

# HB3567



## 102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB3567

Introduced 2/22/2021, by Rep. David A. Welter

### SYNOPSIS AS INTRODUCED:

215 ILCS 157/20

Amends the Use of Credit Information in Personal Insurance Act to provide that an insurer authorized to do business in the State that uses credit information to underwrite or rate risks shall not use credit information in any way when setting personal auto insurance rates.

LRB102 13835 BMS 19186 b

A BILL FOR

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Use of Credit Information in Personal  
5 Insurance Act is amended by changing Section 20 as follows:

6 (215 ILCS 157/20)

7 Sec. 20. Use of credit information.

8 (a) An insurer authorized to do business in this State  
9 that uses credit information to underwrite or rate risks shall  
10 not:

11 (1) Use an insurance score that is calculated using  
12 income, gender, address, ethnic group, religion, marital  
13 status, or nationality of the consumer as a factor.

14 (2) Deny, cancel, or nonrenew a policy of personal  
15 insurance solely on the basis of credit information,  
16 without consideration of any other applicable underwriting  
17 factor independent of credit information and not expressly  
18 prohibited by item (1). An insurer shall not be considered  
19 to have denied, cancelled, or nonrenewed a policy if  
20 coverage is available through an affiliate. If an insurer  
21 denies, cancels, or does not renew a policy of personal  
22 insurance based on credit information, it must provide the  
23 affected party with a notice as described in Section 35 of

1           this Act and an opportunity for the affected party to  
2           explain its credit information under the procedures  
3           outlined in Section 22 of this Act.

4           (3) Base an insured's renewal rates for personal  
5           insurance solely upon credit information, without  
6           consideration of any other applicable factor independent  
7           of credit information. An insurer shall not be considered  
8           to have based rates solely on credit information if  
9           coverage is available in a different tier of the same  
10          insurer.

11          (3.5) Use credit information in any way when setting  
12          personal auto insurance rates.

13          (4) Take an adverse action against a consumer solely  
14          because he or she does not have a credit card account,  
15          without consideration of any other applicable factor  
16          independent of credit information.

17          (5) Consider an absence of credit information or an  
18          inability to calculate an insurance score in underwriting  
19          or rating personal insurance, unless the insurer does one  
20          of the following:

21                 (A) Treats the consumer as otherwise filed with  
22                 the Department, if the insurer presents information  
23                 that such an absence or inability relates to the risk  
24                 for the insurer and submits a filing certification  
25                 form signed by an officer for the insurer certifying  
26                 that such treatment is actuarially justified.

1 (B) Treats the consumer as if the applicant or  
2 insured had neutral credit information, as defined by  
3 the insurer.

4 (C) Excludes the use of credit information as a  
5 factor and uses only other underwriting criteria.

6 (6) Take an adverse action against a consumer based on  
7 credit information, unless an insurer obtains and uses a  
8 credit report issued or an insurance score calculated  
9 within 90 days from the date the policy is first written or  
10 renewal is issued.

11 (7) (Blank).

12 (8) Use the following as a negative factor in any  
13 insurance scoring methodology or in reviewing credit  
14 information for the purpose of underwriting or rating a  
15 policy of personal insurance:

16 (A) Credit inquiries not initiated by the consumer  
17 or inquiries requested by the consumer for his or her  
18 own credit information.

19 (B) Inquiries relating to insurance coverage, if  
20 so identified on a consumer's credit report.

21 (C) Collection accounts with a medical industry  
22 code, if so identified on the consumer's credit  
23 report.

24 (D) Multiple lender inquiries, if coded by the  
25 consumer reporting agency on the consumer's credit  
26 report as being from the home mortgage industry and

1 made within 30 days of one another, unless only one  
2 inquiry is considered.

3 (E) Multiple lender inquiries, if coded by the  
4 consumer reporting agency on the consumer's credit  
5 report as being from the automobile lending industry  
6 and made within 30 days of one another, unless only one  
7 inquiry is considered.

8 (b) An insurer authorized to do business in this State  
9 that uses credit information to underwrite or rate risks  
10 shall, at annual renewal upon the request of an insured or an  
11 insured's agent, re-underwrite and re-rate the insured's  
12 personal insurance policy based on a current credit report or  
13 insurance score unless one of the following applies:

14 (1) The insurer's treatment of the consumer is  
15 otherwise approved by the Department.

16 (2) The insured is in the most favorably priced tier  
17 of the insurer, within a group of affiliated insurers.

18 (3) Credit information was not used for underwriting  
19 or rating the insured when the personal insurance policy  
20 was initially written.

21 (4) The insurer reevaluates the insured at least every  
22 36 months after a personal insurance policy is issued  
23 based on underwriting or rating factors other than credit  
24 information.

25 (5) The insurer has recalculated an insurance score or  
26 obtained an updated credit report of a consumer in the

1 previous 12-month period.

2 An insurer that uses credit information to underwrite or rate  
3 risks may obtain current credit information upon the renewal  
4 of a personal insurance policy when renewal occurs more  
5 frequently than every 36 months if consistent with the  
6 insurer's underwriting guidelines.

7 (Source: P.A. 96-560, eff. 8-18-09.)