

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 143.14 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
17 agent of record, if known, and to the mortgagee or lien holder
18 listed on the policy ~~at the last mailing address known to the~~
19 ~~company.~~ For purposes of this Section, the mortgage or lien
20 holder, insured's broker, if known, or the agent of record may
21 opt to accept notification electronically.

22 (b) Whenever a financed insurance contract is cancelled,
23 the insurer shall return whatever gross unearned premiums are

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

22 (c) Whenever a premium finance agreement contains a power
23 of attorney enabling the premium finance company to cancel any
24 insurance contract or contracts in the agreement, the insurer
25 shall honor the date of cancellation as set forth in the
26 request from the premium finance company without requiring the

1 return of the insurance contract or contracts. The insurer may
2 mail to the named insured an acknowledgment of the notice of
3 cancellation from the premium finance company but the named
4 insured shall not incur any additional premium charge for any
5 extension of coverage. The insurer need not maintain proof of
6 mailing of this notice.

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

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

15 (215 ILCS 5/143.17) (from Ch. 73, par. 755.17)

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

17 a. No company shall fail to renew any policy of insurance,
18 as defined in subsections (a), (b), (c), and (h) of Section
19 143.13, to which Section 143.11 applies, unless it shall send
20 by mail to the named insured at least 30 days advance notice of
21 its intention not to renew. The company shall maintain proof of
22 mailing of such notice on a recognized U.S. Post Office form or
23 a form acceptable to the U. S. Post Office or other commercial
24 mail delivery service. Notification of the intention not to
25 renew ~~An exact and unaltered copy of such notice shall also be~~

1 sent to the insured's broker, if known, or the agent of record
2 and to any ~~the~~ mortgagee or lien holder listed on the policy at
3 ~~the last mailing address known by the company.~~ For purposes of
4 this Section, the mortgagee or lien holder, insured's broker,
5 or the agent of record may opt to accept notification
6 electronically. However, where cancellation is for nonpayment
7 of premium, the notice of cancellation must be mailed at least
8 10 days before the effective date of the cancellation.

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

18 b-5. This Section does not apply if the company manifested
19 its willingness to renew directly to the named insured.
20 However, no company may impose changes in deductibles or
21 coverage for any policy forms applicable to an entire line of
22 business enumerated in subsections (a), (b), (c), and (h) of
23 Section 143.13 to which Section 143.11 applies unless the
24 company mails to the named insured written notice of the change
25 in deductible or coverage at least 60 days prior to the renewal
26 or anniversary date. An exact and unaltered copy of the notice

1 shall also be sent to the insured's broker, if known, or the
2 agent of record.

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

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

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

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

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

17 Section 99. Effective date. This Act takes effect January
18 1, 2018.