



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB3827

Introduced 2/6/2026, by Sen. Michael E. Hastings

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/Art. XLVIII heading new  
215 ILCS 5/1802 new  
215 ILCS 5/1805 new  
215 ILCS 5/1810 new  
215 ILCS 5/1815 new  
215 ILCS 5/1820 new

Amends the Illinois Insurance Code. Creates the Rates for Fire and Extended Coverage Insurance Article. Provides that the Article applies to policies of fire and extended coverage insurance and establishes policies that are exempt from the Article. Provides that rates shall not be excessive, inadequate, or unfairly discriminatory, as specified. Requires each insurer to file with the Director of Insurance all rates and supplementary rate information for risks that are to be written in this State 20 days prior to the effective date of the rates. Sets forth provisions concerning filing requirements for insurers in competitive and noncompetitive markets and the monitoring duties of the Director concerning market competition and the availability of insurance for the policies of insurance to which the Article applies. Provides that a competitive market is presumed to exist for a line of insurance unless the Director, after a hearing, issues an order stating that a reasonable degree of competition does not exist in the market. Provides that the ruling of the Director regarding market competition is subject to judicial review under the Administrative Review Law. Effective January 1, 2028.

LRB104 20373 BAB 33828 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. RATES FOR FIRE AND EXTENDED COVERAGE INSURANCE

8 (215 ILCS 5/1802 new)

9 Sec. 1802. Purpose. The purpose of this Article is to:

10 (1) Protect policyholders and the public against  
11 excessive, inadequate, or unfairly discriminatory rates.

12 (2) Promote price competition among insurers to  
13 provide rates that are responsive to competitive market  
14 conditions.

15 (3) Provide regulatory controls in the absence of  
16 competition.

17 (4) Maintain availability and reliability of  
18 insurance.

19 (5) Promote the dissemination of price and other  
20 information to enable consumers to purchase insurance  
21 suitable for their needs and to foster competitive  
22 insurance markets.

1 (215 ILCS 5/1805 new)

2 Sec. 1805. Applicability. This Article applies to policies  
3 of fire and extended coverage insurance, as defined in  
4 subsection (b) of Section 143.13 of this Code, to which  
5 Section 143.11 of this Code applies. This Article does not  
6 apply to the following:

7 (1) policies for any commercial liability and property  
8 insurance;

9 (2) policies for a structure, all or part of which is  
10 leased or rented, regardless of whether the insured  
11 occupied all or part of the structure as a primary  
12 residence;

13 (3) policies for a structure that is unoccupied and  
14 intended by the insured to be sold, leased, or rented or  
15 policies for a structure that is unoccupied and under  
16 active construction, renovation, or substantial  
17 improvement and that is intended by the insured to be  
18 sold, leased, or rented; and

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

22 (215 ILCS 5/1810 new)

23 Sec. 1810. Rate standards. Rates shall not be excessive,  
24 inadequate, or unfairly discriminatory.

1           (1) Excessive rates.

2           (A) A rate in a competitive market is not  
3           excessive.

4           (B) A rate in a noncompetitive market is excessive  
5           if it is likely to produce a profit that is  
6           unreasonably high for the insurance provided.

7           (2) Inadequate rates. A premium level is inadequate if  
8           it endangers the solvency of the insurer.

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

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

22           (215 ILCS 5/1815 new)

23           Sec. 1815. Filings of rates and other rating information.

24           (a) Each insurer shall file with the Director all rates  
25           and supplementary rate information for risks that are to be

1 written in this State 20 days prior to the effective date of  
2 the rates.

3 (b) In a competitive market, unless disapproved by the  
4 Director, a filing meets the requirements of this Article and  
5 becomes effective 20 days after its submission to the Director  
6 or sooner if approved by the Director.

7 (c) In a noncompetitive market as determined under  
8 subsection (b) of Section 1820, unless disapproved by the  
9 Director, a filing meets the requirements of this Article and  
10 becomes effective 60 days after its submission to the Director  
11 or sooner if approved by the Director.

12 (d) Insurers must adhere to filings made under this  
13 Section until the filings are amended or withdrawn.

14 (215 ILCS 5/1820 new)

15 Sec. 1820. Monitoring competition; determining competitive  
16 markets; hearing.

17 (a) The Director shall monitor competition and the  
18 availability of insurance for the policies of insurance to  
19 which this Article applies.

20 (b) A noncompetitive market shall only exist wherein, over  
21 a 3-year period, the Herfindahl/Hirschman Index (HII)  
22 consistently remains at 1800 or above, as determined through  
23 the annual cost containment report required under Section 1200  
24 of this Code.

25 (c) A competitive market is presumed to exist for a line of

1 insurance unless the Director, after a hearing, issues an  
2 order stating that a reasonable degree of competition does not  
3 exist in the market. The burden of proof in any hearing shall  
4 be placed on the party or parties advocating the position that  
5 competition does not exist. Any ruling that a market is not  
6 competitive shall identify the factors causing the market not  
7 to be competitive. Such order shall expire no later than one  
8 year after issue unless rescinded earlier by the Director or  
9 unless the Director renews the rule after a hearing and a  
10 finding as to the continued lack of a reasonable degree of  
11 competition. Any ruling that renews the finding that  
12 competition does not exist shall also identify the factors  
13 that cause the market to continue not to be competitive.

14 (d) (1) In determining whether a reasonable degree of  
15 competition exists within a line of insurance, the Director  
16 shall consider at least the following factors:

17 (A) the number of insurers actively engaged in writing  
18 coverage;

19 (B) market shares of the leading writers and the  
20 changes in market shares over a reasonable period of time;

21 (C) the existence of financial or economic barriers  
22 that could prevent new firms from entering the market;

23 (D) measures of market concentration and changes of  
24 market concentration over time;

25 (E) whether long-term profitability for insurers in  
26 the market is reasonable in relation to industries of

1 comparable business risk; and

2 (F) the relationship of insurers' costs to revenue  
3 over a reasonable period of time.

4 (2) All determinations by the Director shall be made on  
5 the basis of findings of fact and conclusions of law.

6 (3) The ruling of the Director under this Section is  
7 subject to judicial review under the Administrative Review  
8 Law.

9 (e) The Director shall maintain by year whether the market  
10 is competitive as of December 31 of each year.

11 Section 99. Effective date. This Act takes effect January  
12 1, 2028.