

1 AN ACT in relation to 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 Sections 143.11b, 143.14, 143.15, 143.16, 143.17,  
6 143.17a, and 513a11 as follows:

7 (215 ILCS 5/143.11b)

8 Sec. 143.11b. Assignment or transfer of property and  
9 casualty policies. An assignment or transfer of a policy of  
10 insurance to which Section 143.11 applies among or between  
11 insurers within an insurance holding company system or insurers  
12 under common management or control, or as a result of a merger,  
13 acquisition, or restructuring of an insurance company, is not a  
14 nonrenewal for purposes of the notification requirements under  
15 Sections 143.12 through 143.24. However, in the event of an  
16 increase in the renewal premium of 30% or more, change in  
17 deductibles or change in coverage that materially alters any  
18 policy to which subsection b of Section 143.17a applies, the  
19 company shall adhere to the provisions set forth in subsection  
20 b of Section 143.17a. A company making an assignment or  
21 transfer of a policy among or between insurers within an  
22 insurance holding company system or insurers under common  
23 management or control, or as a result of a merger, acquisition,  
24 or restructuring of an insurance company, shall have delivered  
25 to the named insured notice of such assignment or transfer at  
26 least 60 days prior to the renewal date. An exact and unaltered  
27 copy of the notice shall also be sent to the insured's  
28 producer, if known, and agent of record. The assignment or  
29 transfer of a policy or policies of insurance among or between  
30 insurers shall not occur without the producer or agent of  
31 record, or both, having a signed agency contract with the  
32 entity to which the policy or policies are to be assigned or

1 transferred. If there is not a signed agency contract, all of  
2 the notice requirements of Sections 143.17 and 143.17a shall  
3 apply. Nothing in this Section shall contravene any existing  
4 producer and company contract rights. For purposes of this  
5 Section, the insured's producer, if known, and agent of record  
6 may opt to accept notification of assignment or transfer of  
7 policies electronically.

8 (Source: P.A. 91-800, eff. 6-13-00.)

9 (215 ILCS 5/143.14) (from Ch. 73, par. 755.14)

10 Sec. 143.14. Notice of cancellation.

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

24 (b) Whenever a financed insurance contract is cancelled,  
25 the insurer shall return whatever gross unearned premiums are  
26 due under the insurance contract or contracts not to exceed the  
27 unpaid balance due the premium finance company directly to the  
28 premium finance company effecting the cancellation for the  
29 account of the named insured. The return premium must be mailed  
30 to the premium finance company within 60 days. The request for  
31 the unearned premium by the premium finance company shall be in  
32 the manner of a monthly account, current accounting by  
33 producer, policy number, unpaid balance and name of insured for  
34 each cancelled amount. In the event the insurance contract or  
35 contracts are subject to audit, the insurer shall retain the

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

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

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

30 (Source: P.A. 86-370; 86-437; 86-1028; 87-811; 87-1123.)

31 (215 ILCS 5/143.15) (from Ch. 73, par. 755.15)

32 Sec. 143.15. Mailing of cancellation notice. All notices of  
33 cancellation of insurance as defined in subsections (a), (b)  
34 and (c) of Section 143.13 must be mailed at least 30 days prior  
35 to the effective date of cancellation to the named insured and

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

9 (Source: P.A. 89-669, eff. 1-1-97.)

10 (215 ILCS 5/143.16) (from Ch. 73, par. 755.16)

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

28 (Source: P.A. 89-669, eff. 1-1-97.)

29 (215 ILCS 5/143.17) (from Ch. 73, par. 755.17)

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

31 a. No company shall fail to renew any policy of insurance,  
32 as defined in subsections (a), (b), (c), and (h) of Section  
33 143.13, to which Section 143.11 applies, unless it shall send  
34 by mail to the named insured at least 30 days advance notice of

1 its intention not to renew. The company shall maintain proof of  
2 mailing of such notice on a recognized U.S. Post Office form or  
3 a form acceptable to the U. S. Post Office or other commercial  
4 mail delivery service. An exact and unaltered copy of such  
5 notice shall also be sent to the insured's broker, if known, or  
6 the agent of record and to the mortgagee or lien holder at the  
7 last mailing address known by the company. However, where  
8 cancellation is for nonpayment of premium, the notice of  
9 cancellation must be mailed at least 10 days before the  
10 effective date of the cancellation.

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

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

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

35 d. Renewal of a policy does not constitute a waiver or  
36 estoppel with respect to grounds for cancellation which existed

1 before the effective date of such renewal.

2 e. In all notices of intention not to renew any policy of  
3 insurance, as defined in Section 143.11 the company shall  
4 provide a specific explanation of the reasons for nonrenewal.

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

8 (Source: P.A. 91-597, eff. 1-1-00.)

9 (215 ILCS 5/143.17a) (from Ch. 73, par. 755.17a)

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

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

26 b. This Section does not apply if the company has  
27 manifested its willingness to renew directly to the named  
28 insured. Provided, however, that no company may increase the  
29 renewal premium on any policy of insurance to which Section  
30 143.11 applies, except for those defined in subsections (a),  
31 (b), (c), and (h) of Section 143.13, by 30% or more, nor impose  
32 changes in deductibles or coverage that materially alter the  
33 policy, unless the company shall have mailed or delivered to  
34 the named insured written notice of such increase or change in  
35 deductible or coverage at least 60 days prior to the renewal or

1 anniversary date. The increase in premium shall be the renewal  
2 premium based on the known exposure as of the date of the  
3 quotation compared to the premium as of the last day of  
4 coverage for the current year's policy, annualized. The premium  
5 on the renewal policy may be subsequently amended to reflect  
6 any change in exposure or reinsurance costs not considered in  
7 the quotation. An exact and unaltered copy of such notice shall  
8 also be sent to the insured's broker, if known, or the agent of  
9 record. If an insurer fails to provide the notice required by  
10 this subsection, then the company must extend the current  
11 policy under the same terms, conditions, and premium to allow  
12 60 days notice of renewal and provide the actual renewal  
13 premium quotation and any change in coverage or deductible on  
14 the policy. Proof of mailing or proof of receipt may be proven  
15 by a sworn affidavit by the insurer as to the usual and  
16 customary business practices of mailing notice pursuant to this  
17 Section or may be proven consistent with Illinois Supreme Court  
18 Rule 236.

19 c. Should a company fail to comply with the non-renewal  
20 notice requirements of subsection a., the policy shall be  
21 extended for an additional year or until the effective date of  
22 any similar insurance procured by the insured, whichever is  
23 less, on the same terms and conditions as the policy sought to  
24 be terminated, unless the insurer has manifested its intention  
25 to renew at a different premium that represents an increase not  
26 exceeding 30%.

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

30 e. In all notices of intention not to renew any policy of  
31 insurance, as defined in Section 143.11 the company shall  
32 provide a specific explanation of the reasons for nonrenewal.

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

36 (Source: P.A. 93-477, eff. 8-8-03.)

1 (215 ILCS 5/513a11) (from Ch. 73, par. 1065.60a11)

2 Sec. 513a11. Cancellation requirements upon default.

3 (a) When a premium finance agreement contains a power of  
4 attorney enabling the premium finance company to cancel any  
5 insurance contract or contracts listed in the premium finance  
6 agreement, the insurance contract or contracts shall not be  
7 cancelled by the premium finance company unless the request for  
8 cancellation is effectuated under this Section.

9 (b) Not less than 10 days written notice shall be mailed to  
10 the named insured of the intent of the premium finance company  
11 to cancel the insurance contract unless the default is cured  
12 within the 10 day period.

13 (c) After expiration of the 10 day period, the premium  
14 finance company may request, in the name of the named insured,  
15 cancellation of the insurance contract or contracts by mailing  
16 or hand delivering to the insurer a request for cancellation,  
17 and the insurance contract shall be cancelled as if the request  
18 for cancellation had been submitted by the named insured, but  
19 without requiring the return of the insurance contract or  
20 contracts. The premium finance company shall also mail a copy  
21 of the request for cancellation to the named insured at his  
22 last known address.

23 (d) All statutory, regulatory, and contractual  
24 restrictions providing that the insurance contract may not be  
25 cancelled unless notice is given to a governmental agency,  
26 mortgagee, or other third party shall apply where cancellation  
27 is effected under provisions of this Section. The insurer shall  
28 give the notice to any governmental agency, mortgagee, or other  
29 third party on or before the fifth business day after it  
30 receives the notice of cancellation from the premium finance  
31 company. For purposes of this Section, any governmental agency,  
32 mortgagee, or other third party may opt to receive notices  
33 electronically.

34 (e) In the event that the collection of return premiums for  
35 the account of the named insured results in a surplus over the



1 amount due from the named insured, the premium finance company  
2 shall refund the excess to the named insured; however, no  
3 refund is required if it amounts to less than \$5.

4 (f) All cancellation provisions required of the premium  
5 finance company and insurer are applicable to any policy to  
6 which Section 143.11 applies.

7 (Source: P.A. 87-811.)