

FORMS – IMPLEMENTATION

JANUARY 14, 2022

COMMERCIAL AUTOMOBILE

LI-CA-2022-013

ILLINOIS REVISED UNINSURED MOTORISTS PROPERTY DAMAGE COVERAGE ENDORSEMENT FILED AND TO BE IMPLEMENTED

KEY MESSAGE

The Illinois Department of Insurance has acknowledged filing CA-2021-OUM1.

BACKGROUND

215 ILL. COMP. STAT. 5/143a (2) states, in part:

(2) No policy insuring against loss resulting from liability imposed by law for property damage arising out of the ownership, maintenance, or use of a motor vehicle shall be renewed, delivered, or issued for delivery in this State with respect to any private passenger or recreational motor vehicle that is designed for use on public highways and that is either required to be registered in this State or is principally garaged in this State and is not covered by collision insurance under the provisions of such policy, unless coverage is made available in the amount of the actual cash value of the motor vehicle described in the policy or \$15,000 whichever is less, subject to a \$250 deductible, for the protection of persons insured thereunder who are legally entitled to recover damages from owners or operators of uninsured motor vehicles and hit-and-run motor vehicles because of property damage to the motor vehicle described in the policy. (Emphasis added).

ISO ACTION

In order to more closely align with the provisions set forth in 215 ILL. COMP. STAT. 5/143a (2), we have:

- Revised CA 21 53, Illinois Uninsured Motorists Coverage – Property Damage to reinforce that this endorsement applies if your covered "auto" is of the private passenger type or a "recreational vehicle" as that term is defined in CA 21 53.
- Filed this revision with the Illinois Department of Insurance under ISO Filing Designation Number CA-2021-OUM1.

Refer to the attached explanatory material for complete details about the filing.

INSURANCE DEPARTMENT ACTION

The Illinois Department of Insurance has acknowledged filing CA-2021-OUM1 as filed.

EFFECTIVE DATE

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after August 1, 2022.

COMPANY ACTION

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number CA-2021-OUM1, not this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

RATING SOFTWARE IMPACT

New attribute being introduced with this revision:

- A new edition date of an existing form number is being introduced.

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2021-004](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

REVISION DISTRIBUTION

We will issue a Notice to Portfolioholders with an edition date of 08-22 (or the earliest possible subsequent date), along with any new and/or revised forms.

REFERENCE(S)

[LI-CL-2021-004](#) (02/17/2021) Revised Lead Time Requirements Listing

ATTACHMENT(S)

- Filing CA-2021-OUM1
- Final copy of [CA 21 53 08 22](#)

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CONTACT INFORMATION

If you have any questions concerning:

- The content of this circular, please contact:
Lillian Carlson
Auto, Compliance & Product Services
(201-469-2699)
auto@verisk.com
Lillian.Carlson@verisk.com
- Other issues for this circular, please contact Customer Support:
E-mail: info@verisk.com
Phone: 800-888-4476

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Illinois Uninsured Motorists Coverage - Property Damage Endorsement Revised

About This Filing

This filing is being submitted to revise CA 21 53, Illinois Uninsured Motorists Coverage - Property Damage to more closely align with the provisions set forth in 215 ILL. COMP. STAT. 5/143a.

Revised Form

We are revising CA 21 53 10 13, Illinois Uninsured Motorists Coverage - Property Damage.

We have used a format of ~~striking-through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes from the above-referenced edition to the 08 22 edition. Concurrent with implementation, the 08 22 edition will supersede the prior edition.

Background

215 ILL. COMP. STAT. 5/143a (2) states, in part:

(2) No policy insuring against loss resulting from liability imposed by law for property damage arising out of the ownership, maintenance, or use of a motor vehicle shall be renewed, delivered, or issued for delivery in this State with respect to any private passenger or recreational motor vehicle that is designed for use on public highways and that is either required to be registered in this State or is principally garaged in this State and is not covered by collision insurance under the provisions of such policy, unless coverage is made available in the amount of the actual cash value of the motor vehicle described in the policy or \$15,000 whichever is less, subject to a \$250 deductible, for the protection of persons insured thereunder who are legally entitled to recover damages from owners or operators of uninsured motor vehicles and hit-and-run motor vehicles because of property damage to the motor vehicle described in the policy.

(Emphasis added).

Explanation of Changes

We have revised CA 21 53, Illinois Uninsured Motorists Coverage - Property Damage to reinforce that this endorsement applies if your covered "auto" is of the private passenger type or a "recreational vehicle" as that term is defined in CA 21 53.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ILLINOIS UNINSURED MOTORISTS COVERAGE— PROPERTY DAMAGE – PRIVATE PASSENGER TYPES OR RECREATIONAL VEHICLES

For a covered "auto" licensed or principally garaged in, or "auto dealer operations" conducted in, Illinois, this endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

If your covered "auto" is of the private passenger type or a "recreational vehicle", the following provisions apply:

A. Coverage

1. We will pay all sums the "insured" is legally entitled to recover as damages from the owner or driver of an "uninsured motor vehicle". The damages must result from "property damage" caused by an "accident" arising out of actual physical contact with your covered "auto". The owner's or driver's liability for these damages must result from the ownership, maintenance or use of an "uninsured motor vehicle".
2. Any judgment for damages arising out of a suit brought without our written consent is not binding on us.

B. Exclusions

This insurance does not apply to any of the following:

1. Any claim settled without our consent.
2. Anyone using a vehicle without a reasonable belief that the person is entitled to do so.
3. The first \$250 of the amount of "property damage" to a covered "auto" as a result of any one "accident".
4. Any motor vehicle owned by you for which you have purchased collision coverage under this policy or any other policy.

5. If the owner or operator of the "uninsured motor vehicle" cannot be identified.

6. "Property damage" arising directly or indirectly out of:

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

C. Limit Of Insurance

1. Regardless of the number of covered "autos", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for all damages resulting from any one "accident" will be the lesser of \$15,000 or the actual cash value of your damaged "auto" at the time of the "accident".
2. Any amount payable under this coverage shall be reduced by all sums paid by or for anyone who is legally responsible.

D. Changes In Conditions

The Conditions are changed for Uninsured Motorists Coverage— Property Damage — Private Passenger Types Or Recreational Vehicles (Illinois) as follows:

1. **Other Insurance** in the Auto Dealers and Business Auto Coverage Forms and **Other Insurance – Primary And Excess Insurance Provisions** in the Motor Carrier Coverage Form are replaced by the following:

If there is other applicable insurance available under one or more policies or provisions of coverage:

- a. The maximum recovery under all coverage forms or policies combined may equal but not exceed the highest applicable limit for any one vehicle under any Coverage Form or policy providing coverage on either a primary or excess basis.
- b. Any insurance we provide with respect to a vehicle you do not own shall be excess over any other collectible "property damage" uninsured motorists insurance providing coverage on a primary basis.
- c. If the coverage under this Coverage Form is provided:
 - (1) On a primary basis, we will pay only our share of the loss that must be paid under insurance providing coverage on a primary basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage on a primary basis.
 - (2) On an excess basis, we will pay only our share of the loss that must be paid under insurance providing coverage on an excess basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage on an excess basis.

2. **Duties In The Event Of Accident, Claim, Suit Or Loss** in the Business Auto and Motor Carrier Coverage Forms and **Duties In The Event Of Accident, Claim, Offense, Suit, Loss Or Acts, Errors Or Omissions** in the Auto Dealers Coverage Form are changed by adding the following:

- a. Promptly send us copies of the legal papers if a suit is brought.

- b. Provide us with the name and address of the owner of the "uninsured motor vehicle" or a registration number and description of such vehicle, or any other available information to establish that there is no applicable motor vehicle property damage liability coverage.

3. **Legal Action Against Us** is replaced by the following:

Legal Action Against Us

- a. No one may bring a legal action against us under this Coverage Form until there has been full compliance with all the terms of this Coverage Form.
- b. Any legal action against us must be brought within two years after the date of the "accident". However, this Paragraph 3.b. does not apply to an "insured" if, within two years after the date of the "accident", arbitration proceedings have commenced in accordance with the provisions of this Coverage Form.

4. **Transfer Of Rights Of Recovery Against Others To Us** does not apply.

5. The following conditions are added:

Reimbursement And Trust

If we make any payment and the "insured" recovers from another party, the "insured" shall hold the proceeds in trust for us and pay us back the amount we have paid.

Arbitration

- a. If we and an "insured" disagree whether the "insured" is legally entitled to recover damages under this endorsement or do not agree as to the amount of damages that are recoverable by that "insured", then the matter may be arbitrated. The "insured" may make a written demand for arbitration. In this event, each party will select an arbitrator. The two arbitrators will select a third. If such arbitrators are not selected within 45 days, either party may request that the arbitration be submitted to the American Arbitration Association. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.

- b. Unless both parties agree otherwise, arbitration will take place in the county in which the "insured" lives. Local rules of law as to arbitration procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding.

E. Additional Definitions

As used in this endorsement:

- 1. "Property damage" means injury to or destruction of a covered "auto". However, "property damage" does not include loss of use or damage to personal property contained in your covered "auto". This definition replaces the definition in the policy.
- 2. "Recreational vehicle" means camping trailers, motor homes, mini motor homes, travel trailers and truck campers or van campers used primarily for recreational purposes.
- 23. "Uninsured motor vehicle" means a land motor vehicle or trailer:
 - a. For which no liability bond or policy providing coverage for "property damage" applies at the time of the "accident";

- b. For which no liability bond or policy at the time of an "accident" provides at least the amount required for "property damage" liability covered by the Illinois Financial Responsibility Law; or
- c. For which an insuring or bonding company denies coverage or is or becomes insolvent.

However, "uninsured motor vehicle" does not include any vehicle:

- a. Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law;
- b. Owned by a governmental unit or agency; or
- c. Designed for use mainly off public roads while not on public roads.

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With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

If your covered "auto" is of the private passenger type or a "recreational vehicle", the following provisions apply:

A. Coverage

1. We will pay all sums the "insured" is legally entitled to recover as damages from the owner or driver of an "uninsured motor vehicle". The damages must result from "property damage" caused by an "accident" arising out of actual physical contact with your covered "auto". The owner's or driver's liability for these damages must result from the ownership, maintenance or use of an "uninsured motor vehicle".
2. Any judgment for damages arising out of a suit brought without our written consent is not binding on us.

B. Exclusions

This insurance does not apply to any of the following:

1. Any claim settled without our consent.
2. Anyone using a vehicle without a reasonable belief that the person is entitled to do so.
3. The first \$250 of the amount of "property damage" to a covered "auto" as a result of any one "accident".
4. Any motor vehicle owned by you for which you have purchased collision coverage under this policy or any other policy.

5. If the owner or operator of the "uninsured motor vehicle" cannot be identified.
6. "Property damage" arising directly or indirectly out of:
 - a. War, including undeclared or civil war;
 - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

C. Limit Of Insurance

1. Regardless of the number of covered "autos", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for all damages resulting from any one "accident" will be the lesser of \$15,000 or the actual cash value of your damaged "auto" at the time of the "accident".
2. Any amount payable under this coverage shall be reduced by all sums paid by or for anyone who is legally responsible.

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- a. The maximum recovery under all coverage forms or policies combined may equal but not exceed the highest applicable limit for any one vehicle under any Coverage Form or policy providing coverage on either a primary or excess basis.
- b. Any insurance we provide with respect to a vehicle you do not own shall be excess over any other collectible "property damage" uninsured motorists insurance providing coverage on a primary basis.
- c. If the coverage under this Coverage Form is provided:
 - (1) On a primary basis, we will pay only our share of the loss that must be paid under insurance providing coverage on a primary basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage on a primary basis.
 - (2) On an excess basis, we will pay only our share of the loss that must be paid under insurance providing coverage on an excess basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage on an excess basis.

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- a. Promptly send us copies of the legal papers if a suit is brought.

- b. Provide us with the name and address of the owner of the "uninsured motor vehicle" or a registration number and description of such vehicle, or any other available information to establish that there is no applicable motor vehicle property damage liability coverage.

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4. **Transfer Of Rights Of Recovery Against Others To Us** does not apply.

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Reimbursement And Trust

If we make any payment and the "insured" recovers from another party, the "insured" shall hold the proceeds in trust for us and pay us back the amount we have paid.

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- b. Unless both parties agree otherwise, arbitration will take place in the county in which the "insured" lives. Local rules of law as to arbitration procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding.

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3. "Uninsured motor vehicle" means a land motor vehicle or trailer:
 - a. For which no liability bond or policy providing coverage for "property damage" applies at the time of the "accident";
 - b. For which no liability bond or policy at the time of an "accident" provides at least the amount required for "property damage" liability covered by the Illinois Financial Responsibility Law; or
 - c. For which an insuring or bonding company denies coverage or is or becomes insolvent.

However, "uninsured motor vehicle" does not include any vehicle:

- a. Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law;
- b. Owned by a governmental unit or agency; or
- c. Designed for use mainly off public roads while not on public roads.