



Rep. John J. Millner

Filed: 4/6/2005

09400HB0265ham002

LRB094 05163 LJB 44141 a

1 AMENDMENT TO HOUSE BILL 265

2 AMENDMENT NO. _____. Amend House Bill 265, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

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

7 (215 ILCS 157/20)

8 Sec. 20. Use of credit information. An insurer authorized
9 to do business in this State that uses credit information to
10 underwrite or rate risks shall 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.

21 (3) Base an insured's renewal rates for personal
22 insurance solely upon credit information, without
23 consideration of any other applicable factor independent
24 of credit information. An insurer shall not be considered

1 to have based rates solely on credit information if
2 coverage is available in a different tier of the same
3 insurer.

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

8 (5) Consider an absence of credit information or an
9 inability to calculate an insurance score in underwriting
10 or rating personal insurance, unless the insurer does one
11 of the following:

12 (A) Treats the consumer as otherwise filed with the
13 Department, if the insurer presents information that
14 such an absence or inability relates to the risk for
15 the insurer and submits a filing certification form
16 signed by an officer for the insurer certifying that
17 such treatment is actuarially justified.

18 (B) Treats the consumer as if the applicant or
19 insured had neutral credit information, as defined by
20 the insurer.

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

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

28 (7) Use credit information to re-underwrite or re-rate
29 renewal policies except as follows ~~unless not later than~~
30 ~~every 36 months following the last time that the insurer~~
31 ~~obtained current credit information for the insured, the~~
32 ~~insurer recalculates the insurance score or obtains an~~
33 ~~updated credit report. Regardless of the other~~
34 ~~requirements of this Section:~~

1 (A) At annual renewal, upon the request of a
2 consumer or the consumer's agent that the consumer's
3 credit information be obtained by the insurer, the
4 insurer may ~~shall~~ re-underwrite and re-rate the policy
5 based upon, but not solely based upon, a current credit
6 report or insurance score so long as the use of the
7 credit report or insurance score is consistent with the
8 requirements of this Section. An insurer need not
9 recalculate the insurance score or obtain the updated
10 credit report of a consumer more frequently than once
11 in a 12-month period.

12 (B) (Blank). ~~The insurer shall have the discretion~~
13 ~~to obtain current credit information upon any renewal~~
14 ~~before the expiration of 36 months, if consistent with~~
15 ~~its underwriting guidelines.~~

16 (C) (Blank). ~~An insurer is not required to obtain~~
17 ~~current credit information for an insured, despite the~~
18 ~~requirements of subitem (A) of item (7) of this Section~~
19 ~~if one of the following applies:~~

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

22 (b) ~~The insured is in the most~~
23 ~~favorably priced tier of the insurer, within a~~
24 ~~group of affiliated insurers. However, the insurer~~
25 ~~shall have the discretion to order credit~~
26 ~~information, if consistent with its underwriting~~
27 ~~guidelines.~~

28 (c) ~~Credit was not used for underwriting or~~
29 ~~rating the insured when the policy was initially~~
30 ~~written. However, the insurer shall have the~~
31 ~~discretion to use credit for underwriting or~~
32 ~~rating the insured upon renewal, if consistent~~
33 ~~with its underwriting guidelines.~~

34 (d) ~~The insurer re-evaluates the insured~~

1 ~~beginning no later than 36 months after inception~~
2 ~~and thereafter based upon other underwriting or~~
3 ~~rating factors, excluding credit information.~~

4 (D) At annual renewal, upon the request of a
5 consumer or the consumer's agent that the consumer's
6 credit information be obtained by the insurer, the
7 insurer may underwrite and rate the insurance policy as
8 new business based upon, but not solely based upon, a
9 current credit report or insurance score so long as the
10 use of the credit report or insurance score is
11 consistent with the requirements of this Section. An
12 insurer need not recalculate the insurance score or
13 obtain the updated credit report of a consumer more
14 frequently than once in a 12-month period.

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

19 (A) Credit inquiries not initiated by the consumer
20 or inquiries requested by the consumer for his or her
21 own credit information.

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

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

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

31 (E) Multiple lender inquiries, if coded by the
32 consumer reporting agency on the consumer's credit
33 report as being from the automobile lending industry
34 and made within 30 days of one another, unless only one

1 inquiry is considered.

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

3 Section 99. Effective date. This Act takes effect July 1,
4 2006.".