State of Idaho DEPARTMENT OF INSURANCE

CECIL D ANDRUS

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Director

BULLETIN NO. 91-9

DATE: July 2, 1991

TO: ALL COMPANIES

FROM: HARRY C. WALRATH OK

DIRECTOR

RE: ISSUANCE OF A CLARIFICATION ON THE USE OF CONSUMER

CREDIT REPORTS AND WITHDRAWING PREVIOUSLY ISSUED

BULLETIN 91-2

Pursuant to the Fair Credit Reporting Act, a consumer credit report is defined as follows:

"any written, oral or other communication of any information by a consumer reporting agency bearing on a consumers' credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer's eligibility for (1) credit or insurance to be used primarily for personal, family, or household purposes, or (2) employment purposes, or (3) other purposes authorized under Section 604 [15 U.S.C. Section 1681b]...

Pursuant to guidelines provided in the Fair Credit Reporting Act, a consumer report, as defined pursuant to 15 U.S.C. 1681a(d), should only be used in the following circumstances:

In response to an order of a court having jurisdiction to issue such an order.

In accordance with the written instructions of the consumer to who it relates.

To a person which is has reason to believe -

(a) intends to use the information in connection with a credit transaction involving the consumer on whom the information is to be furnished and involving the extension of credit to, or review or collection of an account of, the consumer; or

- (b) intends to use the information for employment purposes; or
- (c) intends to use the information in connection with the underwriting of insurance involving the consumer; or
- (d) intends to use the information in connection with a determination of the consumer's eligibility for a license or other benefit granted by a governmental instrumentality required by law to consider an applicant's financial responsibility or status: or
- (e) otherwise has a legitimate business need for the information in connection with a business transaction involving the consumer.

The Idaho Department of Insurance has determined that a report prepared at the direction of an insurer for the purpose of investigating an insurance claim is not a "consumer credit report" as defined by 15 U.S.C. 1681a(d). However, a report that was prepared for one of the purposes delineated in the definition of "consumer credit report" provided by the Fair Credit Reporting Act cannot subsequently be used by an insurer in the investigation of a claim without meeting the requirements of the Fair Credit Reporting Act. Using a "consumer credit report" as defined by the Fair Credit Reporting Act, without complying with the requirements of the Act will be deemed by the Idaho Department of Insurance to be a violation of Section 41-1321, Idaho Code.

This bulletin replaces previously issued Bulletin No. 91-2 issued January 2, 1991. After July 2, 1991, Bulletin No. 91-2 has no further force or effect.