



REGULATORY ALERT

Illinois: Suspension of Cancellation, Nonrenewal & Premium Payments

July 18, 2017

Companies Affected:

- RLI
- CBIC
- Mt. Hawley

Lines Affected:

- All Lines

Effective Date

- July 12, 2017

Regulatory Authority

- Bulletin 2017-03

Key Takeaway

- Illinois issues moratorium on certain actions with respect to policyholders in Cook, Kane, Lake, and McHenry counties due to Governor Rauner's disaster declaration in response to flooding.

DIRECTIVES

- *Moratorium on cancellations/nonrenewals*
 - Insurers shall withdraw any cancellations / nonrenewals issued on or after July 12, 2017 and no cancellations / nonrenewals shall be issued to affected policyholders until September 30, 2017 (or later if extended).
- *Time-period extensions*
 - Insurers are directed to allow for extensions of time for repairs and other policy requirements.
- *Cancellations/nonrenewals*
 - Insurers are directed to refrain from cancelling due to "material increase in risk accepted" or geographic location of risk.
- *Insurer websites*
 - Insurers must post all actions taken to implement these requirements on their website.
- *Availability of Illinois Department of Insurance*
 - Insurers must advise consumers of Department information for filing complaints
- *Affected Counties*
 - A zip code listing of affected counties is attached.
- Please see the attached Bulletin for additional requirements.

Additional information is provided on the following pages. Contact Jen Guppy with any further questions.

For internal use only. **Please do not distribute to anyone outside of the company.**

Self-evaluative document pursuant to 215 ILCS 5/155.35



Illinois Department of Insurance

BRUCE RAUNER
Governor

JENNIFER HAMMER
Director

To: All Companies and other Entities Licensed to transact Insurance Business in the State of Illinois

From: Jennifer Hammer, Director

Date: July 17, 2017

Re: Company Bulletin 2017-03
Suspension of Cancellation, Non-renewal and Premium Payments

Governor Bruce Rauner has declared Cook, Kane, Lake, and McHenry counties state disaster areas after significant flooding impacted these counties. Insurance consumers may experience disruption of mail delivery and displacement from their residences, businesses, and other properties due to the flooding.

To help provide safeguards and ensure Illinois consumers are not adversely affected by this disaster or suffer unnecessary hardship, all entities licensed or authorized to transact insurance business in this State are hereby requested to implement the safeguards listed below for all lines of business. These safeguards address problems consumers may face due to circumstances beyond their control. We hope these measures provide some peace of mind during the recovery process and help ensure that disaster victims do not lose important insurance coverage during the time they need it most.

Effective immediately, all insurers are requested to implement the following guidelines to govern treatment of all consumers affected by this disaster (“affected policyholders”), residing in or any property located in or around counties that have been declared disaster areas by Governor Bruce Rauner. Insurers need not file policy or rating manual changes to comply with any of the following directives.

- *Moratorium on cancellations and nonrenewals.* Insurers shall withdraw any cancellation or nonrenewal notice issued on or after July 12, 2017, on any in-force policy issued to an affected policyholder and/or property. In addition, insurers shall not issue any new cancellation or nonrenewal notices to affected policyholders and/or property until September 30, 2017, or a later time if deemed reasonable given an individual consumer’s circumstance.
- *Other insurance-related time-period extensions.* Insurers are directed to grant to affected policyholders an extension of any and all policy provisions or other requirements that impose a time limit for an insured or claimant to perform any act, including the submission of a claim or proof of loss, reporting of information, submission of bills, or payment of funds. Such extension shall be for a minimum of 60 days from the last date allowed or required under the terms of the contract or allowed or required by the insurer, or longer if deemed reasonable given an individual consumer’s circumstance.
- *Time-period extension for repairs.* In the event repairs on affected property cannot be completed within the time period required under any policy, or within the 90-day time period for repairs

prior to termination due to condition of the property [215 ILCS 5/143.27], insurers shall provide consumers with an extension of not less than 60 days to make such repairs.

- *Cancellation or nonrenewal respecting affected property.* Although otherwise allowed under Illinois law, insurers are directed to refrain from canceling or nonrenewing insurance policies respecting affected property due to “increase in the risk originally accepted” [215 ILCS 5/143.21 and 143.21.1] or due to the geographic location of the risk [215 ILCS 5/155.22].
- *Other exceptions to policy or contract requirements or rating or underwriting rules.* Insurers shall consider exceptions to policy or contract requirements, or to other rating or underwriting rules not otherwise listed herein, when such contractual requirements or rating or underwriting rules are not met as a result of this disaster. Exceptions to policy or contract requirements or rating or underwriting rules include instances where an insured is displaced from his or her home and is unable to obtain non-emergency medical services from a network provider.
- *Insurer Websites.* Insurers are directed to post on their websites all actions taken to implement the requirements of this bulletin.
- *Availability of the Illinois Department of Insurance.* Insurers shall advise Illinois consumers of the availability of the Department for filing a complaint regarding any disaster-related dispute or issue. Consumers shall be advised they may call the Department’s toll-free complaint hotline at 1-866-445-5364, or file a complaint online at:
<https://mc.insurance.illinois.gov/messagecenter.nsf>

These measures are to be implemented immediately. It is my expectation that where insurers are guided by a “reasonableness” standard, they will err on the side of the consumer. It is also my sincere hope that all insurers in this State will assist consumers during this time of need.

Any insurer that is unable or unwilling to comply with these directives must inform the Department in writing of the reason(s) for its inability or unwillingness to comply no later than July 31, 2017. Any such written notice of non-compliance shall be sent by overnight courier to:

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