AN ACT concerning regulation.

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

Section 5. The Illinois Insurance Code is amended by changing Sections 143.17 and 143.29 and by adding Article XLVIII as follows:

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

Sec. 143.17. Notice of intention not to renew.

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

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

b-5. This Section does not apply if the company manifested its willingness to renew directly to the named insured. However, no company may impose renewal premium increases of more than 10% for lines of business enumerated in subsection (a) of Section 143.13 to which Section 143.11 applies unless the company mails or delivers by electronic means, in compliance with Section 143.34, to the named insured the increase in renewal premium at least 30 days prior to the renewal or anniversary date. No ~~no~~ company may impose changes in deductibles or coverage for any policy forms applicable to an entire line of business enumerated in subsections (a), (b), (c), and (h) of Section 143.13 to which Section 143.11 applies unless the company mails or delivers by electronic means, in compliance with Section 143.34, to the named insured written notice of the change in deductible or coverage at least 60 days prior to the renewal or anniversary date.

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

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

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

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

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

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

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

(215 ILCS 5/143.29) (from Ch. 73, par. 755.29)

Sec. 143.29. (a) The rates and premium charges for every policy of automobile liability insurance shall include appropriate reductions as determined by the insurer for any insured over age 55 upon successful completion of the National Safety Council's Defensive Driving Course or a motor vehicle crash prevention course, including an eLearning course, that is found by the Secretary of State to meet or exceed the standards of the National Safety Council's Defensive Driving Course's 4-hour ~~8 hour~~ classroom safety instruction program or eLearning course.

(b) The premium reduction shall remain in effect for the qualifying insured for a period of 3 years from the date of successful completion of the crash prevention course, except that the insurer may elect to apply the premium reduction beginning either with the last effective date of the policy or the next renewal date of the policy if the reduction will result in a savings as though applied over a full 3 year period. An insured who has completed the course of instruction prior to July 1, 1982 shall receive the insurance premium reduction for only the period remaining within the 3 years from course completion. The period of premium reduction for an insured who has repeated the crash prevention course shall be based upon the last such course the insured has successfully completed.

(c) Any crash prevention course approved by the Secretary of State under this Section shall be taught by an instructor approved by the Secretary of State, shall consist of at least 4 hours ~~8 hours~~ of classroom or eLearning equivalent instruction and shall provide for a certificate of completion. Records of certification of course completion shall be maintained in a manner acceptable to the Secretary of State.

(d) Any person claiming eligibility for a rate or premium reduction shall be responsible for providing to his insurance company the information necessary to determine eligibility.

(e) This Section shall not apply to:

(1) any motor vehicle which is a part of a fleet or is used for commercial purposes unless there is a regularly assigned principal operator.

(2) any motor vehicle subject to a higher premium rate because of the insured's previous motor vehicle claim experience or to any motor vehicle whose principal operator has been convicted of violating any of the motor vehicle laws of this State, until that operator shall have maintained a driving record free of crashes and moving violations for a continuous one year period, in which case such driver shall be eligible for a reduction the remaining 2 years of the 3 year period.

(3) any motor vehicle whose principal operator has had his drivers license revoked or suspended for any reason by the Secretary of State within the previous 36 months.

(4) any policy of group automobile insurance under which premiums are broadly averaged for the group rather than determined individually.

(Source: P.A. 102-397, eff. 1-1-22; 102-982, eff. 7-1-23.)

(215 ILCS 5/Art. XLVIII heading new)

ARTICLE XLVIII. RATES FOR AUTOMOBILE INSURANCE

(215 ILCS 5/1801 new)

Sec. 1801. Purpose. The purpose of this Article is to promote the public welfare by regulating automobile insurance rates so that the rates will not be excessive, inadequate, or unfairly discriminatory. Nothing in this Article is intended to prohibit or discourage reasonable competition or to authorize or encourage, except to the extent necessary to accomplish the purpose of this Article, uniformity in insurance rates, rating systems, rating plans, or practices. This Article shall be liberally construed to carry into effect the provisions of this Section.

(215 ILCS 5/1802 new)

Sec. 1802. Applicability.

(a) This Article applies to policies of automobile insurance, as defined in subsection (a) of Section 143.13 of this Code, to which Section 143.11 of this Code applies.

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

(215 ILCS 5/1803 new)

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

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

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

(c) A rate is unfairly discriminatory if, after allowing for practical limitations, the price differentials fail to reflect the difference in expected losses and expenses. A rate is not unfairly discriminatory if different rates result for policyholders with similar loss exposures but different expenses, or similar expenses but different loss exposures, so long as the rate reflects the differences with reasonable accuracy.

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

(215 ILCS 5/1804 new)

Sec. 1804. Determinations and notice; hearing.

(a) If the Department determines through actuarial review that a filing is excessive, inadequate, or unfairly discriminatory pursuant to Section 1803, the Department shall send the company notice, within 40 days after receipt of a complete filing, either through the System for Electronic

Rates and Forms Filing (SERFF) or another filing system determined by the Department, specifying: (1) in what respects the filing fails to meet the requirements of this Article and (2) if applicable, any modifications that are required. The notice shall specify a reasonable period after which the filing is no longer effective if the company fails to timely request a hearing under subsection (b). If the company timely requests a hearing under subsection (b), the filing shall remain in effect until the conclusion of the hearing and a final order is issued. If the Department finds that a rate is excessive, inadequate, or unfairly discriminatory pursuant to this Article, the final order may specify a reasonable period after which the filing is no longer effective and any rebates that must be remitted to affected consumers. Failure of the Department to provide timely notice under this Section within 40 days after the receipt of a complete filing as defined in subsection (d) shall result in the filing being deemed compliant with this Article. The 40-day period in which the Department is authorized under this Section to determine a filing is excessive, inadequate, or unfairly discriminatory is neither waivable nor subject to extension.

(b) The company may request a hearing on the notice within 30 days after receipt. Failure to request a hearing within 30 days shall be deemed the company's acceptance of the Department's determination. Failure by the Department to hold the requested hearing within 40 days after the request, and to resolve the outcome of the hearing within 60 days after the hearing date or the filing of post-briefing submissions allowed by the Hearing Officer, whichever is later, shall result in the dismissal of the Department's notice and shall cause the filing to remain in effect.

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

(d) A complete filing consists of a rate filing that contains all new or revised rates, a new or revised rate manual, including new or revised rate manual rules, and any experience, judgment, and interpretation of the statistical data relied upon by the company. If the Department finds that the filing is incomplete, then the Department must provide notice to the company within 15 days after receipt of the filing or the date the filing is deemed complete. The notice must set forth the documents or other information that is required to complete the filing. If such notice is provided, the filing is deemed complete after the additional information specified by the Department in its notice is provided by the company to the Department.

(215 ILCS 5/1805 new)

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

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