



Sen. Linda Holmes

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10000HB1954sam001

LRB100 04579 SMS 26039 a

1 AMENDMENT TO HOUSE BILL 1954

2 AMENDMENT NO. _____. Amend House Bill 1954 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by
5 changing Sections 143.14, 143.15, 143.17, and 143.17a as
6 follows:

7 (215 ILCS 5/143.14) (from Ch. 73, par. 755.14)

8 Sec. 143.14. Notice of cancellation.

9 (a) No notice of cancellation of any policy of insurance,
10 to which Section 143.11 applies, shall be effective unless
11 mailed by the company to the named insured ~~and the mortgage or~~
12 ~~lien holder,~~ at the last mailing address known by the company.

13 The company shall maintain proof of mailing of such notice on a
14 recognized U.S. Post Office form or a form acceptable to the U.
15 S. Post Office or other commercial mail delivery service.

16 Notification ~~A copy of all such notices~~ shall also be sent to

1 the insured's broker if known, or the agent of record, if
2 known, and to the mortgagee or lien holder listed on the policy
3 ~~at the last mailing address known to the company.~~ For purposes
4 of this Section, the mortgage or lien holder, insured's broker,
5 if known, or the agent of record may opt to accept notification
6 electronically.

7 (b) Whenever a financed insurance contract is cancelled,
8 the insurer shall return whatever gross unearned premiums are
9 due under the insurance contract or contracts not to exceed the
10 unpaid balance due the premium finance company directly to the
11 premium finance company effecting the cancellation for the
12 account of the named insured. The return premium must be mailed
13 to the premium finance company within 60 days. The request for
14 the unearned premium by the premium finance company shall be in
15 the manner of a monthly account, current accounting by
16 producer, policy number, unpaid balance and name of insured for
17 each cancelled amount. In the event the insurance contract or
18 contracts are subject to audit, the insurer shall retain the
19 right to withhold the return of the portion of premium that can
20 be identified to the contract or contracts until the audit is
21 completed. Within 30 days of the completion of the audit, if a
22 premium retained by the insurer after crediting the earned
23 premium would result in a surplus, the insurer shall return the
24 surplus directly to the premium finance company. If the audit
25 should result in an additional premium due the insurer, the
26 obligation for the collection of this premium shall fall upon

1 the insurer and not affect any other contract or contracts
2 currently being financed by the premium finance company for the
3 named insured.

4 (c) Whenever a premium finance agreement contains a power
5 of attorney enabling the premium finance company to cancel any
6 insurance contract or contracts in the agreement, the insurer
7 shall honor the date of cancellation as set forth in the
8 request from the premium finance company without requiring the
9 return of the insurance contract or contracts. The insurer may
10 mail to the named insured an acknowledgment of the notice of
11 cancellation from the premium finance company but the named
12 insured shall not incur any additional premium charge for any
13 extension of coverage. The insurer need not maintain proof of
14 mailing of this notice.

15 (d) All statutory regulatory and contractual restrictions
16 providing that the insurance contract may not be cancelled
17 unless the required notice is mailed to a governmental agency,
18 mortgagee, lienholder, or other third party shall apply where
19 cancellation is effected under a power of attorney under a
20 premium finance agreement. The insurer shall have the right for
21 a premium charge for this extension of coverage.

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

23 (215 ILCS 5/143.15) (from Ch. 73, par. 755.15)

24 Sec. 143.15. Mailing of cancellation notice. All notices of
25 cancellation of insurance as defined in subsections (a), (b)

1 and (c) of Section 143.13 must be mailed at least 30 days prior
2 to the effective date of cancellation to the named insured ~~and~~
3 ~~mortgagee or lien holder, if known,~~ at the last mailing address
4 known to the company. All notices of cancellation to the named
5 insured shall include a specific explanation of the reason or
6 reasons for cancellation. However, where cancellation is for
7 nonpayment of premium, the notice of cancellation must be
8 mailed at least 10 days before the effective date of the
9 cancellation. ~~For purposes of this Section, the mortgagee or~~
10 ~~lien holder, if known, may opt to accept notification~~
11 ~~electronically.~~

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

13 (215 ILCS 5/143.17) (from Ch. 73, par. 755.17)

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

15 a. No company shall fail to renew any policy of insurance,
16 as defined in subsections (a), (b), (c), and (h) of Section
17 143.13, to which Section 143.11 applies, unless it shall send
18 by mail to the named insured at least 30 days advance notice of
19 its intention not to renew. The company shall maintain proof of
20 mailing of such notice on a recognized U.S. Post Office form or
21 a form acceptable to the U. S. Post Office or other commercial
22 mail delivery service. The nonrenewal shall not become
23 effective until at least 30 days from the proof of mailing date
24 of the notice to the name insured. Notification ~~An exact and~~
25 ~~unaltered copy of such notice~~ shall also be sent to the

1 insured's broker, if known, or the agent of record and to any
2 ~~the mortgagee or lien holder listed on the policy at the last~~
3 ~~mailing address known by the company.~~ For purposes of this
4 Section, the mortgagee or lien holder, insured's broker, or the
5 agent of record may opt to accept notification electronically.
6 However, where cancellation is for nonpayment of premium, the
7 notice of cancellation must be mailed at least 10 days before
8 the effective date of the cancellation.

9 b. This Section does not apply if the company has
10 manifested its willingness to renew directly to the named
11 insured. Such written notice shall specify the premium amount
12 payable, including any premium payment plan available, and the
13 name of any person or persons, if any, authorized to receive
14 payment on behalf of the company. If no person is so
15 authorized, the premium notice shall so state. ~~The notice of~~
16 ~~nonrenewal and the proof of mailing shall be effected on the~~
17 ~~same date.~~

18 b-5. This Section does not apply if the company manifested
19 its willingness to renew directly to the named insured.
20 However, no company may impose changes in deductibles or
21 coverage for any policy forms applicable to an entire line of
22 business enumerated in subsections (a), (b), (c), and (h) of
23 Section 143.13 to which Section 143.11 applies unless the
24 company mails to the named insured written notice of the change
25 in deductible or coverage at least 60 days prior to the renewal
26 or anniversary date. Notice ~~An exact and unaltered copy of the~~

1 ~~notice~~ shall also be sent to the insured's broker, if known, or
2 the agent of record.

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

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

10 e. In all notices of intention not to renew any policy of
11 insurance, as defined in Section 143.11 the company shall
12 provide the named insured a specific explanation of the reasons
13 for nonrenewal.

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

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

18 (215 ILCS 5/143.17a) (from Ch. 73, par. 755.17a)

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

20 (a) A company intending to nonrenew any policy of insurance
21 to which Section 143.11 applies, except for those defined in
22 subsections (a), (b), (c), and (h) of Section 143.13, must mail
23 written notice to the named insured at least 60 days prior to
24 the expiration date of the current policy. The notice to the
25 name insured shall provide a specific explanation of the

1 reasons for nonrenewal. ~~In all notices of intention not to~~
2 ~~renew any policy of insurance, as defined in Section 143.11,~~
3 ~~the company shall provide a specific explanation of the reasons~~
4 ~~for nonrenewal.~~ A company may not extend the current policy
5 period for purposes of providing notice of its intention not to
6 renew required under this subsection (a).

7 (b) A company intending to renew any policy of insurance to
8 which Section 143.11 applies, except for those defined in
9 subsections (a), (b), (c), and (h) of Section 143.13, with an
10 increase in premium of 30% or more or with changes in
11 deductibles or coverage that materially alter the policy must
12 mail or deliver to the named insured written notice of such
13 increase or change in deductible or coverage at least 60 days
14 prior to the renewal or anniversary date. If a company has
15 failed to provide notice of intention to renew required under
16 this subsection (b) at least 60 days prior to the renewal or
17 anniversary date, but does so no less than 31 days prior to the
18 renewal or anniversary date, the company may extend the current
19 policy at the current terms and conditions for the period of
20 time needed to equal the 60 day time period required to provide
21 notice of intention to renew by this subsection (b). The
22 increase in premium shall be the renewal premium based on the
23 known exposure as of the date of the quotation compared to the
24 premium as of the last day of coverage for the current year's
25 policy, annualized. The premium on the renewal policy may be
26 subsequently amended to reflect any change in exposure or

1 reinsurance costs not considered in the quotation.

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

14 (d) Under subsection (a), the company shall maintain proof
15 of mailing of the notice of intention not to renew to the named
16 insured on one of the following forms: a recognized U.S. Post
17 Office form or a form acceptable to the U.S. Post Office or
18 other commercial mail delivery service. Under subsections (b)
19 and (c), proof of mailing or proof of receipt of the notice of
20 intention to renew to the named insured may be proven by a
21 sworn affidavit by the company as to the usual and customary
22 business practices of mailing notice pursuant to this Section
23 or may be proven consistent with Illinois Supreme Court Rule
24 236. For all notice requirements under this Section, ~~an exact~~
25 ~~and unaltered copy of the notice to the named insured~~ shall
26 also be sent to the named insured's producer, if known, or the

1 producer of record. Notification ~~For notices of intention to~~
2 ~~not renew, an exact and unaltered copy of the notice to the~~
3 ~~named insured~~ shall also be sent to the mortgagee or lien
4 holder listed on the policy ~~at the last mailing address known~~
5 ~~by the company.~~

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

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

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

13 Section 99. Effective date. This Act takes effect January
14 1, 2018."