

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 changing Sections 143.17 and 143.29 and by adding Article
6 XLVIII as 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
17 become effective until at least 30 days from the proof of
18 mailing date of the notice to the name insured. Notification
19 shall also be sent to the insured's broker, if known, or the
20 agent of record, if known, and to the last known mortgagee or
21 lien holder. For purposes of this Section, the mortgagee or
22 lien holder, insured's broker, or the agent of record may opt
23 to accept notification electronically. However, where

1 cancellation is for nonpayment of premium, the notice of
2 cancellation must be mailed at least 10 days before the
3 effective date of the cancellation.

4 b. This Section does not apply if the company has
5 manifested its willingness to renew directly to the named
6 insured. Such written notice shall specify the premium amount
7 payable, including any premium payment plan available, and the
8 name of any person or persons, if any, authorized to receive
9 payment on behalf of the company. If no person is so
10 authorized, the premium notice shall so state.

11 b-5. This Section does not apply if the company manifested
12 its willingness to renew directly to the named insured.
13 However, no company may impose renewal premium increases of
14 more than 10% for lines of business enumerated in subsection
15 (a) of Section 143.13 to which Section 143.11 applies unless
16 the company mails or delivers by electronic means, in
17 compliance with Section 143.34, to the named insured the
18 increase in renewal premium at least 30 days prior to the
19 renewal or anniversary date. No ~~no~~ company may impose changes
20 in deductibles or coverage for any policy forms applicable to
21 an entire line of business enumerated in subsections (a), (b),
22 (c), and (h) of Section 143.13 to which Section 143.11 applies
23 unless the company mails or delivers by electronic means, in
24 compliance with Section 143.34, to the named insured written
25 notice of the change in deductible or coverage at least 60 days
26 prior to the renewal or anniversary date.

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

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

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

13 e. In all notices of intention not to renew any policy of
14 insurance, as defined in Section 143.11 the company shall
15 provide the named insured a specific explanation of the
16 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 g. The changes made to this Section by this amendatory Act
21 of the 104th General Assembly apply to renewal premium notices
22 sent on or after July 1, 2027.

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

24 (215 ILCS 5/143.29) (from Ch. 73, par. 755.29)

25 Sec. 143.29. (a) The rates and premium charges for every

1 policy of automobile liability insurance shall include
2 appropriate reductions as determined by the insurer for any
3 insured over age 55 upon successful completion of the National
4 Safety Council's Defensive Driving Course or a motor vehicle
5 crash prevention course, including an eLearning course, that
6 is found by the Secretary of State to meet or exceed the
7 standards of the National Safety Council's Defensive Driving
8 Course's 4-hour ~~8-hour~~ classroom safety instruction program or
9 eLearning course.

10 (b) The premium reduction shall remain in effect for the
11 qualifying insured for a period of 3 years from the date of
12 successful completion of the crash prevention course, except
13 that the insurer may elect to apply the premium reduction
14 beginning either with the last effective date of the policy or
15 the next renewal date of the policy if the reduction will
16 result in a savings as though applied over a full 3 year
17 period. An insured who has completed the course of instruction
18 prior to July 1, 1982 shall receive the insurance premium
19 reduction for only the period remaining within the 3 years
20 from course completion. The period of premium reduction for an
21 insured who has repeated the crash prevention course shall be
22 based upon the last such course the insured has successfully
23 completed.

24 (c) Any crash prevention course approved by the Secretary
25 of State under this Section shall be taught by an instructor
26 approved by the Secretary of State, shall consist of at least 4

1 hours ~~8 hours~~ of classroom or eLearning equivalent instruction
2 and shall provide for a certificate of completion. Records of
3 certification of course completion shall be maintained in a
4 manner acceptable to the Secretary of State.

5 (d) Any person claiming eligibility for a rate or premium
6 reduction shall be responsible for providing to his insurance
7 company the information necessary to determine eligibility.

8 (e) This Section shall not apply to:

9 (1) any motor vehicle which is a part of a fleet or is
10 used for commercial purposes unless there is a regularly
11 assigned principal operator.

12 (2) any motor vehicle subject to a higher premium rate
13 because of the insured's previous motor vehicle claim
14 experience or to any motor vehicle whose principal
15 operator has been convicted of violating any of the motor
16 vehicle laws of this State, until that operator shall have
17 maintained a driving record free of crashes and moving
18 violations for a continuous one year period, in which case
19 such driver shall be eligible for a reduction the
20 remaining 2 years of the 3 year period.

21 (3) any motor vehicle whose principal operator has had
22 his drivers license revoked or suspended for any reason by
23 the Secretary of State within the previous 36 months.

24 (4) any policy of group automobile insurance under
25 which premiums are broadly averaged for the group rather
26 than determined individually.

(Source: P.A. 102-397, eff. 1-1-22; 102-982, eff. 7-1-23.)

(215 ILCS 5/Art. XLVIII heading new)

ARTICLE XLVIII. RATES FOR AUTOMOBILE INSURANCE

(215 ILCS 5/1801 new)

Sec. 1801. Purpose. The purpose of this Article is to promote the public welfare by regulating automobile insurance rates so that the rates will not be excessive, inadequate, or unfairly discriminatory. Nothing in this Article is intended to prohibit or discourage reasonable competition or to authorize or encourage, except to the extent necessary to accomplish the purpose of this Article, uniformity in insurance rates, rating systems, rating plans, or practices. This Article shall be liberally construed to carry into effect the provisions of this Section.

(215 ILCS 5/1802 new)

Sec. 1802. Applicability.

(a) This Article applies to policies of automobile insurance, as defined in subsection (a) of Section 143.13 of this Code, to which Section 143.11 of this Code applies.

(b) The provisions of this Article apply only to filings made on or after July 1, 2027.

(215 ILCS 5/1803 new)

1 Sec. 1803. Rate standards; excessive, inadequate, or
2 unfairly discriminatory.

3 (a) Rates shall not be excessive, inadequate, or unfairly
4 discriminatory.

5 (b) A rate is inadequate if it endangers the solvency of
6 the insurer.

7 (c) A rate is unfairly discriminatory if, after allowing
8 for practical limitations, the price differentials fail to
9 reflect the difference in expected losses and expenses. A rate
10 is not unfairly discriminatory if different rates result for
11 policyholders with similar loss exposures but different
12 expenses, or similar expenses but different loss exposures, so
13 long as the rate reflects the differences with reasonable
14 accuracy.

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

19 (215 ILCS 5/1804 new)

20 Sec. 1804. Determinations and notice; hearing.

21 (a) If the Department determines through actuarial review
22 that a filing is excessive, inadequate, or unfairly
23 discriminatory pursuant to Section 1803, the Department shall
24 send the company notice, within 40 days after receipt of a
25 complete filing, either through the System for Electronic

1 Rates and Forms Filing (SERFF) or another filing system
2 determined by the Department, specifying: (1) in what respects
3 the filing fails to meet the requirements of this Article and
4 (2) if applicable, any modifications that are required. The
5 notice shall specify a reasonable period after which the
6 filing is no longer effective if the company fails to timely
7 request a hearing under subsection (b). If the company timely
8 requests a hearing under subsection (b), the filing shall
9 remain in effect until the conclusion of the hearing and a
10 final order is issued. If the Department finds that a rate is
11 excessive, inadequate, or unfairly discriminatory pursuant to
12 this Article, the final order may specify a reasonable period
13 after which the filing is no longer effective and any rebates
14 that must be remitted to affected consumers. Failure of the
15 Department to provide timely notice under this Section within
16 40 days after the receipt of a complete filing as defined in
17 subsection (d) shall result in the filing being deemed
18 compliant with this Article. The 40-day period in which the
19 Department is authorized under this Section to determine a
20 filing is excessive, inadequate, or unfairly discriminatory is
21 neither waivable nor subject to extension.

22 (b) The company may request a hearing on the notice within
23 30 days after receipt. Failure to request a hearing within 30
24 days shall be deemed the company's acceptance of the
25 Department's determination. Failure by the Department to hold
26 the requested hearing within 40 days after the request, and to

1 resolve the outcome of the hearing within 60 days after the
2 hearing date or the filing of post-briefing submissions
3 allowed by the Hearing Officer, whichever is later, shall
4 result in the dismissal of the Department's notice and shall
5 cause the filing to remain in effect.

6 (c) The action of the Director in objecting to a filing
7 under this Article is subject to judicial review under the
8 Administrative Review Law.

9 (d) A complete filing consists of a rate filing that
10 contains all new or revised rates, a new or revised rate
11 manual, including new or revised rate manual rules, and any
12 experience, judgment, and interpretation of the statistical
13 data relied upon by the company. If the Department finds that
14 the filing is incomplete, then the Department must provide
15 notice to the company within 15 days after receipt of the
16 filing or the date the filing is deemed complete. The notice
17 must set forth the documents or other information that is
18 required to complete the filing. If such notice is provided,
19 the filing is deemed complete after the additional information
20 specified by the Department in its notice is provided by the
21 company to the Department.

22 (215 ILCS 5/1805 new)

23 Sec. 1805. Prohibition on cost-shifting. Credible
24 State-specific loss experience shall be used in the
25 development of rates whenever such data is available and

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

8 Section 99. Effective date. This Act takes effect July 1,
9 2027.