

1                                    AMENDMENT TO HOUSE BILL 3661

2                    AMENDMENT NO. \_\_\_\_\_. Amend House Bill 3661, AS AMENDED,  
3 by replacing all of Section 99 with the following:

4                    "Section 95. If and only if House Bill 1640 of the 93rd  
5 General Assembly becomes law in the form it passed the House,  
6 the Use of Credit Information in Personal Insurance Act is  
7 amended by changing Section 20 as follows:

8                    (093 HB 1640 eng, Sec. 20)

9                    Sec. 20. Use of credit information. An insurer  
10 authorized to do business in this State that uses credit  
11 information to underwrite or rate risks shall not:

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

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

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

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

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

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

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

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

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

33           (7) Use credit information unless not later than  
34 every 36 months following the last time that the insurer

1       obtained current credit information for the insured, the  
2       insurer recalculates the insurance score or obtains an  
3       updated credit report. Regardless of the other  
4       requirements of this Section:

5               (A) At annual renewal, upon the request of a  
6       consumer or the consumer's agent, the insurer shall  
7       re-underwrite and re-rate the policy based upon a  
8       current credit report or insurance score. An insurer  
9       need not recalculate the insurance score or obtain  
10      the updated credit report of a consumer more  
11      frequently than once in a 12-month period.

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

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

20                      (a) The insurer is treating the consumer  
21                      as otherwise filed with approved---by the  
22                      Department.

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

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

1 guidelines.

2 (d) The insurer re-evaluates the insured  
3 beginning no later than 36 months after  
4 inception and thereafter based upon other  
5 underwriting or rating factors, excluding  
6 credit information.

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

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

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

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

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

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

29 (Source: 093 HB 1640 eng, Sec. 20)

30 Section 99. Effective date. This Section and the  
31 changes made to Sec. 143.17a of the Illinois Insurance Code  
32 in Section 5 of this Act take effect upon becoming law.  
33 Section 95 of this Act takes effect on October 1, 2003. The

1 rest of this Act takes effect on the uniform effective date  
2 provided by law.".