



Sen. John J. Cullerton

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LRB093 20569 WGH 48931 a

1 AMENDMENT TO SENATE BILL 2491

2 AMENDMENT NO. _____. Amend Senate Bill 2491 by replacing
3 everything after the enacting clause with the following:

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

1 to the named insured notice of such assignment or transfer at
2 least 60 days prior to the renewal date. An exact and unaltered
3 copy of the notice shall also be sent to the insured's
4 producer, if known, and agent of record. The assignment or
5 transfer of a policy or policies of insurance among or between
6 insurers shall not occur without the producer or agent of
7 record, or both, having a signed agency contract with the
8 entity to which the policy or policies are to be assigned or
9 transferred. If there is not a signed agency contract, all of
10 the notice requirements of Sections 143.17 and 143.17a shall
11 apply. Nothing in this Section shall contravene any existing
12 producer and company contract rights. For purposes of this
13 Section, the insured's producer, if known, and agent of record
14 may opt to accept notification of assignment or transfer of
15 policies electronically.

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

17 (215 ILCS 5/143.14) (from Ch. 73, par. 755.14)

18 Sec. 143.14. Notice of cancellation.

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

32 (b) Whenever a financed insurance contract is cancelled,
33 the insurer shall return whatever gross unearned premiums are

1 due under the insurance contract or contracts not to exceed the
2 unpaid balance due the premium finance company directly to the
3 premium finance company effecting the cancellation for the
4 account of the named insured. The return premium must be mailed
5 to the premium finance company within 60 days. The request for
6 the unearned premium by the premium finance company shall be in
7 the manner of a monthly account, current accounting by
8 producer, policy number, unpaid balance and name of insured for
9 each cancelled amount. In the event the insurance contract or
10 contracts are subject to audit, the insurer shall retain the
11 right to withhold the return of the portion of premium that can
12 be identified to the contract or contracts until the audit is
13 completed. Within 30 days of the completion of the audit, if a
14 premium retained by the insurer after crediting the earned
15 premium would result in a surplus, the insurer shall return the
16 surplus directly to the premium finance company. If the audit
17 should result in an additional premium due the insurer, the
18 obligation for the collection of this premium shall fall upon
19 the insurer and not affect any other contract or contracts
20 currently being financed by the premium finance company for the
21 named insured.

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

33 (d) All statutory regulatory and contractual restrictions
34 providing that the insurance contract may not be cancelled

1 unless the required notice is mailed to a governmental agency,
2 mortgagee, lienholder, or other third party shall apply where
3 cancellation is effected under a power of attorney under a
4 premium finance agreement. The insurer shall have the right for
5 a premium charge for this extension of coverage.

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

7 (215 ILCS 5/143.15) (from Ch. 73, par. 755.15)

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

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

21 (215 ILCS 5/143.16) (from Ch. 73, par. 755.16)

22 Sec. 143.16. Mailing of cancellation notice. All notices of
23 cancellation of insurance to which Section 143.11 applies,
24 except for those defined in subsections (a), (b) and (c) of
25 Section 143.13 must be mailed at least 30 days prior to the
26 effective date of cancellation during the first 60 days of
27 coverage. After the coverage has been effective for 61 days or
28 more, all notices must be mailed at least 60 days prior to the
29 effective date of cancellation. All such notices shall include
30 a specific explanation of the reason or reasons for
31 cancellation and shall be mailed to the named insured and
32 mortgagee or lien holder, if known, at the last mailing address

1 known to the company. However, where cancellation is for
2 nonpayment of premium, the notice of cancellation must be
3 mailed at least 10 days before the effective date of the
4 cancellation. For purposes of this Section, the mortgagee or
5 lien holder, if known, may opt to accept notification
6 electronically.

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

8 (215 ILCS 5/143.17) (from Ch. 73, par. 755.17)

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

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

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

33 b-5. This Section does not apply if the company manifested

1 its willingness to renew directly to the named insured.
2 However, no company may impose changes in deductibles or
3 coverage for any policy forms applicable to an entire line of
4 business enumerated in subsections (a), (b), (c), and (h) of
5 Section 143.13 to which Section 143.11 applies unless the
6 company mails to the named insured written notice of the change
7 in deductible or coverage at least 60 days prior to the renewal
8 or anniversary date. An exact and unaltered copy of the notice
9 shall also be sent to the insured's broker, if known, or the
10 agent of record.

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

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

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

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

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

25 (215 ILCS 5/143.17a) (from Ch. 73, par. 755.17a)

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

27 a. No company shall fail to renew any policy of insurance,
28 to which Section 143.11 applies, except for those defined in
29 subsections (a), (b), (c), and (h) of Section 143.13, unless it
30 shall send by mail to the named insured at least 60 days
31 advance notice of its intention not to renew. The company shall
32 maintain proof of mailing of such notice on one of the
33 following forms: a recognized U.S. Post Office form or a form

1 acceptable to the U.S. Post Office or other commercial mail
2 delivery service. An exact and unaltered copy of such notice
3 shall also be sent to the insured's broker, if known, or the
4 agent of record and to the mortgagee or lien holder at the last
5 mailing address known by the company. However, where
6 cancellation is for nonpayment of premium, the notice of
7 cancellation must be mailed at least 10 days before the
8 effective date of the cancellation.

9 b. This Section does not apply if the company has
10 manifested its willingness to renew directly to the named
11 insured. Provided, however, that no company may increase the
12 renewal premium on any policy of insurance to which Section
13 143.11 applies, except for those defined in subsections (a),
14 (b), (c), and (h) of Section 143.13, by 30% or more, nor impose
15 changes in deductibles or coverage that materially alter the
16 policy, unless the company shall have mailed or delivered to
17 the named insured written notice of such increase or change in
18 deductible or coverage at least 60 days prior to the renewal or
19 anniversary date. The increase in premium shall be the renewal
20 premium based on the known exposure as of the date of the
21 quotation compared to the premium as of the last day of
22 coverage for the current year's policy, annualized. The premium
23 on the renewal policy may be subsequently amended to reflect
24 any change in exposure or reinsurance costs not considered in
25 the quotation. An exact and unaltered copy of such notice shall
26 also be sent to the insured's broker, if known, or the agent of
27 record. If an insurer fails to provide the notice required by
28 this subsection, then the company must extend the current
29 policy under the same terms, conditions, and premium to allow
30 60 days notice of renewal and provide the actual renewal
31 premium quotation and any change in coverage or deductible on
32 the policy. Proof of mailing or proof of receipt may be proven
33 by a sworn affidavit by the insurer as to the usual and
34 customary business practices of mailing notice pursuant to this

1 Section or may be proven consistent with Illinois Supreme Court
2 Rule 236.

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

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

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

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

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

21 (215 ILCS 5/513a11) (from Ch. 73, par. 1065.60a11)

22 Sec. 513a11. Cancellation requirements upon default.

23 (a) When a premium finance agreement contains a power of
24 attorney enabling the premium finance company to cancel any
25 insurance contract or contracts listed in the premium finance
26 agreement, the insurance contract or contracts shall not be
27 cancelled by the premium finance company unless the request for
28 cancellation is effectuated under this Section.

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

33 (c) After expiration of the 10 day period, the premium

1 finance company may request, in the name of the named insured,
2 cancellation of the insurance contract or contracts by mailing
3 or hand delivering to the insurer a request for cancellation,
4 and the insurance contract shall be cancelled as if the request
5 for cancellation had been submitted by the named insured, but
6 without requiring the return of the insurance contract or
7 contracts. The premium finance company shall also mail a copy
8 of the request for cancellation to the named insured at his
9 last known address.

10 (d) All statutory, regulatory, and contractual
11 restrictions providing that the insurance contract may not be
12 cancelled unless notice is given to a governmental agency,
13 mortgagee, or other third party shall apply where cancellation
14 is effected under provisions of this Section. The insurer shall
15 give the notice to any governmental agency, mortgagee, or other
16 third party on or before the fifth business day after it
17 receives the notice of cancellation from the premium finance
18 company. For purposes of this Section, any governmental agency,
19 mortgagee, or other third party may opt to receive notices
20 electronically.

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

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

29 (Source: P.A. 87-811.)".