

HB5839



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB5839

Introduced 2/16/2012, by Rep. JoAnn D. Osmond

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 must recalculate the insured's insurance score at the request of the insured, and not more than once annually, in order to determine whether the insured is eligible for a reduction in his or her premium rate.

LRB097 19095 RPM 64334 b

A BILL FOR

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.

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).

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

13 (A) Credit inquiries not initiated by the consumer
14 or inquiries requested by the consumer for his or her
15 own credit information.

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

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

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

25 (E) Multiple lender inquiries, if coded by the
26 consumer reporting agency on the consumer's credit

1 report as being from the automobile lending industry
2 and made within 30 days of one another, unless only one
3 inquiry is considered.

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

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

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

14 (3) Credit information was not used for underwriting or
15 rating the insured when the personal insurance policy was
16 initially written.

17 (4) The insurer reevaluates the insured at least every
18 36 months after a personal insurance policy is issued based
19 on underwriting or rating factors other than credit
20 information.

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

24 An insurer that uses credit information to underwrite or rate
25 risks may obtain current credit information upon the renewal of
26 a personal insurance policy when renewal occurs more frequently

1 than every 36 months if consistent with the insurer's
2 underwriting guidelines.

3 (c) An insurer authorized to do business in this State that
4 uses credit information to underwrite or rate risks must
5 recalculate the insured's insurance score at the request of the
6 insured, and not more than once annually, in order to determine
7 whether the insured is eligible for a reduction in his or her
8 premium rate.

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