



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB0268

Introduced 1/24/2025, by Sen. Michael E. Hastings

SYNOPSIS AS INTRODUCED:

215 ILCS 5/Art. XLVIII heading new
215 ILCS 5/1801 new
215 ILCS 5/1805 new
215 ILCS 5/1810 new
215 ILCS 5/1815 new
215 ILCS 5/1820 new
215 ILCS 5/1825 new
215 ILCS 5/1830 new
215 ILCS 5/1835 new
215 ILCS 5/1840 new
215 ILCS 5/1845 new

Creates the Insurance Fairness and Consumer Protection Law Article of the Illinois Insurance Code. Provides that insurers must submit a request for approval to the Department of Insurance for any proposed rate increase for homeowners insurance premiums or automobile insurance premiums. Prohibits implementing any rate increase without prior written approval of the Department. Prohibits using nondriving factors, such as credit score, occupation, and education level, to determine automobile insurance premiums. Provides that, for homeowners insurance, factors unrelated to the insured property's location, age, and condition shall not be considered in rate setting. Requires a public disclosure and comment period for any proposed rate increase exceeding 10% in a 12-month period. Prohibits an insurer from increasing premiums by more than 15% per year for any policyholder without exceptional justification, which must include specified evidence. Sets forth provisions concerning definitions; penalties; reimbursement of consumers; market conduct actions; Department approval of rate increases; and rulemaking. Effective immediately.

LRB104 08773 BAB 18827 b

1 AN ACT concerning regulation.

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 adding Article XLVIII as follows:

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

7 ARTICLE XLVIII. INSURANCE RATE FAIRNESS AND CONSUMER
8 PROTECTION

9 (215 ILCS 5/1801 new)

10 Sec. 1801. Short title. This Article may be cited as the
11 Insurance Rate Fairness and Consumer Protection Law.

12 (215 ILCS 5/1805 new)

13 Sec. 1805. Purpose. The purpose of this Law is to limit
14 unjustified increases in homeowners and automobile insurance
15 premiums, ensure transparency in rate-setting practices, and
16 grant the Department of Insurance greater oversight authority
17 to protect consumers.

18 (215 ILCS 5/1810 new)

19 Sec. 1810. Definitions. As used in this Law:

20 "Department" means the Department of Insurance.

1 "Director" means the Director of Insurance.

2 "Insurer" means an insurance company offering homeowners
3 insurance policies or automobile insurance policies within the
4 State.

5 (215 ILCS 5/1815 new)

6 Sec. 1815. Prior approval requirement for rate changes.

7 (a) Insurers must submit a request for approval to the
8 Department for any proposed rate increase for homeowners
9 insurance premiums or automobile insurance premiums.

10 (b) The Department shall review the rate request within 60
11 days after submission.

12 (c) If the Department does not make a determination within
13 the 60-day review period, the request shall be deemed denied
14 until further review.

15 (d) Insurers shall not implement any rate increase without
16 prior written approval from the Department.

17 (e) An insurer that submits false or misleading
18 information in a rate request shall be subject to an immediate
19 penalty of \$100,000 per offense and mandatory audits by the
20 Department for the next 3 years.

21 (f) This Section is operative on and after January 1,
22 2026.

23 (215 ILCS 5/1820 new)

24 Sec. 1820. Limitation on nondriving factors in automobile

1 insurance rate setting.

2 (a) Insurers are prohibited from using nondriving factors,
3 such as credit score, occupation, and education level, to
4 determine automobile insurance premiums.

5 (b) For homeowners insurance, factors unrelated to the
6 insured property's location, age, and condition shall not be
7 considered in rate setting.

8 (c) The Department may impose civil penalties of up to
9 \$50,000 per violation on insurers that fail to comply with
10 this Section.

11 (215 ILCS 5/1825 new)

12 Sec. 1825. Public disclosure and comment period.

13 (a) For any proposed rate increase exceeding 10% in a
14 12-month period, the insurer must publish a public notice,
15 including a detailed justification for the increase.

16 (b) A 30-day public comment period shall follow the
17 publication of the notice, during which consumers may submit
18 comments or objections to the proposed rate increase.

19 (c) The Department shall consider public feedback when
20 making a final determination regarding the proposed rate
21 increase.

22 (d) Failure to publish the notice shall result in
23 automatic denial of the rate increase and a fine of \$250,000.

24 (215 ILCS 5/1830 new)

1 Sec. 1830. Rate increase limitations.

2 (a) No insurer shall increase premiums by more than 15%
3 per year for any policyholder without exceptional
4 justification.

5 (b) Exceptional justification must include evidence of
6 increased claims related to natural disasters, regulatory
7 changes, or unforeseen market shifts.

8 (c) The Department shall have sole discretion to determine
9 whether the exceptional justification is valid.

10 (d) Unauthorized increases exceeding the limitation on
11 premium increases under subsection (a) shall result in: (1)
12 the insurer fully reimbursing affected policyholders plus 25%
13 of the reimbursement amount; and (2) a fine of \$500,000.

14 (215 ILCS 5/1835 new)

15 Sec. 1835. Regular market conduct examinations.

16 (a) The Department shall conduct market conduct
17 examinations of insurers at least once every 3 years to ensure
18 compliance with this Law.

19 (b) Examinations shall assess the fairness of rate-setting
20 practices, transparency of filings, and adherence to approved
21 rates.

22 (c) The Department may issue corrective actions, fines, or
23 sanctions for violations discovered during market conduct
24 examinations.

25 (d) Insurers found in repeated noncompliance of this law

1 shall be fined \$1,000,000 and may have their license to
2 operate suspended for up to 12 months.

3 (215 ILCS 5/1840 new)

4 Sec. 1840. Penalties and enforcement.

5 (a) Insurers that implement unapproved rate increases or
6 fail to comply with this Law shall be subject to fines up to
7 \$250,000 per violation.

8 (b) In cases of repeated violations of this Law, the
9 Department may suspend or revoke an insurer's license to
10 operate in Illinois.

11 (c) Policyholders affected by unapproved rate increases
12 shall be entitled to reimbursement of any overpaid premiums
13 plus an additional 30% penalty paid by the insurer.

14 (215 ILCS 5/1845 new)

15 Sec. 1845. Rulemaking authority. The Department may adopt
16 rules necessary to implement and enforce the requirements of
17 this Law.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.