

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 Illinois Insurance Code is amended by
5 changing Section 143.17a as follows:

6 (215 ILCS 5/143.17a) (from Ch. 73, par. 755.17a)

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

8 a. No company shall fail to renew any policy of
9 insurance, to which Section 143.11 applies, except for those
10 defined in subsections (a), (b), (c), and (h) of Section
11 143.13, unless it shall send by mail to the named insured at
12 least 60 days advance notice of its intention not to renew.
13 The company shall maintain proof of mailing of such notice on
14 one of the following forms: a recognized U.S. Post Office
15 form or a form acceptable to the U.S. Post Office or other
16 commercial mail delivery service. An exact and unaltered
17 copy of such notice shall also be sent to the insured's
18 broker, if known, or the agent of record and to the mortgagee
19 or lien holder at the last mailing address known by the
20 company. However, where cancellation is for nonpayment of
21 premium, the notice of cancellation must be mailed at least
22 10 days before the effective date of the cancellation.

23 b. This Section does not apply if the company has
24 manifested its willingness to renew directly to the named
25 insured. Provided, however, that no company may increase the
26 renewal premium on any policy of insurance to which Section
27 143.11 applies, except for those defined in subsections (a),
28 (b), (c), and (h) of Section 143.13, by 30% or more, nor
29 impose changes in deductibles or coverage that materially
30 alter the policy, unless the company shall have mailed or
31 delivered to the named insured written notice of such

1 increase or change in deductible or coverage at least 60 days
2 prior to the renewal or anniversary date. The increase in
3 premium shall be the renewal premium based on the known
4 exposure as of the date of the quotation compared to the
5 premium as of the last day of coverage for the current year's
6 policy, annualized. The premium on the renewal policy may be
7 subsequently amended to reflect any change in exposure not
8 considered in the quotation. An exact and unaltered copy of
9 such notice shall also be sent to the insured's broker, if
10 known, or the agent of record. The company shall maintain
11 proof of mailing or proof of receipt whichever is required.
12 If the company notifies the insured of a renewal increase of
13 30% or more, the company shall extend the policy to allow 60
14 days notice of renewal including the exact premiums.

15 c. Should a company fail to comply with the notice
16 requirements of this Section, the policy shall terminate only
17 as provided in this subsection. In the event of a nonrenewal,
18 if a notice of nonrenewal is not provided at least 31-days,
19 ~~but-less-than~~ 60 days prior to expiration of the policy, the
20 policy shall be extended for an additional year ~~a-period-of~~
21 ~~60-days-or-until-the-effective-date-of-any-similar--insurance~~
22 ~~procured-by-the-insured,-whichever-is-less,~~ on the same terms
23 and conditions as the policy sought to be terminated. In the
24 event notice is provided less than 31 days prior to the
25 expiration of the policy, the policy shall be extended for a
26 period of one year or until the effective date of any similar
27 insurance procured by the insured, whichever is less, on the
28 same terms and conditions as the policy sought to be
29 terminated unless the insurer has manifested its willingness
30 to renew at a premium which represents an increase not
31 exceeding 30%. ~~The-premium-for-coverage-shall-be-prorated--in~~
32 ~~accordance--with--the--amount-of-the-last-year's-premium,-and~~
33 ~~the-company--shall--be--entitled--to--this--premium--for--the~~
34 ~~extension--of--coverage--and-such-extension-may-be-contingent~~

1 ~~upon-the-payment-of-such-premium.~~

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

5 e. In all notices of intention not to renew any policy
6 of insurance, as defined in Section 143.11 the company shall
7 provide a specific explanation of the reasons for nonrenewal.
8 (Source: P.A. 89-669, eff. 1-1-97.)

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.