



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
HB0265

Introduced 1/18/2005, by Rep. John J. Millner

SYNOPSIS AS INTRODUCED:

215 ILCS 157/20

Amends the Use of Credit Information in Personal Insurance Act. Prohibits insurers from using the credit information or the credit report of a consumer when issuing a policy of automobile insurance.

LRB094 05163 LJB 35204 b

1 AN ACT concerning insurance.

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

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

13 (2) Deny, cancel, or nonrenew a policy of personal
14 insurance solely on the basis of credit information,
15 without consideration of any other applicable underwriting
16 factor independent of credit information and not expressly
17 prohibited by item (1). An insurer shall not be considered
18 to have denied, cancelled, or nonrenewed a policy if
19 coverage is available through an affiliate.

20 (3) Base an insured's renewal rates for personal
21 insurance solely upon credit information, without
22 consideration of any other applicable factor independent
23 of credit information. An insurer shall not be considered
24 to have based rates solely on credit information if
25 coverage is available in a different tier of the same
26 insurer.

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

31 (5) Consider an absence of credit information or an
32 inability to calculate an insurance score in underwriting

1 or rating personal insurance, unless the insurer does one
2 of the following:

3 (A) Treats the consumer as otherwise filed with the
4 Department, if the insurer presents information that
5 such an absence or inability relates to the risk for
6 the insurer and submits a filing certification form
7 signed by an officer for the insurer certifying that
8 such treatment is actuarially justified.

9 (B) Treats the consumer as if the applicant or
10 insured had neutral credit information, as defined by
11 the insurer.

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

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

19 (7) Use credit information unless not later than every
20 36 months following the last time that the insurer obtained
21 current credit information for the insured, the insurer
22 recalculates the insurance score or obtains an updated
23 credit report. Regardless of the other requirements of this
24 Section:

25 (A) At annual renewal, upon the request of a
26 consumer or the consumer's agent, the insurer shall
27 re-underwrite and re-rate the policy based upon a
28 current credit report or insurance score. An insurer
29 need not recalculate the insurance score or obtain the
30 updated credit report of a consumer more frequently
31 than once in a 12-month period.

32 (B) The insurer shall have the discretion to obtain
33 current credit information upon any renewal before the
34 expiration of 36 months, if consistent with its
35 underwriting guidelines.

36 (C) An insurer is not required to obtain current

1 credit information for an insured, despite the
2 requirements of subitem (A) of item (7) of this Section
3 if one of the following applies:

4 (a) The insurer is treating the consumer as
5 otherwise filed with the Department.

6 (b) The insured is in the most
7 favorably-priced tier of the insurer, within a
8 group of affiliated insurers. However, the insurer
9 shall have the discretion to order credit
10 information, if consistent with its underwriting
11 guidelines.

12 (c) Credit was not used for underwriting or
13 rating the insured when the policy was initially
14 written. However, the insurer shall have the
15 discretion to use credit for underwriting or
16 rating the insured upon renewal, if consistent
17 with its underwriting guidelines.

18 (d) The insurer re-evaluates the insured
19 beginning no later than 36 months after inception
20 and thereafter based upon other underwriting or
21 rating factors, excluding credit information.

22 (8) Use the following as a negative factor in any
23 insurance scoring methodology or in reviewing credit
24 information for the purpose of underwriting or rating a
25 policy of personal insurance:

26 (A) Credit inquiries not initiated by the consumer
27 or inquiries requested by the consumer for his or her
28 own credit information.

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

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

33 (D) Multiple lender inquiries, if coded by the
34 consumer reporting agency on the consumer's credit
35 report as being from the home mortgage industry and
36 made within 30 days of one another, unless only one

1 inquiry is considered.

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

7 (9) Use the credit information or credit report of a
8 consumer in any manner when issuing a "policy of automobile
9 insurance" as defined in paragraph (a) of Section 143.13 of
10 the Illinois Insurance Code.

11 (Source: P.A. 93-114, eff. 10-1-03; 93-477, eff. 10-1-03.)