

Attorney General Raoul Leads Coalition Filing Brief To Protect Homeowners From Discriminatory Insurance Industry Practices

October 20 2023 9:08 AM



CHICAGO - Attorney General Kwame Raoul led a coalition of 15 state attorneys general in supporting the Department of Housing and Urban Development (HUD) in a

legal challenge to HUD's prohibition on housing practices that may appear neutral but in reality are discriminatory under the Fair Housing Act. The HUD regulation, known as the Disparate Impact Rule, has been formally in effect since 2013.

“Accessible homeowners insurance is critical to ending housing discrimination,” Raoul said. “Insulating effectively discriminatory insurance policies and practices from federal liability would deal a significant blow to efforts made by states, including Illinois, to combat housing discrimination.”

Courts have long recognized that the Fair Housing Act bars housing practices that, while not overtly discriminatory, have a disparate impact on individuals based on race, national origin or another protected characteristic. However, a group of companies that sell property and casualty insurance sued to have HUD's Disparate Impact Rule declared invalid as it applies to homeowners insurance pricing and underwriting. The plaintiffs argued that HUD should have granted a blanket exemption to the rule when addressing potential conflicts with state-level insurance laws and regulations instead of considering conflicts on a case-by-case basis.

In their [amicus brief](#), filed in the U.S. District Court for the Northern District of Illinois, Raoul and the coalition argue that HUD reasonably declined to create broad exemptions for homeowners insurance in favor of an approach that is more respectful of individual states' policy and regulatory choices.

The attorneys general refute the claim that applying the Disparate Impact Rule to the homeowners insurance industry interferes with state-level insurance regulation, which varies from state to state. Raoul and the coalition note in their brief that in many states, including Illinois, HUD's Disparate Impact Rule “complements state anti-discrimination laws and policies that extend to the homeowners insurance industry.” The group argues that just because that may not be the case in all 50 states, it does not justify exempting the whole industry – or entire categories of insurance practices – from disparate impact liability on a nationwide basis.

Joining Raoul in filing the brief are the attorneys general of California, Colorado, Delaware, the District of Columbia, Hawaii, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New York, North Carolina, Oregon and Washington.