



Sen. William R. Haine

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LRB096 07541 MJR 25580 a

1 AMENDMENT TO HOUSE BILL 418

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 418 by replacing  
3 everything after the enacting clause with the following:

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 that  
9 uses credit information to 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

1 prohibited by item (1). An insurer shall not be considered  
2 to have denied, cancelled, or nonrenewed a policy if  
3 coverage is available through an affiliate. If an insurer  
4 denies, cancels, or does not renew a policy of personal  
5 insurance based on credit information, it must provide the  
6 affected party with a notice as described in Section 35 of  
7 this Act and an opportunity for the affected party to  
8 explain its credit information under the procedures  
9 outlined in Section 22 of this Act.

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

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

21 (5) Consider an absence of credit information or an  
22 inability to calculate an insurance score in underwriting  
23 or rating personal insurance, unless the insurer does one  
24 of the following:

25 (A) Treats the consumer as otherwise filed with the  
26 Department, if the insurer presents information that

1           such an absence or inability relates to the risk for  
2           the insurer and submits a filing certification form  
3           signed by an officer for the insurer certifying that  
4           such treatment is actuarially justified.

5           (B) Treats the consumer as if the applicant or  
6           insured had neutral credit information, as defined by  
7           the insurer.

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

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

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

21          ~~(A) At annual renewal, upon the request of a~~  
22          ~~consumer or the consumer's agent, the insurer shall~~  
23          ~~re-underwrite and re-rate the policy based upon a~~  
24          ~~current credit report or insurance score. An insurer~~  
25          ~~need not recalculate the insurance score or obtain the~~  
26          ~~updated credit report of a consumer more frequently~~

1 ~~than once in a 12 month period.~~

2 ~~(B) The insurer shall have the discretion to obtain~~  
3 ~~current credit information upon any renewal before the~~  
4 ~~expiration of 36 months, if consistent with its~~  
5 ~~underwriting guidelines.~~

6 ~~(C) An insurer is not required to obtain current~~  
7 ~~credit information for an insured, despite the~~  
8 ~~requirements of subitem (A) of item (7) of this Section~~  
9 ~~if one of the following applies:~~

10 ~~(a) The insurer is treating the consumer as~~  
11 ~~otherwise filed with the Department.~~

12 ~~(b) The insured is in the most~~  
13 ~~favorably priced tier of the insurer, within a~~  
14 ~~group of affiliated insurers. However, the insurer~~  
15 ~~shall have the discretion to order credit~~  
16 ~~information, if consistent with its underwriting~~  
17 ~~guidelines.~~

18 ~~(c) Credit was not used for underwriting or~~  
19 ~~rating the insured when the policy was initially~~  
20 ~~written. However, the insurer shall have the~~  
21 ~~discretion to use credit for underwriting or~~  
22 ~~rating the insured upon renewal, if consistent~~  
23 ~~with its underwriting guidelines.~~

24 ~~(d) The insurer re-evaluates the insured~~  
25 ~~beginning no later than 36 months after inception~~  
26 ~~and thereafter based upon other underwriting or~~

1 ~~rating factors, excluding credit information.~~

2 (8) Use the following as a negative factor in any  
3 insurance scoring methodology or in reviewing credit  
4 information for the purpose of underwriting or rating a  
5 policy of personal insurance:

6 (A) Credit inquiries not initiated by the consumer  
7 or inquiries requested by the consumer for his or her  
8 own credit information.

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

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

13 (D) Multiple lender inquiries, if coded by the  
14 consumer reporting agency on the consumer's credit  
15 report as being from the home mortgage industry and  
16 made within 30 days of one another, unless only one  
17 inquiry is considered.

18 (E) Multiple lender inquiries, if coded by the  
19 consumer reporting agency on the consumer's credit  
20 report as being from the automobile lending industry  
21 and made within 30 days of one another, unless only one  
22 inquiry is considered.

23 (b) An insurer authorized to do business in this State that  
24 uses credit information to underwrite or rate risks shall, at  
25 annual renewal upon the request of an insured or an insured's  
26 agent, re-underwrite and re-rate the insured's personal

1 insurance policy based on a current credit report or insurance  
2 score unless one of the following applies:

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

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

7 (3) Credit information was not used for underwriting or  
8 rating the insured when the personal insurance policy was  
9 initially written.

10 (4) The insurer reevaluates the insured at least every  
11 36 months after a personal insurance policy is issued based  
12 on underwriting or rating factors other than credit  
13 information.

14 (5) The insurer has recalculated an insurance score or  
15 obtained an updated credit report of a consumer in the  
16 previous 12-month period.

17 An insurer that uses credit information to underwrite or rate  
18 risks may obtain current credit information upon the renewal of  
19 a personal insurance policy when renewal occurs more frequently  
20 than every 36 months if consistent with the insurer's  
21 underwriting guidelines.

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

23 Section 10. The Public Utilities Act is amended by adding  
24 Section 8-101.5 as follows:

1 (220 ILCS 5/8-101.5 new)

2 Sec. 8-101.5. Use of credit information of prospective and  
3 existing customers. A public utility may not deny, cancel, or  
4 nonrenew utility service solely on the basis of credit  
5 information of prospective or existing customers. If a public  
6 utility denies, cancels, or does not renew service based on  
7 credit information, it must provide the affected party with an  
8 explanation for the public utility's action and an opportunity  
9 for the affected party to explain its credit information. This  
10 Section does not apply to a telecommunications carrier or any  
11 of its affiliates.

12 Section 99. Effective date. This Act takes effect upon  
13 becoming law."