

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) A company intending to nonrenew 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, must mail
11 written notice to the named insured at least 60 days prior to
12 the expiration date of the current policy. In all notices of
13 intention not to renew any policy of insurance, as defined in
14 Section 143.11, the company shall provide a specific
15 explanation of the reasons for nonrenewal. A company may not
16 extend the current policy period for purposes of providing
17 notice of its intention not to renew required under this
18 subsection (a). ~~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. The~~
23 ~~company shall maintain proof of mailing of such notice on one~~

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

10 (b) A company intending to renew any policy of insurance to
11 which Section 143.11 applies, except for those defined in
12 subsections (a), (b), (c), and (h) of Section 143.13, with an
13 increase in premium of 30% or more or with changes in
14 deductibles or coverage that materially alter the policy must
15 mail or deliver to the named insured written notice of such
16 increase or change in deductible or coverage at least 60 days
17 prior to the renewal or anniversary date. If a company has
18 failed to provide notice of intention to renew required under
19 this subsection (b) at least 60 days prior to the renewal or
20 anniversary date, but does so no less than 31 days prior to the
21 renewal or anniversary date, the company may extend the current
22 policy at the current terms and conditions for the period of
23 time needed to equal the 60 day time period required to provide
24 notice of intention to renew by this subsection (b). The
25 increase in premium shall be the renewal premium based on the
26 known exposure as of the date of the quotation compared to the

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

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

7 (c) A company that has failed to provide notice of
8 intention to nonrenew under subsection (a) of this Section and
9 has failed to provide notice of intention to renew as
10 prescribed under subsection (b) of this Section must renew the
11 expiring policy under the same terms and conditions for an
12 additional year or until the effective date of any similar
13 insurance is procured by the insured, whichever is earlier. The
14 company may increase the renewal premium. However, such
15 increase must be less than 30% of the expiring term's premium
16 and notice of such increase must be delivered to the named
17 insured on or before the date of expiration of the current
18 policy period. ~~e. Should a company fail to comply with the~~
19 ~~non renewal notice requirements of subsection a., the policy~~
20 ~~shall be extended for an additional year or until the effective~~
21 ~~date of any similar insurance procured by the insured,~~
22 ~~whichever is less, on the same terms and conditions as the~~
23 ~~policy sought to be terminated, unless the insurer has~~
24 ~~manifested its intention to renew at a different premium that~~
25 ~~represents an increase not exceeding 30%.~~

26 (d) Under subsection (a), the company shall maintain proof

1 of mailing of the notice of intention not to renew to the named
2 insured on one of the following forms: a recognized U.S. Post
3 Office form or a form acceptable to the U.S. Post Office or
4 other commercial mail delivery service. Under subsections (b)
5 and (c), proof of mailing or proof of receipt of the notice of
6 intention to renew to the named insured may be proven by a
7 sworn affidavit by the company as to the usual and customary
8 business practices of mailing notice pursuant to this Section
9 or may be proven consistent with Illinois Supreme Court Rule
10 236. For all notice requirements under this Section, an exact
11 and unaltered copy of the notice to the named insured shall
12 also be sent to the named insured's producer, if known, or the
13 producer of record. For notices of intention to not renew, an
14 exact and unaltered copy of the notice to the named insured
15 shall also be sent to the mortgagee or lien holder at the last
16 mailing address known by the company. ~~d. Renewal of a policy~~
17 ~~does not constitute a waiver or estoppel with respect to~~
18 ~~grounds for cancellation which existed before the effective~~
19 ~~date of such renewal.~~

20 (e) Renewal of a policy does not constitute a waiver or
21 estoppel with respect to grounds for cancellation that existed
22 before the effective date of such renewal. ~~e. In all notices of~~
23 ~~intention not to renew any policy of insurance, as defined in~~
24 ~~Section 143.11 the company shall provide a specific explanation~~
25 ~~of the reasons for nonrenewal.~~

26 (f) For purposes of this Section, the named insured's

1 producer, if known, or the producer of record and the mortgagee
2 or lien holder may opt to accept notification electronically.

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.)