

SB0379



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB0379

Introduced 2/7/2007, by Sen. Ira I. Silverstein

SYNOPSIS AS INTRODUCED:

625 ILCS 5/7-601.1 new
625 ILCS 5/7-601.2 new
625 ILCS 5/7-601.3 new
625 ILCS 5/7-601.4 new

Amends the Illinois Vehicle Code. Provides that a person's vehicle registration and driving privileges may be suspended if he or she fails to provide and maintain satisfactory proof of insurance or financial security under the Code. Provides that an insurance company is required to give a vehicle owner advance notice before his or her liability coverage is terminated. Provides that the company must notify the Secretary of State of any termination of coverage. Provides requirements for notice and prohibits termination of coverage under certain conditions. Provides that suspension of registration and driving privileges will be terminated if the person provides proof of insurance or financial security that is satisfactory under the Code.

LRB095 10830 DRH 31092 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning transportation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Vehicle Code is amended by adding
5 Sections 7-601.1, 7-601.2, 7-601.3, and 7-601.4, as follows:

6 (625 ILCS 5/7-601.1 new)

7 Sec. 7-601.1. Registration application; proof of insurance
8 required.

9 (a) Except as provided in subsection (b), a motor vehicle
10 may not be registered in this State unless the application for
11 registration is accompanied by the proof of financial security
12 required under Section 7-601 of this Code.

13 (b) The Secretary of State may provide by rule that upon
14 renewal of registration, an application accompanied by proof of
15 proper Illinois registration issued by the Secretary in force
16 immediately preceding the date of application for renewal,
17 together with a statement in a form prescribed by the Secretary
18 certifying that there is in effect proof of financial security,
19 shall meet the requirements of this Section.

20 (c) Upon the issuance or renewal of a private passenger
21 automobile insurance policy in compliance with Section 7-601 of
22 this Code, the insurance company shall provide the insured with
23 an informational statement outlining the legal and financial

1 consequences of convictions under Section 11-501 of this Code,
2 pertaining to operating a motor vehicle while under the
3 influence of alcohol, other drug or drugs, intoxicating
4 compound or compounds, or any combination thereof. The
5 informational statement shall specifically include the
6 relationship between body weight, alcohol consumption rate,
7 and the amount of alcohol consumed after which persons are
8 deemed to be in violation of Section 11-501. That information
9 shall be supplied to the company by the Department of Insurance
10 in consultation with the Secretary.

11 (d) The owner of a motor vehicle must maintain proof of
12 financial security continuously throughout the registration
13 period.

14 (e) When insurance with respect to any motor vehicle is
15 terminated, the owner must surrender to the Secretary his or
16 her proof of registration and the license plates of the
17 vehicle, unless proof of financial security is otherwise
18 maintained in compliance with Section 7-601.

19 (f) The Secretary shall adopt rules for implementing this
20 Section and Sections 7-601.2, 7-601.3, and 7-601.4, including
21 but not limited to rules with regard to how registration plates
22 and stickers issued by the Secretary under Section 3-412 shall
23 indicate whether or not a vehicle meets the proof of financial
24 security requirements of this Code.

1 Sec. 7-601.2. Insurance companies; issuance and
2 termination of coverage; record keeping.

3 (a) Upon issuance of an owner's policy of liability
4 insurance or other financial security required by Section
5 7-601, an insurer shall issue proof of insurance in accordance
6 with Section 7-602.

7 (b) The Secretary shall make a record of all notices of
8 termination received under Section 7-601.3. After making the
9 record, the Secretary is not required to retain the notices.

10
11 (625 ILCS 5/7-601.3 new)

12 Sec. 7-601.3. Notice of termination.

13 (a) Except as otherwise provided in this subsection (a), an
14 insurer may not cancel or terminate a contract of insurance for
15 which a certificate of insurance has been filed with the
16 Secretary until at least 20 days after mailing to the named
17 insured, at the address shown on the policy, a notice of
18 termination by regular mail, with a certificate of mailing
19 properly endorsed by the postal service. If the cancellation is
20 for non-payment of premium, however, 15 days notice of
21 cancellation to the insured by the insurer is sufficient.

22 (b) An insurer may not nonrenew a contract of insurance for
23 which a certificate of insurance has been filed with the
24 Secretary, if a natural person is the named insured and the
25 motor vehicle is used predominantly for non-business purposes,

1 unless, at least 45 days but not more than 60 days in advance
2 of the renewal date, the insurer mails or delivers to the named
3 insured, at the address shown on the policy, a written notice
4 of the insurer's intention not to renew.

5 (c) An insurer may not nonrenew a contract of insurance for
6 which a certificate of insurance has been filed with the
7 Secretary, if the named insured is not a natural person or the
8 motor vehicle is used predominantly for business purposes,
9 unless, at least 20 days in advance of the renewal date, the
10 insurer mails or delivers to the named insured, at the address
11 shown on the policy, a written notice of the insurer's
12 intention not to renew.

13 (d) A notice of nonrenewal must be sent by regular mail,
14 with a certificate of mailing properly endorsed by the postal
15 service. The time of the effective date and hour of termination
16 stated in the notice shall become the end of the policy period.
17 Every notice or acknowledgement of termination for any cause
18 whatsoever sent to the insured must include, in at least 12
19 point type, (i) a statement that proof of financial security is
20 required to be maintained continuously throughout the
21 registration period and (ii) a notice prescribed by the
22 Secretary indicating the punitive effects of failure to
23 maintain continuous proof of financial security and the actions
24 the insured may take to avoid those punitive effects.

25 (e) An insurer must retain a copy of any notice of
26 termination mailed under this Section and must retain the

1 certificate of mailing obtained from the postal service upon
2 the mailing of the original of said notice. A copy of a notice
3 of termination and the certificate of mailing, if kept in the
4 regular course of the insurer's business, constitutes
5 conclusive proof of compliance with the mailing requirements of
6 this Section.

7 (625 ILCS 5/7-601.4 new)

8 Sec. 7-601.4. Revocation of registration and driving
9 privileges.

10 (a) Except as otherwise provided in this Section, the
11 Secretary, upon receipt of evidence that proof of financial
12 security for any motor vehicle subject to Section 7-601 of this
13 Code is no longer in effect shall suspend the registration of
14 that vehicle and the driver's license of the registrant.

15 (b) The motor vehicle may not be registered or reregistered
16 in the name of that person, or in any other name, if the
17 Secretary has reasonable grounds to believe that registration
18 or reregistration would have the effect of defeating the
19 purposes of this Article. No other motor vehicle may be
20 registered in the name of that person during the period of
21 suspension.

22 (c) Suspension shall not be made under this Section upon
23 the basis of a lapse or termination of insurance if the
24 registration certificate and license plates of the motor
25 vehicle are surrendered before the termination of insurance

1 becomes effective. Surrender shall be made as the Secretary
2 shall provide by rule.

3 (d) A suspension imposed under this Section shall be
4 terminated if the person provides proof of financial security
5 in a form satisfactory under Section 7-601 of this Code.