



**94TH GENERAL ASSEMBLY**  
**State of Illinois**  
**2005 and 2006**  
**SB0028**

Introduced 1/26/2005, by Sen. Ira I. Silverstein

**SYNOPSIS AS INTRODUCED:**

625 ILCS 5/7-601.1 new  
625 ILCS 5/7-601.2 new  
625 ILCS 5/7-601.3 new  
625 ILCS 5/7-601.4 new

Amends the Illinois Vehicle Code. Provides that a person's vehicle registration and driving privileges may be suspended if he or she fails to provide and maintain satisfactory proof of insurance or financial security under the Code. Provides that an insurance company is required to give a vehicle owner advance notice before his or her liability coverage is terminated. Provides that the company must notify the Secretary of State of any termination of coverage. Provides requirements for notice and prohibits termination of coverage under certain conditions. Provides that suspension of registration and driving privileges will be terminated if the person provides proof of insurance or financial security that is satisfactory under the Code.

LRB094 06200 DRH 36270 b

FISCAL NOTE ACT  
MAY APPLY

1 AN ACT concerning transportation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Vehicle Code is amended by adding  
5 Sections 7-601.1, 7-601.2, 7-601.3, and 7-601.4, as follows:

6 (625 ILCS 5/7-601.1 new)

7 Sec. 7-601.1. Registration application; proof of insurance  
8 required.

9 (a) Except as provided in subsection (b), a motor vehicle  
10 may not be registered in this State unless the application for  
11 registration is accompanied by the proof of financial security  
12 required under Section 7-601 of this Code.

13 (b) The Secretary of State may provide by rule that upon  
14 renewal of registration, an application accompanied by proof of  
15 proper Illinois registration issued by the Secretary in force  
16 immediately preceding the date of application for renewal,  
17 together with a statement in a form prescribed by the Secretary  
18 certifying that there is in effect proof of financial security,  
19 shall meet the requirements of this Section.

20 (c) Upon the issuance or renewal of a private passenger  
21 automobile insurance policy in compliance with Section 7-601 of  
22 this Code, the insurance company shall provide the insured with  
23 an informational statement outlining the legal and financial  
24 consequences of convictions under Section 11-501 of this Code,  
25 pertaining to operating a motor vehicle while under the  
26 influence of alcohol, other drug or drugs, intoxicating  
27 compound or compounds, or any combination thereof. The  
28 informational statement shall specifically include the  
29 relationship between body weight, alcohol consumption rate,  
30 and the amount of alcohol consumed after which persons are  
31 deemed to be in violation of Section 11-501. That information  
32 shall be supplied to the company by the Department of Insurance

1 in consultation with the Secretary.

2 (d) The owner of a motor vehicle must maintain proof of  
3 financial security continuously throughout the registration  
4 period.

5 (e) When insurance with respect to any motor vehicle is  
6 terminated, the owner must surrender to the Secretary his or  
7 her proof of registration and the license plates of the  
8 vehicle, unless proof of financial security is otherwise  
9 maintained in compliance with Section 7-601.

10 (f) The Secretary shall adopt rules for implementing this  
11 Section and Sections 7-601.2, 7-601.3, and 7-601.4, including  
12 but not limited to rules with regard to how registration plates  
13 and stickers issued by the Secretary under Section 3-412 shall  
14 indicate whether or not a vehicle meets the proof of financial  
15 security requirements of this Code.

16 (625 ILCS 5/7-601.2 new)

17 Sec. 7-601.2. Insurance companies; issuance and  
18 termination of coverage; record keeping.

19 (a) Upon issuance of an owner's policy of liability  
20 insurance or other financial security required by Section  
21 7-601, an insurer shall issue proof of insurance in accordance  
22 with Section 7-602.

23 (b) The Secretary shall make a record of all notices of  
24 termination received under Section 7-601.3. After making the  
25 record, the Secretary is not required to retain the notices.

26  
27 (625 ILCS 5/7-601.3 new)

28 Sec. 7-601.3. Notice of termination.

29 (a) Except as otherwise provided in this subsection (a), an  
30 insurer may not cancel or terminate a contract of insurance for  
31 which a certificate of insurance has been filed with the  
32 Secretary until at least 20 days after mailing to the named  
33 insured, at the address shown on the policy, a notice of  
34 termination by regular mail, with a certificate of mailing

1 properly endorsed by the postal service. If the cancellation is  
2 for non-payment of premium, however, 15 days notice of  
3 cancellation to the insured by the insurer is sufficient.

4 (b) An insurer may not nonrenew a contract of insurance for  
5 which a certificate of insurance has been filed with the  
6 Secretary, if a natural person is the named insured and the  
7 motor vehicle is used predominantly for non-business purposes,  
8 unless, at least 45 days but not more than 60 days in advance  
9 of the renewal date, the insurer mails or delivers to the named  
10 insured, at the address shown on the policy, a written notice  
11 of the insurer's intention not to renew.

12 (c) An insurer may not nonrenew a contract of insurance for  
13 which a certificate of insurance has been filed with the  
14 Secretary, if the named insured is not a natural person or the  
15 motor vehicle is used predominantly for business purposes,  
16 unless, at least 20 days in advance of the renewal date, the  
17 insurer mails or delivers to the named insured, at the address  
18 shown on the policy, a written notice of the insurer's  
19 intention not to renew.

20 (d) A notice of nonrenewal must be sent by regular mail,  
21 with a certificate of mailing properly endorsed by the postal  
22 service. The time of the effective date and hour of termination  
23 stated in the notice shall become the end of the policy period.  
24 Every notice or acknowledgement of termination for any cause  
25 whatsoever sent to the insured must include, in at least 12  
26 point type, (i) a statement that proof of financial security is  
27 required to be maintained continuously throughout the  
28 registration period and (ii) a notice prescribed by the  
29 Secretary indicating the punitive effects of failure to  
30 maintain continuous proof of financial security and the actions  
31 the insured may take to avoid those punitive effects.

32 (e) An insurer must retain a copy of any notice of  
33 termination mailed under this Section and must retain the  
34 certificate of mailing obtained from the postal service upon  
35 the mailing of the original of said notice. A copy of a notice  
36 of termination and the certificate of mailing, if kept in the

1 regular course of the insurer's business, constitutes  
2 conclusive proof of compliance with the mailing requirements of  
3 this Section.

4 (625 ILCS 5/7-601.4 new)

5 Sec. 7-601.4. Revocation of registration and driving  
6 privileges.

7 (a) Except as otherwise provided in this Section, the  
8 Secretary, upon receipt of evidence that proof of financial  
9 security for any motor vehicle subject to Section 7-601 of this  
10 Code is no longer in effect shall suspend the registration of  
11 that vehicle and the driver's license of the registrant.

12 (b) The motor vehicle may not be registered or reregistered  
13 in the name of that person, or in any other name, if the  
14 Secretary has reasonable grounds to believe that registration  
15 or reregistration would have the effect of defeating the  
16 purposes of this Article. No other motor vehicle may be  
17 registered in the name of that person during the period of  
18 suspension.

19 (c) Suspension shall not be made under this Section upon  
20 the basis of a lapse or termination of insurance if the  
21 registration certificate and license plates of the motor  
22 vehicle are surrendered before the termination of insurance  
23 becomes effective. Surrender shall be made as the Secretary  
24 shall provide by rule.

25 (d) A suspension imposed under this Section shall be  
26 terminated if the person provides proof of financial security  
27 in a form satisfactory under Section 7-601 of this Code.