

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 or  
8 reinsurance costs not considered in the quotation. An exact  
9 and unaltered copy of such notice shall also be sent to the  
10 insured's broker, if known, or the agent of record. If the  
11 company intends to increase the premium on a policy by 30% or  
12 more and the renewal date is less than 60 but more than 30  
13 days away, then the company must extend the current policy  
14 under the same terms, conditions, and premium to allow 60  
15 days notice of renewal and provide the actual renewal premium  
16 quotation and any change in coverage or deductible on the  
17 policy. Proof of mailing or proof of receipt may be proven by  
18 a sworn affidavit by the insurer as to the usual and  
19 customary business practices of mailing notice pursuant to  
20 this Section or may be proven consistent with Illinois  
21 Supreme Court Rule 236. ~~The company shall maintain proof of~~  
22 ~~mailing or proof of receipt whichever is required.~~

23 c. Should a company fail to comply with the notice  
24 requirements of this Section, the policy shall terminate only  
25 as provided in this subsection. In the event of a nonrenewal,  
26 if a notice of nonrenewal is not provided at least ~~31 days,~~  
27 ~~but less than~~ 60 days prior to expiration of the policy, the  
28 policy shall be extended for an additional year ~~a period of~~  
29 ~~60 days or until the effective date of any similar insurance~~  
30 ~~procured by the insured, whichever is less,~~ on the same terms  
31 and conditions as the policy sought to be terminated. In the  
32 event notice is provided less than 31 days prior to the  
33 expiration of the policy, the policy shall be extended for a  
34 period of one year or until the effective date of any similar

1 insurance procured by the insured, whichever is less, on the  
2 same terms and conditions as the policy sought to be  
3 terminated unless the insurer has manifested its willingness  
4 to renew at a premium which represents an increase not  
5 exceeding 30%. ~~The premium for coverage shall be prorated in~~  
6 ~~accordance with the amount of the last year's premium, and~~  
7 ~~the company shall be entitled to this premium for the~~  
8 ~~extension of coverage and such extension may be contingent~~  
9 ~~upon the payment of such premium.~~

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

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

17 Section 99. Effective date. This Act takes effect upon  
18 becoming law.