



## 95TH GENERAL ASSEMBLY

### State of Illinois

### 2007 and 2008

### SB0484

Introduced 2/8/2007, by Sen. Todd Sieben

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/143.17a

from Ch. 73, par. 755.17a

Amends the Illinois Insurance Code. Provides that if an insurer fails to provide the notice required by this provision regarding terms, conditions, and premium between 30 and 60 days in advance of the expiration date on the policy declaration page, the current expiration date must be extended with no changes to allow 60 days notice of an increase in the premium of 30% or more (now, the company must extend the current policy under the same terms, conditions, and premium to allow 60 days notice of renewal and provide the actual renewal premium quotation and any change in coverage or deductible on the policy). Provides that if any insurer fails to provide at least 30 days notice prior to the expiration date on the policy declaration page, the insurer may not change any terms, conditions, or increase the premium by 30% or more for one full year of the renewal policy term. Also provides that if the policy is not mailed to the insured or the insured's agent prior to the renewal effective date, the policy must be renewed at the expiring policy's terms, conditions, and premium for the entire year of the renewal policy (now, should a company fail to comply with the non-renewal notice requirements, the policy shall be extended for an additional year or until the effective date of any similar insurance procured by the insured, whichever is less, on the same terms and conditions as the policy sought to be terminated, unless the insurer has manifested its intention to renew at a different premium that represents an increase not exceeding 30%). Effective immediately.

LRB095 10667 KBJ 30898 b

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 insurance,  
9 to which Section 143.11 applies, except for those defined in  
10 subsections (a), (b), (c), and (h) of Section 143.13, unless it  
11 shall send by mail to the named insured at least 60 days  
12 advance notice of its intention not to renew. The company shall  
13 maintain proof of mailing of such notice on one of the  
14 following forms: a recognized U.S. Post Office form or a form  
15 acceptable to the U.S. Post Office or other commercial mail  
16 delivery service. An exact and unaltered copy of such notice  
17 shall also be sent to the insured's broker, if known, or the  
18 agent of record and to the mortgagee or lien holder at the last  
19 mailing address known by the company. However, where  
20 cancellation is for nonpayment of premium, the notice of  
21 cancellation must be mailed at least 10 days before the  
22 effective date of the cancellation.

23 b. This Section does not apply if the company has

1 manifested its willingness to renew directly to the named  
2 insured. Provided, however, that no company may increase the  
3 renewal premium on any policy of insurance to which Section  
4 143.11 applies, except for those defined in subsections (a),  
5 (b), (c), and (h) of Section 143.13, by 30% or more, nor impose  
6 changes in deductibles or coverage that materially alter the  
7 policy, unless the company shall have mailed or delivered to  
8 the named insured written notice of such increase or change in  
9 deductible or coverage at least 60 days prior to the renewal or  
10 anniversary date. The increase in premium shall be the renewal  
11 premium based on the known exposure as of the date of the  
12 quotation compared to the premium as of the last day of  
13 coverage for the current year's policy, annualized. The premium  
14 on the renewal policy may be subsequently amended to reflect  
15 any change in exposure or reinsurance costs not considered in  
16 the quotation. An exact and unaltered copy of such notice shall  
17 also be sent to the insured's broker, if known, or the agent of  
18 record. In addition, if an insurer fails to provide the notice  
19 required by this subsection regarding terms, conditions, and  
20 premium between 30 and 60 days in advance of the expiration  
21 date on the policy declaration page, the current expiration  
22 date must be extended with no changes to allow 60 days notice  
23 of an increase in the premium of 30% or more. ~~If an insurer~~  
24 ~~fails to provide the notice required by this subsection, then~~  
25 ~~the company must extend the current policy under the same~~  
26 ~~terms, conditions, and premium to allow 60 days notice of~~

1 ~~renewal and provide the actual renewal premium quotation and~~  
2 ~~any change in coverage or deductible on the policy.~~ Proof of  
3 mailing or proof of receipt may be proven by a sworn affidavit  
4 by the insurer as to the usual and customary business practices  
5 of mailing notice pursuant to this Section or may be proven  
6 consistent with Illinois Supreme Court Rule 236.

7 c. If any insurer fails to provide at least 30 days notice  
8 prior to the expiration date on the policy declaration page,  
9 the insurer may not change any terms, conditions, or increase  
10 the premium by 30% or more for one full year of the renewal  
11 policy term. If the policy is not mailed to the insured or the  
12 insured's agent prior to the renewal effective date, the policy  
13 must be renewed at the expiring policy's terms, conditions, and  
14 premium for the entire year of the renewal policy. Should a  
15 company fail to comply with the non-renewal notice requirements  
16 of subsection a., the policy shall be extended for an  
17 additional year or until the effective date of any similar  
18 insurance procured by the insured, whichever is less, on the  
19 same terms and conditions as the policy sought to be  
20 terminated, unless the insurer has manifested its intention to  
21 renew at a different premium that represents an increase not  
22 exceeding 30%.

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

26 e. In all notices of intention not to renew any policy of

1 insurance, as defined in Section 143.11 the company shall  
2 provide a specific explanation of the reasons for nonrenewal.

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

6 (Source: P.A. 93-477, eff. 8-8-03; 93-713, eff. 1-1-05.)

7 Section 99. Effective date. This Act takes effect upon  
8 becoming law.