

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 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
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. If an insurer
20 denies, cancels, or does not renew a policy of personal
21 insurance based on credit information, it must provide the
22 affected party with a notice as described in Section 35 of
23 this Act and an opportunity for the affected party to

1 explain its credit information under the procedures
2 outlined in Section 22 of this Act.

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

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

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

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

24 (B) Treats the consumer as if the applicant or
25 insured had neutral credit information, as defined by
26 the insurer.

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

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

8 (7) (Blank). ~~Use credit information unless not later~~
9 ~~than every 36 months following the last time that the~~
10 ~~insurer obtained current credit information for the~~
11 ~~insured, the insurer recalculates the insurance score or~~
12 ~~obtains an updated credit report. Regardless of the other~~
13 ~~requirements of this Section.~~

14 ~~(A) At annual renewal, upon the request of a~~
15 ~~consumer or the consumer's agent, the insurer shall~~
16 ~~re-underwrite and re-rate the policy based upon a~~
17 ~~current credit report or insurance score. An insurer~~
18 ~~need not recalculate the insurance score or obtain the~~
19 ~~updated credit report of a consumer more frequently~~
20 ~~than once in a 12-month period.~~

21 ~~(B) The insurer shall have the discretion to obtain~~
22 ~~current credit information upon any renewal before the~~
23 ~~expiration of 36 months, if consistent with its~~
24 ~~underwriting guidelines.~~

25 ~~(C) An insurer is not required to obtain current~~
26 ~~credit information for an insured, despite the~~

1 ~~requirements of subitem (A) of item (7) of this Section~~
2 ~~if one of the following applies:~~

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

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

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

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

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

25 (A) Credit inquiries not initiated by the consumer
26 or inquiries requested by the consumer for his or her

1 own credit information.

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

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

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

11 (E) Multiple lender inquiries, if coded by the
12 consumer reporting agency on the consumer's credit
13 report as being from the automobile lending industry
14 and made within 30 days of one another, unless only one
15 inquiry is considered.

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

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

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

26 (3) Credit information was not used for underwriting or

1 rating the insured when the personal insurance policy was
2 initially written.

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

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

10 An insurer that uses credit information to underwrite or rate
11 risks may obtain current credit information upon the renewal of
12 a personal insurance policy when renewal occurs more frequently
13 than every 36 months if consistent with the insurer's
14 underwriting guidelines.

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

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

18 (220 ILCS 5/8-101.5 new)

19 Sec. 8-101.5. Use of credit information of prospective and
20 existing customers. A public utility may not deny, cancel, or
21 nonrenew utility service solely on the basis of credit
22 information of prospective or existing customers. If a public
23 utility denies, cancels, or does not renew service based on
24 credit information, it must provide the affected party with an

1 explanation for the public utility's action and an opportunity
2 for the affected party to explain its credit information. This
3 Section does not apply to a telecommunications carrier or any
4 of its affiliates.

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.