

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 Sections 143.14, 143.15, 143.16, 143.17, 143.17a,  
6 and 513a11 as follows:

7 (215 ILCS 5/143.14) (from Ch. 73, par. 755.14)

8 Sec. 143.14. Notice of cancellation.

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

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

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

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

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

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

1 (215 ILCS 5/143.15) (from Ch. 73, par. 755.15)  
2 Sec. 143.15. Mailing of cancellation notice. All  
3 notices of cancellation of insurance as defined in  
4 subsections (a), (b) and (c) of Section 143.13 must be mailed  
5 at least 30 days prior to the effective date of cancellation  
6 to the named insured and mortgagee or lien holder identified  
7 on the policy declarations or endorsement ~~if known~~, at the  
8 last mailing address known to the company. All notices of  
9 cancellation shall include a specific explanation of the  
10 reason or reasons for cancellation. However, where  
11 cancellation is for nonpayment of premium, the notice of  
12 cancellation must be mailed at least 10 days before the  
13 effective date of the cancellation.  
14 (Source: P.A. 89-669, eff. 1-1-97.)

15 (215 ILCS 5/143.16) (from Ch. 73, par. 755.16)  
16 Sec. 143.16. Mailing of cancellation notice. All  
17 notices of cancellation of insurance to which Section 143.11  
18 applies, except for those defined in subsections (a), (b) and  
19 (c) of Section 143.13 must be mailed at least 30 days prior  
20 to the effective date of cancellation during the first 60  
21 days of coverage. After the coverage has been effective for  
22 61 days or more, all notices must be mailed at least 60 days  
23 prior to the effective date of cancellation. All such notices  
24 shall include a specific explanation of the reason or  
25 reasons for cancellation and shall be mailed to the named  
26 insured and mortgagee or lien holder identified on the policy  
27 declarations or endorsement ~~if known~~, at the last mailing  
28 address known to the company. However, where cancellation is  
29 for nonpayment of premium, the notice of cancellation must be  
30 mailed at least 10 days before the effective date of the  
31 cancellation.  
32 (Source: P.A. 89-669, eff. 1-1-97.)

1 (215 ILCS 5/143.17) (from Ch. 73, par. 755.17)

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

3 a. No company shall fail to renew any policy of  
4 insurance, as defined in subsections (a), (b), (c), and (h)  
5 of Section 143.13, to which Section 143.11 applies, unless it  
6 shall send by mail to the named insured at least 30 days  
7 advance notice of its intention not to renew. The company  
8 shall maintain proof of mailing of such notice on a  
9 recognized U.S. Post Office form or a form acceptable to the  
10 U. S. Post Office or other commercial mail delivery service.  
11 An exact and unaltered copy of such notice shall also be sent  
12 to the insured's broker, if known, or the agent of record and  
13 to the mortgagee or lien holder identified on the policy  
14 declarations or endorsement at the last mailing address known  
15 by the company. However, where cancellation is for nonpayment  
16 of premium, the notice of cancellation must be mailed at  
17 least 10 days before the effective date of the cancellation.

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

27 b-5. This Section does not apply if the company  
28 manifested its willingness to renew directly to the named  
29 insured. However, no company may impose changes in  
30 deductibles or coverage for any policy forms applicable to an  
31 entire line of business enumerated in subsections (a), (b),  
32 (c), and (h) of Section 143.13 to which Section 143.11  
33 applies unless the company mails to the named insured written  
34 notice of the change in deductible or coverage at least 60

1 days prior to the renewal or anniversary date. An exact and  
2 unaltered copy of the notice shall also be sent to the  
3 insured's broker, if known, or the agent of record.

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

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

12 e. In all notices of intention not to renew any policy  
13 of insurance, as defined in Section 143.11 the company shall  
14 provide a specific explanation of the reasons for nonrenewal.  
15 (Source: P.A. 91-597, eff. 1-1-00.)

16 (215 ILCS 5/143.17a) (from Ch. 73, par. 755.17a)

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

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

1           b. This Section does not apply if the company has  
2 manifested its willingness to renew directly to the named  
3 insured. Provided, however, that no company may increase the  
4 renewal premium on any policy of insurance to which Section  
5 143.11 applies, except for those defined in subsections (a),  
6 (b), (c), and (h) of Section 143.13, by 30% or more, nor  
7 impose changes in deductibles or coverage that materially  
8 alter the policy, unless the company shall have mailed or  
9 delivered to the named insured written notice of such  
10 increase or change in deductible or coverage at least 60 days  
11 prior to the renewal or anniversary date. The increase in  
12 premium shall be the renewal premium based on the known  
13 exposure as of the date of the quotation compared to the  
14 premium as of the last day of coverage for the current year's  
15 policy, annualized. The premium on the renewal policy may be  
16 subsequently amended to reflect any change in exposure not  
17 considered in the quotation. An exact and unaltered copy of  
18 such notice shall also be sent to the insured's broker, if  
19 known, or the agent of record. The company shall maintain  
20 proof of mailing or proof of receipt whichever is required.

21           c. Should a company fail to comply with the notice  
22 requirements of this Section, the policy shall terminate only  
23 as provided in this subsection. In the event notice is  
24 provided at least 31 days, but less than 60 days prior to  
25 expiration of the policy, the policy shall be extended for a  
26 period of 60 days 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. In the event notice is provided less than 31  
30 days prior to the expiration of the policy, the policy shall  
31 be extended for a period of one year or until the effective  
32 date of any similar insurance procured by the insured,  
33 whichever is less, on the same terms and conditions as the  
34 policy sought to be terminated unless the insurer has

1 manifested its willingness to renew at a premium which  
2 represents an increase not exceeding 30%. The premium for  
3 coverage shall be prorated in accordance with the amount of  
4 the last year's premium, and the company shall be entitled to  
5 this premium for the extension of coverage and such extension  
6 may be contingent upon the payment of such premium.

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

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

14 (215 ILCS 5/513a11) (from Ch. 73, par. 1065.60a11)  
15 Sec. 513a11. Cancellation requirements upon default.

16 (a) When a premium finance agreement contains a power of  
17 attorney enabling the premium finance company to cancel any  
18 insurance contract or contracts listed in the premium finance  
19 agreement, the insurance contract or contracts shall not be  
20 cancelled by the premium finance company unless the request  
21 for cancellation is effectuated under this Section.

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

26 (c) After expiration of the 10 day period, the premium  
27 finance company may request, in the name of the named  
28 insured, cancellation of the insurance contract or contracts  
29 by mailing or hand delivering to the insurer a request for  
30 cancellation, and the insurance contract shall be cancelled  
31 as if the request for cancellation had been submitted by the  
32 named insured, but without requiring the return of the  
33 insurance contract or contracts. The premium finance company

1 shall also mail a copy of the request for cancellation to the  
2 named insured at his last known address.

3 (d) All statutory, regulatory, and contractual  
4 restrictions providing that the insurance contract may not be  
5 cancelled unless notice is given to a governmental agency,  
6 mortgagee identified on the policy declarations or  
7 endorsement, or other third party identified on the policy  
8 declarations or endorsement shall apply where cancellation is  
9 effected under provisions of this Section. The insurer shall  
10 give the notice to any governmental agency, mortgagee  
11 identified on the policy declarations or endorsement, or  
12 other third party identified on the policy declarations or  
13 endorsement on or before the fifth business day after it  
14 receives the notice of cancellation from the premium finance  
15 company.

16 (e) In the event that the collection of return premiums  
17 for the account of the named insured results in a surplus  
18 over the amount due from the named insured, the premium  
19 finance company shall refund the excess to the named insured;  
20 however, no refund is required if it amounts to less than \$5.

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

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

25 Section 99. Effective date. This Act takes effect upon  
26 becoming law.