing a binder, to act upon the information referenced in this section precludes the insurer from declining insurance coverage or terminating a binder of insurance coverage based on the information. Notwithstanding any other law, an insurer may decline or terminate insurance coverage based on the condition of the premises as determined through a physical inspection of the premises. This section applies only to homeowner's insurance and does not apply to a policy renewal.

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

(a) No homeowner's insurance policy shall be denied renewal as a result of a single claim within a three (3) year period arising from natural causes.

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

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

(d) Any insurer which violates the provisions of this section shall be subject to the procedures and penalties provided under this code. Following the procedures in this code, the commissioner may order the reinstatement, with no lapse in coverage, of any policy cancelled or non-renewed in violation of this section.

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

(a) No insurer shall cancel, refuse to renew or offer to renew at a higher premium a homeowner's insurance policy based in any manner upon the claims history of a named insured unless the claims history excludes customer inquiries. Customer inquiries are defined as telephone calls or other requests for information made by the named insured or a person who would be a named insured under the policy, that reference the terms, conditions or coverage afforded under an insurance contract and do not result in claims being filed or paid.

(b) Any insurer which violates the provisions of this section shall be subject to the procedures and penalties provided under this code. Following the procedures in this code, the commissioner may order the reinstatement, with no lapse in coverage, of any policy cancelled or non-

renewed in violation of this section. If the commissioner finds a policy was renewed at a higher premium in violation of this section he may order the return of any unauthorized increase in premium together with interest at a rate of ten percent (10%) per year.

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

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

(a) As used in this act:

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

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

(I) Insurance producers;

(II) Government institutions;

(III) Insurers;

(IV) Medical care institutions;

(V) Medical professionals.

(xxxix) "Insurance transaction" for the purposes of paragraph (xxxviii) of this subsection, means any transaction involving insurance primarily for personal, family or household needs rather than business or professional needs and which entails the determination of an individual's eligibility for an insurance coverage, benefit or payment or the servicing of an insurance application, policy, contract or certificate;

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

#### **26-35-201. Scope of article.**

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

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

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

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

**Section 6.**

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

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

Approved March 4, 2004.