

AN ACT concerning regulation.

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

Section 5. The Illinois Insurance Code is amended by changing Sections 132.5, 143.14, 143.15, 143.16, 143.17, and 143.17a as follows:

(215 ILCS 5/132.5) (from Ch. 73, par. 744.5)

Sec. 132.5. Examination reports.

(a) General description. All examination reports shall be comprised of only facts appearing upon the books, records, or other documents of the company, its agents, or other persons examined or as ascertained from the testimony of its officers, agents, or other persons examined concerning its affairs and the conclusions and recommendations as the examiners find reasonably warranted from those facts.

(b) Filing of examination report. No later than 60 days following completion of the examination, the examiner in charge shall file with the Department a verified written report of examination under oath. Upon receipt of the verified report, the Department shall transmit the report to the company examined, together with a notice that affords the company examined a reasonable opportunity of not more than 30 days to make a written submission or rebuttal with respect to any

matters contained in the examination report.

(c) Adoption of the report on examination. Within 30 days of the end of the period allowed for the receipt of written submissions or rebuttals, the Director shall fully consider and review the report, together with any written submissions or rebuttals and any relevant portions of the examiners work papers and enter an order:

(1) Adopting the examination report as filed or with modification or corrections. If the examination report reveals that the company is operating in violation of any law, regulation, or prior order of the Director, the Director may order the company to take any action the Director considers necessary and appropriate to cure the violation.

(2) Rejecting the examination report with directions to the examiners to reopen the examination for purposes of obtaining additional data, documentation, or information and refileing under subsection (b).

(3) Calling for an investigatory hearing with no less than 20 days notice to the company for purposes of obtaining additional documentation, data, information, and testimony.

(d) Order and procedures. All orders entered under paragraph (1) of subsection (c) shall be accompanied by findings and conclusions resulting from the Director's consideration and review of the examination report, relevant

examiner work papers, and any written submissions or rebuttals. The order shall be considered a final administrative decision and may be appealed in accordance with the Administrative Review Law. The order shall be served upon the company by certified mail, together with a copy of the adopted examination report. Within 30 days of the issuance of the adopted report, the company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

Any hearing conducted under paragraph (3) of subsection (c) by the Director or an authorized representative shall be conducted as a nonadversarial confidential investigatory proceeding as necessary for the resolution of any inconsistencies, discrepancies, or disputed issues apparent upon the face of the filed examination report or raised by or as a result of the Director's review of relevant work papers or by the written submission or rebuttal of the company. Within 20 days of the conclusion of any hearing, the Director shall enter an order under paragraph (1) of subsection (c).

The Director shall not appoint an examiner as an authorized representative to conduct the hearing. The hearing shall proceed expeditiously with discovery by the company limited to the examiner's work papers that tend to substantiate any assertions set forth in any written submission or rebuttal. The Director or his representative may issue subpoenas for the attendance of any witnesses or the production of any documents

deemed relevant to the investigation, whether under the control of the Department, the company, or other persons. The documents produced shall be included in the record, and testimony taken by the Director or his representative shall be under oath and preserved for the record. Nothing contained in this Section shall require the Department to disclose any information or records that would indicate or show the existence or content of any investigation or activity of a criminal justice agency.

The hearing shall proceed with the Director or his representative posing questions to the persons subpoenaed. Thereafter the company and the Department may present testimony relevant to the investigation. Cross-examination shall be conducted only by the Director or his representative. The company and the Department shall be permitted to make closing statements and may be represented by counsel of their choice.

(e) Publication and use. Upon the adoption of the examination report under paragraph (1) of subsection (c), the Director shall continue to hold the content of the examination report as private and confidential information for a period of 35 days, except to the extent provided in subsection (b). Thereafter, the Director may open the report for public inspection so long as no court of competent jurisdiction has stayed its publication.

Nothing contained in this Code shall prevent or be construed as prohibiting the Director from disclosing the content of an examination report, preliminary examination

report or results, or any matter relating thereto, to the insurance department of any other state or country or to law enforcement officials of this or any other state or agency of the federal government at any time, so long as the agency or office receiving the report or matters relating thereto agrees in writing to hold it confidential and in a manner consistent with this Code.

In the event the Director determines that regulatory action is appropriate as a result of any examination, he may initiate any proceedings or actions as provided by law.

(f) Confidentiality of ancillary information. All working papers, recorded information, documents, and copies thereof produced by, obtained by, or disclosed to the Director or any other person in the course of any examination must be given confidential treatment, are not subject to subpoena, and may not be made public by the Director or any other persons, except to the extent provided in subsection (e). Access may also be granted to the National Association of Insurance Commissioners. Those parties must agree in writing before receiving the information to provide to it the same confidential treatment as required by this Section, unless the prior written consent of the company to which it pertains has been obtained.

This subsection (f) applies to market conduct examinations described in Section 132 of this Code.

(Source: P.A. 87-108.)

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

Sec. 143.14. Notice of cancellation.

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

(b) Whenever a financed insurance contract is cancelled, the insurer shall return whatever gross unearned premiums are due under the insurance contract or contracts not to exceed the unpaid balance due the premium finance company directly to the premium finance company effecting the cancellation for the account of the named insured. The return premium must be mailed to the premium finance company within 60 days. The request for the unearned premium by the premium finance company shall be in the manner of a monthly account, current accounting by

producer, policy number, unpaid balance and name of insured for each cancelled amount. In the event the insurance contract or contracts are subject to audit, the insurer shall retain the right to withhold the return of the portion of premium that can be identified to the contract or contracts until the audit is completed. Within 30 days of the completion of the audit, if a premium retained by the insurer after crediting the earned premium would result in a surplus, the insurer shall return the surplus directly to the premium finance company. If the audit should result in an additional premium due the insurer, the obligation for the collection of this premium shall fall upon the insurer and not affect any other contract or contracts currently being financed by the premium finance company for the named insured.

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

(d) All statutory regulatory and contractual restrictions

providing that the insurance contract may not be cancelled unless the required notice is mailed to a governmental agency, mortgagee, lienholder, or other third party shall apply where cancellation is effected under a power of attorney under a premium finance agreement. The insurer shall have the right for a premium charge for this extension of coverage.

(Source: P.A. 93-713, eff. 1-1-05.)

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

Sec. 143.15. Mailing of cancellation notice. All notices of cancellation of insurance as defined in subsections (a), (b) and (c) of Section 143.13 must be mailed at least 30 days prior to the effective date of cancellation to the named insured; however, if cancellation is for nonpayment of premium, the notice of cancellation must be mailed at least 10 days before the effective date of the cancellation to ~~and mortgagee or lien holder, if known, at~~ the last mailing address known to the company. All notices of cancellation to the named insured shall include a specific explanation of the reason or reasons for cancellation. ~~However, where cancellation is for nonpayment of premium, the notice of cancellation must be mailed at least 10 days before the effective date of the cancellation.~~ For purposes of this Section, the mortgagee or lien holder, if known, may opt to accept notification electronically.

(Source: P.A. 93-713, eff. 1-1-05.)



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

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

(Source: P.A. 93-713, eff. 1-1-05.)

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

Sec. 143.17. Notice of intention not to renew.

a. No company shall fail to renew any policy of insurance, as defined in subsections (a), (b), (c), and (h) of Section

143.13, to which Section 143.11 applies, unless it shall send by mail to the named insured at least 30 days advance notice of its intention not to renew. The company shall maintain proof of mailing of such notice on a recognized U.S. Post Office form or a form acceptable to the U. S. Post Office or other commercial mail delivery service. The nonrenewal shall not become effective until at least 30 days from the proof of mailing date of the notice to the name insured. Notification ~~An exact and unaltered copy of such notice~~ shall also be sent to the insured's broker, if known, or the agent of record, if known, and to the last known mortgagee or lien holder ~~at the last mailing address known by the company.~~ For purposes of this Section, the mortgagee or lien holder, insured's broker, or the agent of record may opt to accept notification electronically. However, where cancellation is for nonpayment of premium, the notice of cancellation must be mailed at least 10 days before the effective date of the cancellation.

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

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

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

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

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

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

(Source: P.A. 93-713, eff. 1-1-05.)

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

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

(a) A company intending to nonrenew any policy of insurance to which Section 143.11 applies, except for those defined in subsections (a), (b), (c), and (h) of Section 143.13, must mail written notice to the named insured at least 60 days prior to the expiration date of the current policy. The notice to the named insured shall provide a specific explanation of the reasons for nonrenewal. ~~In all notices of intention not to renew any policy of insurance, as defined in Section 143.11, the company shall provide a specific explanation of the reasons for nonrenewal.~~ A company may not extend the current policy period for purposes of providing notice of its intention not to renew required under this subsection (a).

(b) A company intending to renew any policy of insurance to which Section 143.11 applies, except for those defined in subsections (a), (b), (c), and (h) of Section 143.13, with an increase in premium of 30% or more or with changes in deductibles or coverage that materially alter the policy must mail or deliver to the named insured written notice of such increase or change in deductible or coverage at least 60 days prior to the renewal or anniversary date. If a company has failed to provide notice of intention to renew required under this subsection (b) at least 60 days prior to the renewal or anniversary date, but does so no less than 31 days prior to the

renewal or anniversary date, the company may extend the current policy at the current terms and conditions for the period of time needed to equal the 60 day time period required to provide notice of intention to renew by this subsection (b). The increase in premium shall be the renewal premium based on the known exposure as of the date of the quotation compared to the premium as of the last day of coverage for the current year's policy, annualized. The premium on the renewal policy may be subsequently amended to reflect any change in exposure or reinsurance costs not considered in the quotation.

(c) A company that has failed to provide notice of intention to nonrenew under subsection (a) of this Section and has failed to provide notice of intention to renew as prescribed under subsection (b) of this Section must renew the expiring policy under the same terms and conditions for an additional year or until the effective date of any similar insurance is procured by the insured, whichever is earlier. The company may increase the renewal premium. However, such increase must be less than 30% of the expiring term's premium and notice of such increase must be delivered to the named insured on or before the date of expiration of the current policy period.

(d) Under subsection (a), the company shall maintain proof of mailing of the notice of intention not to renew to the named insured on one of the following forms: a recognized U.S. Post Office form or a form acceptable to the U.S. Post Office or

other commercial mail delivery service. Under subsections (b) and (c), proof of mailing or proof of receipt of the notice of intention to renew to the named insured may be proven by a sworn affidavit by the company as to the usual and customary business practices of mailing notice pursuant to this Section or may be proven consistent with Illinois Supreme Court Rule 236. For all notice requirements under this Section, ~~an exact and unaltered copy of the notice to the named insured~~ shall also be sent to the named insured's producer, if known, or the producer of record. Notification ~~For notices of intention to not renew, an exact and unaltered copy of the notice to the named insured~~ shall also be sent to the mortgagee or lien holder listed on the policy at the last mailing address known by the company.

(e) Renewal of a policy does not constitute a waiver or estoppel with respect to grounds for cancellation that existed before the effective date of such renewal.

(f) For purposes of this Section, the named insured's producer, if known, or the producer of record and the mortgagee or lien holder may opt to accept notification electronically.

(Source: P.A. 95-533, eff. 6-1-08.)

Section 99. Effective date. This Act takes effect January 1, 2018.