



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

INTRODUCED _____, BY

SYNOPSIS AS INTRODUCED:

215 ILCS 5/Art. XLVIII heading new
215 ILCS 5/1801 new
215 ILCS 5/1802 new
215 ILCS 5/1805 new
215 ILCS 5/1810 new
215 ILCS 5/1815 new

Amends the Illinois Insurance Code. Creates the Insurance Rate Fairness and Consumer Protection Article. Provides that the Article may be cited as the Insurance Rate Fairness and Consumer Protection Law. Provides that rates shall not be excessive, inadequate, or unfairly discriminatory, as specified. Provides that companies issuing policies within the applicability of the Article shall not incorporate catastrophe or extreme event losses from other states into the development of Illinois rates if fully credible loss experience is available within the State of Illinois. Effective immediately.

LRB104 15443 BAB 28599 b

A BILL FOR

1 AN ACT concerning regulation.

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 adding Article XLVIII as follows:

6 (215 ILCS 5/Art. XLVIII heading new)

7 ARTICLE XLVIII. INSURANCE RATE FAIRNESS AND CONSUMER
8 PROTECTION

9 (215 ILCS 5/1801 new)

10 Sec. 1801. Short title. This Article may be cited as the
11 Insurance Rate Fairness and Consumer Protection Law.

12 (215 ILCS 5/1802 new)

13 Sec. 1802. Applicability.

14 (a) This Article solely applies to companies issuing
15 policies defined in subsections (a) and (b) of Section 143.13
16 of this Code and to which Section 143.11 of this Code applies.

17 (b) This Article does not apply to: (1) policies for any
18 commercial automobile and commercial liability and property
19 insurance; (2) policies for nonowners automobile insurance;
20 (3) policies for a structure all or part of which is leased or
21 rented, regardless of whether the insured occupies all or part

1 of the structure as a primary residence; (4) policies for a
2 structure that is unoccupied or unoccupied and under active
3 construction, renovation, or substantial improvement, which is
4 intended by the insured to be sold, leased, or rented; and (5)
5 policies for a home or dwelling that is part of a farm policy,
6 regardless of whether it is owned or occupied as a primary
7 residence by the insured.

8 (215 ILCS 5/1805 new)

9 Sec. 1805. Purpose. The purpose of this Article is to:

10 (1) protect policyholders and the public against
11 excessive, inadequate, or unfairly discriminatory rates;

12 (2) promote rates that reflect the benefits of
13 competition while protecting consumer interests;

14 (3) protect Illinois consumers and ensure that
15 Illinois policyholders receive rates only reflective of
16 Illinois' climate and market, not of any other state; and

17 (4) ensure that rates charged to policyholders are
18 fair, reasonable, and based on sound actuarial principals
19 while preventing practices that result in unjustified
20 increases, discriminatory pricing, or the exploitation of
21 Illinois consumers.

22 (215 ILCS 5/1810 new)

23 Sec. 1810. Rate-setting standards. Rates shall not be
24 excessive, inadequate, or unfairly discriminatory.

1 (1) A rate is inadequate if it endangers the solvency
2 of the insurer. A rate that would not be expected to
3 generate a profit on a direct basis and that would be
4 likely to have the effect of diminishing competition is
5 also inadequate.

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

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

18 (215 ILCS 5/1815 new)

19 Sec. 1815. Prohibition on cost-shifting. Companies issuing
20 policies to which this Article applies shall not incorporate
21 catastrophe or extreme event losses from other states into the
22 development of Illinois rates if fully credible loss
23 experience is available within the State of Illinois. Nothing
24 in this Section shall apply to rating relativity development
25 during ratemaking.

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.