



Rep. Dan Brady

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10000HB1954ham001

LRB100 04579 SMS 24125 a

1 AMENDMENT TO HOUSE BILL 1954

2 AMENDMENT NO. _____. Amend House Bill 1954 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by
5 changing Sections 143.14 and 143.17 as follows:

6 (215 ILCS 5/143.14) (from Ch. 73, par. 755.14)

7 Sec. 143.14. Notice of cancellation.

8 (a) No notice of cancellation of any policy of insurance,
9 to which Section 143.11 applies, shall be effective unless
10 mailed by the company to the named insured ~~and the mortgage or~~
11 ~~lien holder,~~ at the last mailing address known by the company.

12 The company shall maintain proof of mailing of such notice on a
13 recognized U.S. Post Office form or a form acceptable to the U.
14 S. Post Office or other commercial mail delivery service.

15 Notification of the cancellation ~~A copy of all such notices~~
16 shall also be sent to the insured's broker if known, or the

1 agent of record, if known, and to the mortgagee or lien holder
2 listed on the policy at the last mailing address known to the
3 ~~company~~. For purposes of this Section, the mortgage or lien
4 holder, insured's broker, if known, or the agent of record may
5 opt to accept notification electronically.

6 (b) Whenever a financed insurance contract is cancelled,
7 the insurer shall return whatever gross unearned premiums are
8 due under the insurance contract or contracts not to exceed the
9 unpaid balance due the premium finance company directly to the
10 premium finance company effecting the cancellation for the
11 account of the named insured. The return premium must be mailed
12 to the premium finance company within 60 days. The request for
13 the unearned premium by the premium finance company shall be in
14 the manner of a monthly account, current accounting by
15 producer, policy number, unpaid balance and name of insured for
16 each cancelled amount. In the event the insurance contract or
17 contracts are subject to audit, the insurer shall retain the
18 right to withhold the return of the portion of premium that can
19 be identified to the contract or contracts until the audit is
20 completed. Within 30 days of the completion of the audit, if a
21 premium retained by the insurer after crediting the earned
22 premium would result in a surplus, the insurer shall return the
23 surplus directly to the premium finance company. If the audit
24 should result in an additional premium due the insurer, the
25 obligation for the collection of this premium shall fall upon
26 the insurer and not affect any other contract or contracts

1 currently being financed by the premium finance company for the
2 named insured.

3 (c) Whenever a premium finance agreement contains a power
4 of attorney enabling the premium finance company to cancel any
5 insurance contract or contracts in the agreement, the insurer
6 shall honor the date of cancellation as set forth in the
7 request from the premium finance company without requiring the
8 return of the insurance contract or contracts. The insurer may
9 mail to the named insured an acknowledgment of the notice of
10 cancellation from the premium finance company but the named
11 insured shall not incur any additional premium charge for any
12 extension of coverage. The insurer need not maintain proof of
13 mailing of this notice.

14 (d) All statutory regulatory and contractual restrictions
15 providing that the insurance contract may not be cancelled
16 unless the required notice is mailed to a governmental agency,
17 mortgagee, lienholder, or other third party shall apply where
18 cancellation is effected under a power of attorney under a
19 premium finance agreement. The insurer shall have the right for
20 a premium charge for this extension of coverage.

21 (Source: P.A. 93-713, eff. 1-1-05.)

22 (215 ILCS 5/143.17) (from Ch. 73, par. 755.17)

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

24 a. No company shall fail to renew any policy of insurance,
25 as defined in subsections (a), (b), (c), and (h) of Section

1 143.13, to which Section 143.11 applies, unless it shall send
2 by mail to the named insured at least 30 days advance notice of
3 its intention not to renew. The company shall maintain proof of
4 mailing of such notice on a recognized U.S. Post Office form or
5 a form acceptable to the U. S. Post Office or other commercial
6 mail delivery service. Notification of the intention not to
7 renew ~~An exact and unaltered copy of such notice~~ shall also be
8 sent to the insured's broker, if known, or the agent of record
9 and to any ~~the~~ mortgagee or lien holder listed on the policy ~~at~~
10 ~~the last mailing address known by the company.~~ For purposes of
11 this Section, the mortgagee or lien holder, insured's broker,
12 or the agent of record may opt to accept notification
13 electronically. However, where cancellation is for nonpayment
14 of premium, the notice of cancellation must be mailed at least
15 10 days before the effective date of the cancellation.

16 b. This Section does not apply if the company has
17 manifested its willingness to renew directly to the named
18 insured. Such written notice shall specify the premium amount
19 payable, including any premium payment plan available, and the
20 name of any person or persons, if any, authorized to receive
21 payment on behalf of the company. If no person is so
22 authorized, the premium notice shall so state. The notice of
23 nonrenewal and the proof of mailing shall be effected on the
24 same date.

25 b-5. This Section does not apply if the company manifested
26 its willingness to renew directly to the named insured.

1 However, no company may impose changes in deductibles or
2 coverage for any policy forms applicable to an entire line of
3 business enumerated in subsections (a), (b), (c), and (h) of
4 Section 143.13 to which Section 143.11 applies unless the
5 company mails to the named insured written notice of the change
6 in deductible or coverage at least 60 days prior to the renewal
7 or anniversary date. An exact and unaltered copy of the notice
8 shall also be sent to the insured's broker, if known, or the
9 agent of record.

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

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

17 e. In all notices of intention not to renew any policy of
18 insurance, as defined in Section 143.11 the company shall
19 provide a specific explanation of the reasons for nonrenewal.

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

23 (Source: P.A. 93-713, eff. 1-1-05.)

24 Section 99. Effective date. This Act takes effect January
25 1, 2018."