



Sen. Michael E. Hastings

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10400HB3799sam001

LRB104 11270 AMC 29449 a

1 AMENDMENT TO HOUSE BILL 3799

2 AMENDMENT NO. _____. Amend House Bill 3799 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by
5 changing Section 143.17 and by adding Article XLVIII as
6 follows:

7 (215 ILCS 5/143.17) (from Ch. 73, par. 755.17)

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

9 a. No company shall fail to renew any policy of insurance,
10 as defined in subsections (a), (b), (c), and (h) of Section
11 143.13, to which Section 143.11 applies, unless it shall send
12 by mail to the named insured at least 30 days advance notice of
13 its intention not to renew. The company shall maintain proof
14 of mailing of such notice on a recognized U.S. Post Office form
15 or a form acceptable to the U. S. Post Office or other
16 commercial mail delivery service. The nonrenewal shall not

1 become effective until at least 30 days from the proof of
2 mailing date of the notice to the name insured. Notification
3 shall also be sent to the insured's broker, if known, or the
4 agent of record, if known, and to the last known mortgagee or
5 lien holder. For purposes of this Section, the mortgagee or
6 lien holder, insured's broker, or the agent of record may opt
7 to accept notification electronically. However, where
8 cancellation is for nonpayment of premium, the notice of
9 cancellation must be mailed at least 10 days before the
10 effective date of the cancellation.

11 b. This Section does not apply if the company has
12 manifested its willingness to renew directly to the named
13 insured. Such written notice shall specify the premium amount
14 payable, including any premium payment plan available, and the
15 name of any person or persons, if any, authorized to receive
16 payment on behalf of the company. If no person is so
17 authorized, the premium notice shall so state.

18 b-5. This Section does not apply if the company manifested
19 its willingness to renew directly to the named insured.
20 However, no company may impose renewal premium increases of
21 more than 10% for lines of business enumerated in subsection
22 (b) of Section 143.13 to which Section 143.11 applies unless
23 the company mails or delivers by electronic means, in
24 compliance with Section 143.34, to the named insured notice of
25 the increase in renewal premium at least 60 days before the
26 renewal or anniversary date. No ~~no~~ company may impose changes

1 in deductibles or coverage for any policy forms applicable to
2 an entire line of business enumerated in subsections (a), (b),
3 (c), and (h) of Section 143.13 to which Section 143.11 applies
4 unless the company mails or delivers by electronic means, in
5 compliance with Section 143.34, to the named insured written
6 notice of the change in deductible or coverage at least 60 days
7 prior to the renewal or anniversary date. For purposes of this
8 subsection, "lines of business enumerated in subsection (b) of
9 Section 143.13 to which Section 143.11 applies" does not
10 include lines of business excluded under paragraph (1), (2),
11 (3), or (4) of Section 1802.

12 Notice shall also be sent to the insured's broker, if
13 known, or the agent of record. For purposes of this subsection
14 b-5, policyholder-initiated changes to coverage and exposure
15 changes are not included in the renewal premium increases that
16 require a company to provide notice to the insured.

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

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

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

1 reasons for nonrenewal.

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

5 (Source: P.A. 100-475, eff. 1-1-18.)

6 (215 ILCS 5/Art. XLVIII heading new)

7 ARTICLE XLVIII. RATES FOR FIRE AND EXTENDED COVERAGE INSURANCE

8 (215 ILCS 5/1801 new)

9 Sec. 1801. Purpose. The purpose of this Article is to
10 promote the public welfare by regulating fire and extended
11 coverage insurance rates so that the rates will not be
12 excessive, inadequate, or unfairly discriminatory. Nothing in
13 this Article is intended to prohibit or discourage reasonable
14 competition or to authorize or encourage, except to the extent
15 necessary to accomplish the purpose of this Article,
16 uniformity in insurance rates, rating systems, rating plans,
17 or practices. This Article shall be liberally construed to
18 carry into effect the provisions of this Section.

19 (215 ILCS 5/1802 new)

20 Sec. 1802. Applicability. This Article applies to policies
21 of fire and extended coverage insurance, as defined in
22 subsection (b) of Section 143.13 of this Code, to which
23 Section 143.11 of this Code applies. This Article does not

1 apply to the following:

2 (1) policies for any commercial liability and property
3 insurance;

4 (2) policies for a structure, all or part of which is
5 leased or rented, regardless of whether the insured
6 occupied all or part of the structure as a primary
7 residence;

8 (3) policies for a structure that is unoccupied and
9 intended by the insured to be sold, leased, or rented or
10 policies for a structure that is unoccupied and under
11 active construction, renovation, or substantial
12 improvement and that is intended by the insured to be
13 sold, leased, or rented; and

14 (4) policies for a home or dwelling that is part of a
15 farm policy, regardless of whether the insured owned the
16 dwelling or occupied the dwelling as a primary residence.

17 (215 ILCS 5/1803 new)

18 Sec. 1803. Rate standards; excessive, inadequate, or
19 unfairly discriminatory.

20 (a) Rates shall not be excessive, inadequate, or unfairly
21 discriminatory.

22 (b) A rate is inadequate if it endangers the solvency of
23 the insurer.

24 (c) A rate is unfairly discriminatory if, after allowing
25 for practical limitations, the price differentials fail to

1 reflect the difference in expected losses and expenses. A rate
2 is not unfairly discriminatory if different rates result for
3 policyholders with similar loss exposures but different
4 expenses, or similar expenses but different loss exposures, so
5 long as the rate reflects the differences with reasonable
6 accuracy.

7 (d) A rate is reasonable and not excessive, inadequate, or
8 unfairly discriminatory if it is an actuarially sound estimate
9 of the expected value of all future costs associated with an
10 individual risk transfer.

11 (215 ILCS 5/1804 new)

12 Sec. 1804. Determinations and notice; hearing.

13 (a) If the Department proves through independent actuarial
14 testing consistent with actuarial professional standards that
15 a filing is excessive, inadequate, or unfairly discriminatory
16 pursuant to subsection (d) of this Section and Section 1803,
17 the Department shall send the company notice within 60 days
18 after the filing specifying: (1) in what respects the filing
19 fails to meet the requirements of this Article, and (2) if
20 applicable, any modifications that are required. The notice
21 shall specify a reasonable period after which the filing is no
22 longer effective if the company fails to timely request a
23 hearing under subsection (b). If the company timely requests a
24 hearing under subsection (b), the filing shall remain in
25 effect until the conclusion of the hearing and a final order is

1 issued. If the Department finds that a rate is excessive,
2 inadequate, or unfairly discriminatory pursuant to this
3 Article, the final order may specify a reasonable period after
4 which the filing is no longer effective.

5 (b) The company may request a hearing on the notice within
6 30 days after receipt. Failure to request a hearing within
7 that 30-day period shall be deemed the company's acceptance of
8 the Department's determination. Failure by the Department to
9 hold the requested hearing within 60 days after the request
10 and to resolve the outcome of the hearing within 90 days after
11 the initial request shall result in dismissal of the
12 Department's objection and the filing will remain in effect.

13 (c) All material, testing, and communication regarding
14 activities outlined in subsections (a) and (b) of this Section
15 shall be regarded as confidential work papers.

16 (d) Subsections (a), (b), and (c) shall apply only to
17 filings submitted on or after January 1, 2027. Failure of the
18 Department to make timely objections as outlined in subsection
19 (a) shall result in the filing being deemed compliant with
20 this Article.

21 (e) Any party aggrieved by a final order under this
22 Article may seek judicial review in the Circuit Court of
23 Sangamon County under the Administrative Review Law.

24 (215 ILCS 5/1805 new)

25 Sec. 1805. Prohibition on cost-shifting. Credible

1 State-specific loss experience shall be used in the
2 development of rates whenever such data is available and
3 statistically reliable. To meet actuarial standards of
4 credibility, insurers may supplement State-specific loss
5 experience with countrywide, regional, or out-of-state loss
6 experience. Nothing in this Section shall apply to rating
7 relativity development during ratemaking. This Section shall
8 only apply to companies issuing policies that are subject to
9 this Article.

10 Section 99. Effective date. This Act takes effect January
11 1, 2027.".