

**104TH GENERAL ASSEMBLY****State of Illinois****2025 and 2026****SB3823**

Introduced 2/6/2026, by Sen. Ram Villivalam

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Insurance Code. Provides that no company may impose renewal premium increases of more than 10% for specified lines of business unless the company mails or delivers by electronic means to the named insured and by electronic means to the Department of Insurance notice of the increase in renewal premium at least 60 days prior to the renewal or anniversary date. Provides that the rates and premium charges for every policy of automobile liability insurance shall include appropriate reductions as determined by the insurer for any insured over age 55 upon successful completion of the National Safety Council's Defensive Driving Course or a motor vehicle crash prevention course, including an eLearning course, that is found by the Secretary of State to meet or exceed the standards of the National Safety Council's Defensive Driving Course's 4-hour (rather than 8-hour) classroom safety instruction program or eLearning course. Creates the Rates for Automobile Insurance Article. Provides that rates shall not be excessive, inadequate, or unfairly discriminatory. Provides that a rate is reasonable and not excessive, inadequate, or unfairly discriminatory if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer. Prohibits insurance providers from using an insured's zip code; credit score, credit-based insurance score, or any insurance score that uses or relies upon an insured's credit score; or age, if the insured is over 65 years of age, in any manner that increases an insured's premium, results in a nonrenewal of an insurance policy, or leads to the cancellation of an insurance policy. Requires credible State-specific loss experience to be used in the development of rates whenever such data is available and statistically reliable, and, to meet actuarial standards of credibility, insurers may supplement State-specific loss experience with countrywide or regional loss experience. Makes other changes. Effective January 1, 2027.

LRB104 20657 JDS 34155 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 changing Section 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, unless the company mails or delivers by
16 electronic means, in compliance with Section 143.34, to the
17 named insured and by electronic means to the Department notice
18 of the increase in renewal premium at least 60 days prior to
19 the renewal or anniversary date. No ~~no~~ company may impose
20 changes in deductibles or coverage for any policy forms
21 applicable to an entire line of business enumerated in
22 subsections (a), (b), (c), and (h) of Section 143.13 to which
23 Section 143.11 applies unless the company mails or delivers by
24 electronic means, in compliance with Section 143.34, to the
25 named insured written notice of the change in deductible or
26 coverage at least 60 days prior to the renewal or anniversary

1 date.

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

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

11 d. Renewal of a policy does not constitute a waiver or
12 estoppel with respect to grounds for cancellation which
13 existed 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 the named insured a specific explanation of the
17 reasons for nonrenewal.

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

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

22 (215 ILCS 5/143.29) (from Ch. 73, par. 755.29)

23 Sec. 143.29. (a) The rates and premium charges for every
24 policy of automobile liability insurance shall include
25 appropriate reductions as determined by the insurer for any

1 insured over age 55 upon successful completion of the National
2 Safety Council's Defensive Driving Course or a motor vehicle
3 crash prevention course, including an eLearning course, that
4 is found by the Secretary of State to meet or exceed the
5 standards of the National Safety Council's Defensive Driving
6 Course's 4-hour ~~8-hour~~ classroom safety instruction program or
7 eLearning course.

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

22 (c) Any crash prevention course approved by the Secretary
23 of State under this Section shall be taught by an instructor
24 approved by the Secretary of State, shall consist of at least 8
25 hours of classroom or eLearning equivalent instruction and
26 shall provide for a certificate of completion. Records of

1 certification of course completion shall be maintained in a
2 manner acceptable to the Secretary of State.

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

7 (e) This Section shall not apply to:

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

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

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

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

2 (215 ILCS 5/Art. XLVIII heading new)

3 ARTICLE XLVIII. RATES FOR AUTOMOBILE INSURANCE

4 (215 ILCS 5/1801 new)

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

15 (215 ILCS 5/1802 new)

16 Sec. 1802. Applicability. This Article applies to policies
17 of automobile insurance, as defined in subsection (a) of
18 Section 143.13.

19 (215 ILCS 5/1803 new)

20 Sec. 1803. Rate standards; excessive, inadequate, or
21 unfairly discriminatory.

22 (a) Rates shall not be excessive, inadequate, or unfairly

1 discriminatory.

2 (b) A rate is inadequate if it endangers the solvency of
3 the insurer.

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

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

16 (e) Insurance providers shall not use the following
17 factors in any manner that increases an insured's premium,
18 results in a nonrenewal of an insurance policy, or leads to the
19 cancellation of an insurance policy:

20 (1) an insured's zip code;

21 (2) an insured's credit score, credit-based insurance
22 score, or any insurance score that uses or relies upon an
23 insured's credit score; or

24 (3) an insured's age, if the insured is over 65 years
25 of age.

1 (215 ILCS 5/1804 new)

2 Sec. 1804. Determinations and notice; hearing.

3 (a) If the Department believes that a filing is excessive,
4 inadequate, or unfairly discriminatory pursuant to Section
5 1803, the Department shall send the company notice,
6 specifying: (1) in what respects the filing fails to meet the
7 requirements of this Article and (2) if applicable, any
8 modifications that are required. The notice shall specify a
9 reasonable period after which the filing is no longer
10 effective if the company fails to timely request a hearing
11 under subsection (b). If the company timely requests a hearing
12 under subsection (b), the filing shall remain in effect until
13 the conclusion of the hearing and a final order is issued. If
14 the Department finds that a rate is excessive, inadequate, or
15 unfairly discriminatory pursuant to this Article, the final
16 order may specify a reasonable period after which the filing
17 is no longer effective and any rebates that must be remitted to
18 affected consumers.

19 (b) The company may request a hearing on the notice within
20 10 days after receipt. Failure to request a hearing within 10
21 days shall be deemed the company's acceptance of the
22 Department's determination.

23 (215 ILCS 5/1805 new)

24 Sec. 1805. Prohibition on cost-shifting. Credible
25 State-specific loss experience shall be used in the

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

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

1 INDEX

2 Statutes amended in order of appearance

3 215 ILCS 5/143.17 from Ch. 73, par. 755.17

4 215 ILCS 5/143.29 from Ch. 73, par. 755.29

5 215 ILCS 5/Art. XLVIII

6 heading new

7 215 ILCS 5/1801 new

8 215 ILCS 5/1802 new

9 215 ILCS 5/1803 new

10 215 ILCS 5/1804 new

11 215 ILCS 5/1805 new