

2024 Regular Session

HOUSE BILL NO. 673

BY REPRESENTATIVE JORDAN

INSURANCE: Provides relative to unfair discrimination in insurance practices

1 AN ACT

2 To enact R.S. 22:1454.1, relative to rating standards and methods; to provide for consumer
3 protection with respect to insurance practices; to prohibit the use of external
4 consumer data and information sources that result in unfair discrimination; to
5 provide for rulemaking; to provide for definitions; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1454.1 is hereby enacted to read as follows:

8 §1454.1. Rating standards and methods; consumer protection; unfair discrimination;
9 insurance practices

10 A.(1) The legislature hereby declares that in order to ensure that Louisiana
11 residents have fair and equitable access to insurance products, it is necessary to
12 prohibit the use of external consumer data and information sources, as well as
13 algorithms and predictive models using external consumer data and information
14 sources, which use has the result of unfairly discriminating based on race, color,
15 gender, creed, or national origin.

16 (2) After promulgation and adoption of rules by the commissioner in
17 accordance with the Administrative Procedure Act, the commissioner shall require
18 insurers that use external consumer data and information sources, algorithms, and
19 predictive models to control for, or otherwise demonstrate that such use does not
20 result in, unfair discrimination.

1 B. As used in this Section, the following terms have the following meanings:

2 (1) "Algorithm" means a computational or machine learning process that
3 informs human decision making in insurance practices.

4 (2) "External consumer data and information source" means a data or
5 information source that is used by an insurer to supplement traditional underwriting
6 or other insurance practices or to establish lifestyle indicators that are used in
7 insurance practices. "External consumer data and information source" includes
8 credit scores, social media habits, locations, purchasing habits, home ownership,
9 educational attainment, occupation, licensures, civil judgments, and court records.

10 (3) "Predictive model" means a process of using mathematical and
11 computational methods that examine current and historical data sets for underlying
12 patterns to calculate the probability of an outcome.

13 C. The commissioner may promulgate and adopt rules in accordance with
14 the Administrative Procedure Act to further define "external consumer data and
15 information source" for particular lines of insurance and insurance practices.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, 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)]

HB 673 Original

2024 Regular Session

Jordan

Abstract: Prohibits insurers' use of external consumer data and information sources if usage results in unfair discrimination.

Proposed law declares that in order to ensure residents of La. have fair and equitable access to insurance products, it is necessary to prohibit the use of external consumer data and information sources, as well as algorithms and predictive models using external consumer data and information sources, which use has the result of unfairly discriminating based on race, color, gender, creed, or national origin.

Proposed law provides that after the commissioner of insurance (commissioner) promulgates and adopts rules in accordance with the APA, he must require insurers that use external consumer data and information sources, algorithms, and predictive models to control for, or otherwise demonstrate that such use does not result in, unfair discrimination.

Proposed law defines "algorithm", "external consumer data and information source", and "predictive model".

Proposed law authorizes the commissioner to promulgate and adopt rules in accordance with the APA to further define "external consumer data and information source" for particular lines of insurance and insurance practices.

(Adds R.S. 22:1454.1)