

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 Illinois Insurance Code is amended by
5 changing Sections 132.5, 143.14, 143.15, 143.16, 143.17, and
6 143.17a as follows:

7 (215 ILCS 5/132.5) (from Ch. 73, par. 744.5)

8 Sec. 132.5. Examination reports.

9 (a) General description. All examination reports shall be
10 comprised of only facts appearing upon the books, records, or
11 other documents of the company, its agents, or other persons
12 examined or as ascertained from the testimony of its officers,
13 agents, or other persons examined concerning its affairs and
14 the conclusions and recommendations as the examiners find
15 reasonably warranted from those facts.

16 (b) Filing of examination report. No later than 60 days
17 following completion of the examination, the examiner in charge
18 shall file with the Department a verified written report of
19 examination under oath. Upon receipt of the verified report,
20 the Department shall transmit the report to the company
21 examined, together with a notice that affords the company
22 examined a reasonable opportunity of not more than 30 days to
23 make a written submission or rebuttal with respect to any

1 matters contained in the examination report.

2 (c) Adoption of the report on examination. Within 30 days
3 of the end of the period allowed for the receipt of written
4 submissions or rebuttals, the Director shall fully consider and
5 review the report, together with any written submissions or
6 rebuttals and any relevant portions of the examiners work
7 papers and enter an order:

8 (1) Adopting the examination report as filed or with
9 modification or corrections. If the examination report
10 reveals that the company is operating in violation of any
11 law, regulation, or prior order of the Director, the
12 Director may order the company to take any action the
13 Director considers necessary and appropriate to cure the
14 violation.

15 (2) Rejecting the examination report with directions
16 to the examiners to reopen the examination for purposes of
17 obtaining additional data, documentation, or information
18 and refileing under subsection (b).

19 (3) Calling for an investigatory hearing with no less
20 than 20 days notice to the company for purposes of
21 obtaining additional documentation, data, information, and
22 testimony.

23 (d) Order and procedures. All orders entered under
24 paragraph (1) of subsection (c) shall be accompanied by
25 findings and conclusions resulting from the Director's
26 consideration and review of the examination report, relevant

1 examiner work papers, and any written submissions or rebuttals.
2 The order shall be considered a final administrative decision
3 and may be appealed in accordance with the Administrative
4 Review Law. The order shall be served upon the company by
5 certified mail, together with a copy of the adopted examination
6 report. Within 30 days of the issuance of the adopted report,
7 the company shall file affidavits executed by each of its
8 directors stating under oath that they have received a copy of
9 the adopted report and related orders.

10 Any hearing conducted under paragraph (3) of subsection (c)
11 by the Director or an authorized representative shall be
12 conducted as a nonadversarial confidential investigatory
13 proceeding as necessary for the resolution of any
14 inconsistencies, discrepancies, or disputed issues apparent
15 upon the face of the filed examination report or raised by or
16 as a result of the Director's review of relevant work papers or
17 by the written submission or rebuttal of the company. Within 20
18 days of the conclusion of any hearing, the Director shall enter
19 an order under paragraph (1) of subsection (c).

20 The Director shall not appoint an examiner as an authorized
21 representative to conduct the hearing. The hearing shall
22 proceed expeditiously with discovery by the company limited to
23 the examiner's work papers that tend to substantiate any
24 assertions set forth in any written submission or rebuttal. The
25 Director or his representative may issue subpoenas for the
26 attendance of any witnesses or the production of any documents

1 deemed relevant to the investigation, whether under the control
2 of the Department, the company, or other persons. The documents
3 produced shall be included in the record, and testimony taken
4 by the Director or his representative shall be under oath and
5 preserved for the record. Nothing contained in this Section
6 shall require the Department to disclose any information or
7 records that would indicate or show the existence or content of
8 any investigation or activity of a criminal justice agency.

9 The hearing shall proceed with the Director or his
10 representative posing questions to the persons subpoenaed.
11 Thereafter the company and the Department may present testimony
12 relevant to the investigation. Cross-examination shall be
13 conducted only by the Director or his representative. The
14 company and the Department shall be permitted to make closing
15 statements and may be represented by counsel of their choice.

16 (e) Publication and use. Upon the adoption of the
17 examination report under paragraph (1) of subsection (c), the
18 Director shall continue to hold the content of the examination
19 report as private and confidential information for a period of
20 35 days, except to the extent provided in subsection (b).
21 Thereafter, the Director may open the report for public
22 inspection so long as no court of competent jurisdiction has
23 stayed its publication.

24 Nothing contained in this Code shall prevent or be
25 construed as prohibiting the Director from disclosing the
26 content of an examination report, preliminary examination

1 report or results, or any matter relating thereto, to the
2 insurance department of any other state or country or to law
3 enforcement officials of this or any other state or agency of
4 the federal government at any time, so long as the agency or
5 office receiving the report or matters relating thereto agrees
6 in writing to hold it confidential and in a manner consistent
7 with this Code.

8 In the event the Director determines that regulatory action
9 is appropriate as a result of any examination, he may initiate
10 any proceedings or actions as provided by law.

11 (f) Confidentiality of ancillary information. All working
12 papers, recorded information, documents, and copies thereof
13 produced by, obtained by, or disclosed to the Director or any
14 other person in the course of any examination must be given
15 confidential treatment, are not subject to subpoena, and may
16 not be made public by the Director or any other persons, except
17 to the extent provided in subsection (e). Access may also be
18 granted to the National Association of Insurance
19 Commissioners. Those parties must agree in writing before
20 receiving the information to provide to it the same
21 confidential treatment as required by this Section, unless the
22 prior written consent of the company to which it pertains has
23 been obtained.

24 This subsection (f) applies to market conduct examinations
25 described in Section 132 of this Code.

26 (Source: P.A. 87-108.)

1 (215 ILCS 5/143.14) (from Ch. 73, par. 755.14)

2 Sec. 143.14. Notice of cancellation.

3 (a) No notice of cancellation of any policy of insurance,
4 to which Section 143.11 applies, shall be effective unless
5 mailed by the company to the named insured ~~and the mortgage or~~
6 ~~lien holder,~~ at the last mailing address known by the company.
7 The company shall maintain proof of mailing of such notice on a
8 recognized U.S. Post Office form or a form acceptable to the U.
9 S. Post Office or other commercial mail delivery service.
10 Notification ~~A copy of all such notices~~ shall also be sent to
11 the insured's broker if known, or the agent of record, if
12 known, and to the mortgagee or lien holder listed on the policy
13 ~~at the last mailing address known to the company.~~ For purposes
14 of this Section, the mortgage or lien holder, insured's broker,
15 if known, or the agent of record may opt to accept notification
16 electronically.

17 (b) Whenever a financed insurance contract is cancelled,
18 the insurer shall return whatever gross unearned premiums are
19 due under the insurance contract or contracts not to exceed the
20 unpaid balance due the premium finance company directly to the
21 premium finance company effecting the cancellation for the
22 account of the named insured. The return premium must be mailed
23 to the premium finance company within 60 days. The request for
24 the unearned premium by the premium finance company shall be in
25 the manner of a monthly account, current accounting by

1 producer, policy number, unpaid balance and name of insured for
2 each cancelled amount. In the event the insurance contract or
3 contracts are subject to audit, the insurer shall retain the
4 right to withhold the return of the portion of premium that can
5 be identified to the contract or contracts until the audit is
6 completed. Within 30 days of the completion of the audit, if a
7 premium retained by the insurer after crediting the earned
8 premium would result in a surplus, the insurer shall return the
9 surplus directly to the premium finance company. If the audit
10 should result in an additional premium due the insurer, the
11 obligation for the collection of this premium shall fall upon
12 the insurer and not affect any other contract or contracts
13 currently being financed by the premium finance company for the
14 named insured.

15 (c) Whenever a premium finance agreement contains a power
16 of attorney enabling the premium finance company to cancel any
17 insurance contract or contracts in the agreement, the insurer
18 shall honor the date of cancellation as set forth in the
19 request from the premium finance company without requiring the
20 return of the insurance contract or contracts. The insurer may
21 mail to the named insured an acknowledgment of the notice of
22 cancellation from the premium finance company but the named
23 insured shall not incur any additional premium charge for any
24 extension of coverage. The insurer need not maintain proof of
25 mailing of this notice.

26 (d) All statutory regulatory and contractual restrictions

1 providing that the insurance contract may not be cancelled
2 unless the required notice is mailed to a governmental agency,
3 mortgagee, lienholder, or other third party shall apply where
4 cancellation is effected under a power of attorney under a
5 premium finance agreement. The insurer shall have the right for
6 a premium charge for this extension of coverage.

7 (Source: P.A. 93-713, eff. 1-1-05.)

8 (215 ILCS 5/143.15) (from Ch. 73, par. 755.15)

9 Sec. 143.15. Mailing of cancellation notice. All notices of
10 cancellation of insurance as defined in subsections (a), (b)
11 and (c) of Section 143.13 must be mailed at least 30 days prior
12 to the effective date of cancellation to the named insured;
13 however, if cancellation is for nonpayment of premium, the
14 notice of cancellation must be mailed at least 10 days before
15 the effective date of the cancellation to ~~and mortgagee or lien~~
16 ~~holder, if known, at the last mailing address known to the~~
17 company. All notices of cancellation to the named insured shall
18 include a specific explanation of the reason or reasons for
19 cancellation. ~~However, where cancellation is for nonpayment of~~
20 ~~premium, the notice of cancellation must be mailed at least 10~~
21 ~~days before the effective date of the cancellation.~~ For
22 purposes of this Section, the mortgagee or lien holder, if
23 known, may opt to accept notification electronically.

24 (Source: P.A. 93-713, eff. 1-1-05.)

1 (215 ILCS 5/143.16) (from Ch. 73, par. 755.16)

2 Sec. 143.16. Mailing of cancellation notice. All notices of
3 cancellation of insurance to which Section 143.11 applies,
4 except for those defined in subsections (a), (b) and (c) of
5 Section 143.13 must be mailed at least 30 days prior to the
6 effective date of cancellation during the first 60 days of
7 coverage. After the coverage has been effective for 61 days or
8 more, all notices must be mailed at least 60 days prior to the
9 effective date of cancellation. However, where cancellation is
10 for nonpayment of premium, the notice of cancellation must be
11 mailed at least 10 days before the effective date of the
12 cancellation. All such notices shall include a specific
13 explanation of the reason or reasons for cancellation and shall
14 be mailed to the named insured ~~and mortgagee or lien holder, if~~
15 ~~known,~~ at the last mailing address known to the company.
16 ~~However, where cancellation is for nonpayment of premium, the~~
17 ~~notice of cancellation must be mailed at least 10 days before~~
18 ~~the effective date of the cancellation.~~ For purposes of this
19 Section, the mortgagee or lien holder, if known, may opt to
20 accept notification electronically.

21 (Source: P.A. 93-713, eff. 1-1-05.)

22 (215 ILCS 5/143.17) (from Ch. 73, par. 755.17)

23 Sec. 143.17. Notice of intention not to renew.

24 a. No company shall fail to renew any policy of insurance,
25 as defined in subsections (a), (b), (c), and (h) of Section

1 143.13, to which Section 143.11 applies, unless it shall send
2 by mail to the named insured at least 30 days advance notice of
3 its intention not to renew. The company shall maintain proof of
4 mailing of such notice on a recognized U.S. Post Office form or
5 a form acceptable to the U. S. Post Office or other commercial
6 mail delivery service. The nonrenewal shall not become
7 effective until at least 30 days from the proof of mailing date
8 of the notice to the name insured. Notification ~~An exact and~~
9 ~~unaltered copy of such notice~~ shall also be sent to the
10 insured's broker, if known, or the agent of record, if known,
11 and to the last known mortgagee or lien holder ~~at the last~~
12 ~~mailing address known by the company.~~ For purposes of this
13 Section, the mortgagee or lien holder, insured's broker, or the
14 agent of record may opt to accept notification electronically.
15 However, where cancellation is for nonpayment of premium, the
16 notice of cancellation must be mailed at least 10 days before
17 the effective date of the cancellation.

18 b. This Section does not apply if the company has
19 manifested its willingness to renew directly to the named
20 insured. Such written notice shall specify the premium amount
21 payable, including any premium payment plan available, and the
22 name of any person or persons, if any, authorized to receive
23 payment on behalf of the company. If no person is so
24 authorized, the premium notice shall so state. ~~The notice of~~
25 ~~nonrenewal and the proof of mailing shall be effected on the~~
26 ~~same date.~~

1 b-5. This Section does not apply if the company manifested
2 its willingness to renew directly to the named insured.
3 However, no company may impose changes in deductibles or
4 coverage for any policy forms applicable to an entire line of
5 business enumerated in subsections (a), (b), (c), and (h) of
6 Section 143.13 to which Section 143.11 applies unless the
7 company mails to the named insured written notice of the change
8 in deductible or coverage at least 60 days prior to the renewal
9 or anniversary date. Notice ~~An exact and unaltered copy of the~~
10 ~~notice~~ shall also be sent to the insured's broker, if known, or
11 the agent of record.

12 c. Should a company fail to comply with (a) or (b) of this
13 Section, the policy shall terminate only on the effective date
14 of any similar insurance procured by the insured with respect
15 to the same subject or location designated in both policies.

16 d. Renewal of a policy does not constitute a waiver or
17 estoppel with respect to grounds for cancellation which existed
18 before the effective date of such renewal.

19 e. In all notices of intention not to renew any policy of
20 insurance, as defined in Section 143.11 the company shall
21 provide the named insured a specific explanation of the reasons
22 for nonrenewal.

23 f. For purposes of this Section, the insured's broker, if
24 known, or the agent of record and the mortgagee or lien holder
25 may opt to accept notification electronically.

26 (Source: P.A. 93-713, eff. 1-1-05.)

1 (215 ILCS 5/143.17a) (from Ch. 73, par. 755.17a)

2 Sec. 143.17a. Notice of intention not to renew.

3 (a) A company intending to nonrenew any policy of insurance
4 to which Section 143.11 applies, except for those defined in
5 subsections (a), (b), (c), and (h) of Section 143.13, must mail
6 written notice to the named insured at least 60 days prior to
7 the expiration date of the current policy. The notice to the
8 named insured shall provide a specific explanation of the
9 reasons for nonrenewal. ~~In all notices of intention not to~~
10 ~~renew any policy of insurance, as defined in Section 143.11,~~
11 ~~the company shall provide a specific explanation of the reasons~~
12 ~~for nonrenewal.~~ A company may not extend the current policy
13 period for purposes of providing notice of its intention not to
14 renew required under this subsection (a).

15 (b) A company intending to renew any policy of insurance to
16 which Section 143.11 applies, except for those defined in
17 subsections (a), (b), (c), and (h) of Section 143.13, with an
18 increase in premium of 30% or more or with changes in
19 deductibles or coverage that materially alter the policy must
20 mail or deliver to the named insured written notice of such
21 increase or change in deductible or coverage at least 60 days
22 prior to the renewal or anniversary date. If a company has
23 failed to provide notice of intention to renew required under
24 this subsection (b) at least 60 days prior to the renewal or
25 anniversary date, but does so no less than 31 days prior to the

1 renewal or anniversary date, the company may extend the current
2 policy at the current terms and conditions for the period of
3 time needed to equal the 60 day time period required to provide
4 notice of intention to renew by this subsection (b). The
5 increase in premium shall be the renewal premium based on the
6 known exposure as of the date of the quotation compared to the
7 premium as of the last day of coverage for the current year's
8 policy, annualized. The premium on the renewal policy may be
9 subsequently amended to reflect any change in exposure or
10 reinsurance costs not considered in the quotation.

11 (c) A company that has failed to provide notice of
12 intention to nonrenew under subsection (a) of this Section and
13 has failed to provide notice of intention to renew as
14 prescribed under subsection (b) of this Section must renew the
15 expiring policy under the same terms and conditions for an
16 additional year or until the effective date of any similar
17 insurance is procured by the insured, whichever is earlier. The
18 company may increase the renewal premium. However, such
19 increase must be less than 30% of the expiring term's premium
20 and notice of such increase must be delivered to the named
21 insured on or before the date of expiration of the current
22 policy period.

23 (d) Under subsection (a), the company shall maintain proof
24 of mailing of the notice of intention not to renew to the named
25 insured on one of the following forms: a recognized U.S. Post
26 Office form or a form acceptable to the U.S. Post Office or

1 other commercial mail delivery service. Under subsections (b)
2 and (c), proof of mailing or proof of receipt of the notice of
3 intention to renew to the named insured may be proven by a
4 sworn affidavit by the company as to the usual and customary
5 business practices of mailing notice pursuant to this Section
6 or may be proven consistent with Illinois Supreme Court Rule
7 236. For all notice requirements under this Section, ~~an exact~~
8 ~~and unaltered copy of the notice to the named insured~~ shall
9 also be sent to the named insured's producer, if known, or the
10 producer of record. Notification ~~For notices of intention to~~
11 ~~not renew, an exact and unaltered copy of the notice to the~~
12 ~~named insured~~ shall also be sent to the mortgagee or lien
13 holder listed on the policy ~~at the last mailing address known~~
14 ~~by the company.~~

15 (e) Renewal of a policy does not constitute a waiver or
16 estoppel with respect to grounds for cancellation that existed
17 before the effective date of such renewal.

18 (f) For purposes of this Section, the named insured's
19 producer, if known, or the producer of record and the mortgagee
20 or lien holder may opt to accept notification electronically.

21 (Source: P.A. 95-533, eff. 6-1-08.)

22 Section 99. Effective date. This Act takes effect January
23 1, 2018.