



Sen. Michael E. Hastings

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10400SB0268sam001

LRB104 08773 BAB 22807 a

1 AMENDMENT TO SENATE BILL 268

2 AMENDMENT NO. _____. Amend Senate Bill 268 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. This Act may be referred to as the Rate
5 Accountability, Transparency, and Equity (RATE) Act.

6 Section 5. The Illinois Insurance Code is amended by
7 adding Article XXVI 1/2 as follows:

8 (215 ILCS 5/Art. XXVI.5 heading new)

9 ARTICLE XXVI 1/2. RATES

10 (215 ILCS 5/417.01 new)

11 Sec. 417.01. Purpose. The purpose of this Article is to
12 promote the public welfare by regulating insurance rates in
13 order that they will not be excessive, inadequate, or unfairly
14 discriminatory. Nothing in this Article is intended (1) to

1 prohibit or discourage reasonable competition or (2) to
2 authorize or encourage, except to the extent necessary to
3 accomplish the purpose of this Article, uniformity in
4 insurance rates, rating systems, rating plans, or practices.
5 This Article shall be liberally interpreted to carry into
6 effect the intent of this Section.

7 (215 ILCS 5/417.02 new)

8 Sec. 417.02. Applicability. This Article applies to
9 personal property and private automobile lines of business
10 licensed under Class 2 or 3 of Section 4 of this Code,
11 including, but not limited to, homeowners and renters
12 insurance.

13 (215 ILCS 5/417.03 new)

14 Sec. 417.03. Setting rates.

15 (a) Rates shall be made in accordance with the following
16 provisions:

17 (1) Rates shall not be excessive, inadequate, or
18 unfairly discriminatory. Unfair discrimination exists if,
19 after allowing for practical limitations, the price
20 differentials fail to equitably reflect the differences in
21 expected losses and expenses. A rate is not unfairly
22 discriminatory if different premiums result for
23 policyholders with similar loss exposures but different
24 expenses, or similar expenses but different loss

1 exposures, so long as the rate reflects the differences
2 with reasonable accuracy.

3 (2) No rate shall be held to be excessive unless such
4 rate is unreasonably high for the scope of coverage
5 provided. No rate shall be held to be inadequate unless it
6 is unreasonably low for the scope of coverage provided and
7 continued use of it would endanger the solvency of the
8 company.

9 (3) Consideration may be given, to the extent
10 applicable, to past and prospective loss experience within
11 and outside this State, to a reasonable margin for
12 underwriting profit and contingencies specific to this
13 State, to past and prospective expenses both nationwide
14 and those especially applicable to this State, and to all
15 other factors, including judgment factors, deemed relevant
16 within and outside this State.

17 Consideration may also be given in the making and use
18 of rates to dividends or savings allowed or returned by
19 companies to their policyholders, members, or subscribers.

20 (4) The systems of expense provisions included in the
21 rates for use by any company or group of companies may
22 differ from those of other companies or groups of
23 companies to reflect the operating methods of any such
24 company or group with respect to any kind of insurance, or
25 with respect to any subdivision or combination thereof.

26 (5) Risks may be grouped by classifications for the

1 establishment of rates and minimum premiums.
2 Classification rates may be modified to produce rates for
3 individual risks in accordance with rating plans which
4 establish standards for measuring variations in hazards or
5 expense provisions, or both. Such standards may measure
6 any difference among risks that have a probable effect
7 upon losses or expenses. Such classifications or
8 modifications of classifications of risks may be
9 established based upon size, expense, management,
10 individual experience, location or dispersion of hazard,
11 or any other reasonable considerations and shall apply to
12 all risks under the same or substantially the same
13 circumstances or conditions. The rate for an established
14 classification should be related generally to the
15 anticipated loss and expense factors of the class.

16 (215 ILCS 5/417.04 new)

17 Sec. 417.04. Rate filings.

18 (a) Each insurer under this Article shall file the
19 following with the Department 60 days in advance of a proposed
20 aggregate rate change of 5% or more or in advance of a new
21 product filing: the applicable rate manual, minimum, class
22 rate, rating schedule, loss cost adjustment, supplementary
23 rating information, and rating plan; every rating rule; and
24 any additional rating information as determined by the
25 Department.

1 (b) A company may use a rule and rate filed under this
2 Article on and after the date it is filed, unless the aggregate
3 change is 5% or more in which case Section 417.05 shall apply.

4 (215 ILCS 5/417.05 new)

5 Sec. 417.05. Flex rating; prior approval.

6 (a) Requested rate changes that provide for an aggregate
7 rate change of or greater than 5%, cumulatively considering
8 all other rate changes in the preceding 12 months, shall be
9 submitted for prior approval by the Department. All new
10 programs shall also be subject to prior approval provisions.

11 (b) For all private automobile insurance policies issued,
12 delivered, amended, or renewed with effective dates on or
13 after January 1, 2027 with a proposed rate change of or greater
14 than 5%, all rate information as set forth in Section 417.04
15 must be filed with the Department at least 60 days before the
16 rates are intended to take effect.

17 (c) For all personal property policies, including
18 homeowners' and renters' insurance issued, delivered, amended,
19 or renewed with effective dates on or after January 1, 2026
20 with a proposed rate change of or greater than 5%, all rate
21 information as set forth in Section 417.04 must be filed with
22 the Department at least 60 days before the rates are intended
23 to take effect.

24 (d) A filing shall not be effective nor used until
25 approved by the Department. A rate filing shall be modified or

1 disapproved if the premiums are excessive, inadequate, or
2 unfairly discriminatory as described in Section 417.03.

3 (e) A filing shall be deemed approved and legally
4 effective if the Department fails to disapprove the filing
5 within 60 days after the filing, unless the Department issues
6 a notice of objection to the filing in which case the filing
7 shall not be deemed approved until the Department takes
8 further action approving, disapproving or modifying the
9 filing.

10 (f) If, within 60 days after any filing the Department,
11 finds that the filing does not meet the requirements of this
12 Article, the Department shall send the company notice of
13 disapproval, specifying in what respects such filing fails to
14 meet the requirements of this Article. Any company whose rate
15 has been modified or disapproved by the Department may request
16 a hearing within 10 days after the action taken. The action of
17 the Department in disapproving or modifying the rate shall be
18 subject to judicial review under the Administrative Review
19 Law."