



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB4226

by Rep. Christine Winger

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/513a13 new

Amends the Illinois Insurance Code. Provides that notice to a party, and any other document that is required under applicable law in a premium finance agreement or that serves as evidence of a premium finance agreement, may be stored, presented, and delivered by electronic means. Provides that delivery of a notice or document by electronic means shall be considered equivalent to any delivery method required under applicable law, including delivery by first class mail; first class mail, postage prepaid; certified mail; or registered mail. Provides requirements to allow premium finance companies to deliver documents by electronic means. Provides that the legal effectiveness, validity, or enforceability of any premium finance agreement executed by a party may not be denied solely because the agreement was delivered by electronic means if the premium finance company has obtained the electronic consent or confirmation of consent of the party in accordance with the Act. Contains provisions to withdraw consent for electronic delivery of documents. Makes other changes. Effective January 1, 2016.

LRB099 12577 MLM 36119 b

1 AN ACT concerning insurance.

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 adding  
5 Section 513a13 as follows:

6 (215 ILCS 5/513a13 new)

7 Sec. 513a13. Electronic delivery of notices and documents.

8 "Delivered by electronic means" includes:

9 (1) delivery to an electronic mail address at which a  
10 party has consented to receive notices or documents; or

11 (2) posting on an electronic network or site accessible  
12 via the Internet, mobile application, computer, mobile  
13 device, tablet, or any other electronic device, together  
14 with separate notice of the posting, which shall be  
15 provided by electronic mail to the address at which the  
16 party has consented to receive notice or by any other  
17 delivery method that has been consented to by the party.

18 "Party" means any recipient of any notice or document  
19 required as part of a premium finance agreement including, but  
20 not limited to, an applicant or contracting party.

21 (b) Subject to the requirements of this Section, any notice  
22 to a party or any other document required under applicable law  
23 in a premium finance agreement or that is to serve as evidence

1 of a premium finance agreement may be delivered, stored, and  
2 presented by electronic means so long as it meets the  
3 requirements of the Electronic Commerce Security Act.

4 (c) Delivery of a notice or document in accordance with  
5 this Section shall be considered equivalent to any delivery  
6 method required under applicable law, including delivery by  
7 first class mail; first class mail, postage prepaid; certified  
8 mail; certificate of mail; or certificate of mailing.

9 (d) A notice or document may be delivered by electronic  
10 means by a premium finance company to a party under this  
11 Section if:

12 (1) the party has affirmatively consented to that  
13 method of delivery and has not withdrawn the consent;

14 (2) the party, before giving consent, is provided with  
15 a clear and conspicuous statement informing the party of:

16 (A) the right of the party to withdraw consent to  
17 have a notice or document delivered by electronic  
18 means, at any time, and any conditions or consequences  
19 imposed in the event consent is withdrawn;

20 (B) the types of notices and documents to which the  
21 party's consent would apply;

22 (C) the right of a party to have a notice or  
23 document delivered in paper form; and

24 (D) the procedures a party must follow to withdraw  
25 consent to have a notice or document delivered by  
26 electronic means and to update the party's electronic

1 mail address;

2 (3) the party:

3 (A) before giving consent, is provided with a  
4 statement of the hardware and software requirements  
5 for access to, and retention of, a notice or document  
6 delivered by electronic means; and

7 (B) consents electronically, or confirms consent  
8 electronically, in a manner that reasonably  
9 demonstrates that the party can access information in  
10 the electronic form that will be used for notices or  
11 documents delivered by electronic means as to which the  
12 party has given consent; and

13 (4) after consent of the party is given, the premium  
14 finance company, in the event a change in the hardware or  
15 software requirements needed to access or retain a notice  
16 or document delivered by electronic means creates a  
17 material risk that the party will not be able to access or  
18 retain a subsequent notice or document to which the consent  
19 applies:

20 (A) provides the party with a statement that  
21 describes:

22 (i) the revised hardware and software  
23 requirements for access to and retention of a  
24 notice or document delivered by electronic means;

25 and

26 (ii) the right of the party to withdraw consent

1           without the imposition of any condition or  
2           consequence that was not disclosed at the time of  
3           initial consent; and

4           (B) complies with paragraph (2) of this subsection

5           (d).

6           (e) Delivery of a notice or document in accordance with  
7           this Section does not affect requirements related to content or  
8           timing of any notice or document required under applicable law.

9           (f) If a provision of this Section or applicable law  
10          requiring a notice or document to be provided to a party  
11          expressly requires verification or acknowledgment of receipt  
12          of the notice or document, the notice or document may be  
13          delivered by electronic means only if the method used provides  
14          for verification or acknowledgment of receipt.

15          (g) The legal effectiveness, validity, or enforceability  
16          of any premium finance agreement executed by a party may not be  
17          denied solely because of the failure to obtain electronic  
18          consent or confirmation of consent of the party in accordance  
19          with subparagraph (B) of paragraph (3) of subsection (d) of  
20          this Section.

21          (h) A withdrawal of consent by a party does not affect the  
22          legal effectiveness, validity, or enforceability of a notice or  
23          document delivered by electronic means to the party before the  
24          withdrawal of consent is effective.

25          A withdrawal of consent by a party is effective within a  
26          reasonable period of time after receipt of the withdrawal by

1 the premium finance company.

2 Failure by a premium finance company to comply with  
3 paragraph (4) of subsection (d) of this Section and subsection  
4 (j) of this Section may be treated, at the election of the  
5 party, as a withdrawal of consent for purposes of this Section.

6 (i) This Section does not apply to a notice or document  
7 delivered by a premium finance company in an electronic form  
8 before the effective date of this amendatory Act of the 99th  
9 General Assembly to a party who, before that date, has  
10 consented to receive notice or document in an electronic form  
11 otherwise allowed by law.

12 (j) If the consent of a party to receive certain notices or  
13 documents in an electronic form is on file with a premium  
14 finance company before the effective date of this amendatory  
15 Act of the 99th General Assembly and, pursuant to this Section,  
16 a premium finance company intends to deliver additional notices  
17 or documents to the party in an electronic form, then prior to  
18 delivering such additional notices or documents  
19 electronically, the premium finance company shall:

20 (1) provide the party with a statement that  
21 describes:

22 (A) the notices or documents that shall be  
23 delivered by electronic means under this Section  
24 that were not previously delivered electronically;

25 and

26 (B) the party's right to withdraw consent to

1 have notices or documents delivered by electronic  
2 means without the imposition of any condition or  
3 consequence that was not disclosed at the time of  
4 initial consent; and

5 (2) comply with paragraph (2) of subsection (d) of  
6 this Section.

7 (k) A premium finance company shall deliver a notice or  
8 document by any other delivery method permitted by law other  
9 than electronic means if:

10 (1) the premium finance company attempts to deliver the  
11 notice or document by electronic means and has a reasonable  
12 basis for believing that the notice or document has not  
13 been received by the party; or

14 (2) the premium finance company becomes aware that the  
15 electronic mail address provided by the party is no longer  
16 valid.

17 (l) A premium finance company shall not be subject to civil  
18 liability for any harm or injury that occurs as a result of a  
19 party's election to receive any notice or document by  
20 electronic means or by a premium finance company's failure to  
21 deliver a notice or document by electronic means unless the  
22 harm or injury is caused by the willful and wanton misconduct  
23 of the producer.

24 (m) This Section shall not be construed to modify, limit,  
25 or supersede the provisions of the federal Electronic  
26 Signatures in Global and National Commerce Act, as amended.

1           Section 99. Effective date. This Act takes effect January  
2    1, 2016.