

1 AN ACT concerning business.

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 143.17 and 143.29 and by adding Article  
6 XLVIII as follows:

7 (215 ILCS 5/143.17) (from Ch. 73, par. 755.17)

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

9 a. No company shall fail to renew any policy of insurance,  
10 as defined in subsections (a), (b), (c), and (h) of Section  
11 143.13, to which Section 143.11 applies, unless it shall send  
12 by mail to the named insured at least 30 days advance notice of  
13 its intention not to renew. The company shall maintain proof  
14 of mailing of such notice on a recognized U.S. Post Office form  
15 or a form acceptable to the U. S. Post Office or other  
16 commercial mail delivery service. The nonrenewal shall not  
17 become effective until at least 30 days from the proof of  
18 mailing date of the notice to the name insured. Notification  
19 shall also be sent to the insured's broker, if known, or the  
20 agent of record, if known, and to the last known mortgagee or  
21 lien holder. For purposes of this Section, the mortgagee or  
22 lien holder, insured's broker, or the agent of record may opt  
23 to accept notification electronically. However, where

1 cancellation is for nonpayment of premium, the notice of  
2 cancellation must be mailed at least 10 days before the  
3 effective date of the cancellation.

4 b. This Section does not apply if the company has  
5 manifested its willingness to renew directly to the named  
6 insured. Such written notice shall specify the premium amount  
7 payable, including any premium payment plan available, and the  
8 name of any person or persons, if any, authorized to receive  
9 payment on behalf of the company. If no person is so  
10 authorized, the premium notice shall so state.

11 b-5. This Section does not apply if the company manifested  
12 its willingness to renew directly to the named insured.  
13 However, no company may impose renewal premium increases of  
14 more than 10% for lines of business enumerated in subsection  
15 (b) of Section 143.13 to which Section 143.11 applies unless  
16 the company mails or delivers by electronic means, in  
17 compliance with Section 143.34, to the named insured the  
18 increase in renewal premium at least 60 days prior to the  
19 renewal or anniversary date. No ~~no~~ company may impose changes  
20 in deductibles or coverage for any policy forms applicable to  
21 an entire line of business enumerated in subsections (a), (b),  
22 (c), and (h) of Section 143.13 to which Section 143.11 applies  
23 unless the company mails or delivers by electronic means, in  
24 compliance with Section 143.34, to the named insured written  
25 notice of the change in deductible or coverage at least 60 days  
26 prior to the renewal or anniversary date. For purposes of this

1 subsection, "lines of business enumerated in subsection (b) of  
2 Section 143.13 to which Section 143.11 applies" does not  
3 include lines of business excluded under paragraph (1), (2),  
4 (3), or (4) of Section 1802.

5 Notice shall also be sent to the insured's broker, if  
6 known, or the agent of record. For purposes of this subsection  
7 b-5, policyholder-initiated changes to coverage and exposure  
8 changes are not included in the renewal premium increases that  
9 require a company to provide notice to the insured.

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  
16 existed 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 the named insured a specific explanation of the  
20 reasons for nonrenewal.

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

24 g. The changes made to this Section by this amendatory Act  
25 of the 104th General Assembly apply to renewal premium notices  
26 sent on or after July 1, 2027.

1 (Source: P.A. 100-475, eff. 1-1-18.)

2 (215 ILCS 5/Art. XLVIII heading new)

3 ARTICLE XLVIII. RATES FOR FIRE AND EXTENDED COVERAGE INSURANCE

4 (215 ILCS 5/1801 new)

5 Sec. 1801. Purpose. The purpose of this Article is to  
6 promote the public welfare by regulating fire and extended  
7 coverage insurance rates so that the rates will not be  
8 excessive, inadequate, or unfairly discriminatory. Nothing in  
9 this Article is intended to prohibit or discourage reasonable  
10 competition or to authorize or encourage, except to the extent  
11 necessary to accomplish the purpose of this Article,  
12 uniformity in insurance rates, rating systems, rating plans,  
13 or practices. This Article shall be liberally construed to  
14 carry into effect the provisions of this Section.

15 (215 ILCS 5/1802 new)

16 Sec. 1802. Applicability.

17 (a) This Article applies to policies of fire and extended  
18 coverage insurance, as defined in subsection (b) of Section  
19 143.13 of this Code, to which Section 143.11 of this Code  
20 applies. This Article does not apply to the following:

21 (1) policies for any commercial liability and property  
22 insurance;

23 (2) policies for a structure, all or part of which is

1 leased or rented, regardless of whether the insured  
2 occupied all or part of the structure as a primary  
3 residence;

4 (3) policies for a structure that is unoccupied and  
5 intended by the insured to be sold, leased, or rented or  
6 policies for a structure that is unoccupied and under  
7 active construction, renovation, or substantial  
8 improvement and that is intended by the insured to be  
9 sold, leased, or rented; and

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

13 (b) The provisions of this Article apply only to filings  
14 made on or after July 1, 2027.

15 (215 ILCS 5/1803 new)

16 Sec. 1803. Rate standards; excessive, inadequate, or  
17 unfairly discriminatory.

18 (a) Rates shall not be excessive, inadequate, or unfairly  
19 discriminatory.

20 (b) A rate is inadequate if it endangers the solvency of  
21 the insurer.

22 (c) A rate is unfairly discriminatory if, after allowing  
23 for practical limitations, the price differentials fail to  
24 reflect the difference in expected losses and expenses. A rate  
25 is not unfairly discriminatory if different rates result for

1 policyholders with similar loss exposures but different  
2 expenses, or similar expenses but different loss exposures, so  
3 long as the rate reflects the differences with reasonable  
4 accuracy.

5 (d) A rate is reasonable and not excessive, inadequate, or  
6 unfairly discriminatory if it is an actuarially sound estimate  
7 of the expected value of all future costs associated with an  
8 individual risk transfer.

9 (215 ILCS 5/1804 new)

10 Sec. 1804. Determinations and notice; hearing.

11 (a) If the Department determines via actuarial review that  
12 a filing is excessive, inadequate, or unfairly discriminatory  
13 pursuant to Section 1803, the Department shall send the  
14 company notice, within 60 days after receipt of a complete  
15 filing, either via the System for Electronic Rates and Forms  
16 Filing (SERFF) or another filing system determined by the  
17 Department, specifying: (1) in what respects the filing fails  
18 to meet the requirements of this Article and (2) if  
19 applicable, any modifications that are required. The notice  
20 shall specify a reasonable period after which the filing is no  
21 longer effective if the company fails to timely request a  
22 hearing under subsection (b). If the company timely requests a  
23 hearing under subsection (b), the filing shall remain in  
24 effect until the conclusion of the hearing and a final order is  
25 issued. If the Department finds that a rate is excessive,

1 inadequate, or unfairly discriminatory pursuant to this  
2 Article, the final order may specify a reasonable period after  
3 which the filing is no longer effective and any rebates that  
4 must be remitted to affected consumers. Failure of the  
5 Department to provide timely notice under this Section within  
6 60 days after the receipt of a complete filing as defined in  
7 subsection (d) shall result in the filing being deemed  
8 compliant with this Article. The 60-day period in which the  
9 Department is authorized under this Section to determine a  
10 filing is excessive, inadequate, or unfairly discriminatory is  
11 neither waivable nor subject to extension.

12 (b) The company may request a hearing on the notice within  
13 30 days after receipt. Failure to request a hearing within 30  
14 days shall be deemed the company's acceptance of the  
15 Department's determination. Failure by the Department to hold  
16 the requested hearing within 60 days of request, and to  
17 resolve the outcome of the hearing within 90 days of the  
18 hearing date or the filing of post-briefing submissions  
19 allowed by the Hearing Officer, whichever is later, shall  
20 result in the dismissal of the Department's notice and shall  
21 cause the filing to remain in effect.

22 (c) The action of the Director in objecting to a filing  
23 under this Article is subject to judicial review under the  
24 Administrative Review Law.

25 (d) A complete filing consists of a rate filing that  
26 contains all new or revised rates, a new or revised rate manual

1 that includes new or revised rate manual rules, and any  
2 experience, judgment, and interpretation of the statistical  
3 data relied upon by the company. If the Department finds that  
4 the filing is incomplete, then the Department must provide  
5 notice to the company within 15 days after receipt of the  
6 filing or the filing is deemed complete. The notice must set  
7 forth the documents or other information that is required to  
8 complete the filing. If such notice is provided, the filing is  
9 deemed complete after the additional information specified by  
10 the Department in its notice is provided by the company to the  
11 Department.

12 (215 ILCS 5/1805 new)

13 Sec. 1805. Prohibition on cost-shifting. Credible  
14 State-specific loss experience shall be used in the  
15 development of rates whenever such data is available and  
16 statistically reliable. To meet actuarial standards of  
17 credibility, insurers may supplement State-specific loss  
18 experience with countrywide, regional, or out-of-state loss  
19 experience. Nothing in this Section shall apply to rating  
20 relativity development during ratemaking. This Section shall  
21 only apply to companies issuing policies that are subject to  
22 this Article.

23 Section 99. Effective date. This Act takes effect July 1,  
24 2027.