

RULES – IMPLEMENTATION

SEPTEMBER 12, 2022

COMMERCIAL AUTOMOBILE

LI-CA-2022-220

ILLINOIS COMMERCIAL AUTO REVISED UNINSURED MOTORISTS RULE IN RESPONSE TO FORMER H.B. 4493 TO BE IMPLEMENTED

KEY MESSAGE

We made revisions to Rule **97**. Uninsured Motorists Insurance Of The Illinois Exception Pages To Division One – Automobile of the Commercial Lines Manual under ISO Filing Designation Number [CA-2022-RUM1](#).

BACKGROUND

In circular [LI-CA-2022-135](#), we announced that, based on our initial review of 2022 Ill. Sess. Laws 775 (former H.B. 4493), we anticipated revising Rule **97**. Uninsured Motorists Insurance Of The Illinois Exception Pages To Division One – Automobile of the Commercial Lines Manual.

ISO ACTION

In response to 2022 Ill. Sess. Laws 775 (former H.B. 4493), we are implementing revisions to Rule **97**. Uninsured Motorists Insurance Of The Illinois Exception Pages To Division One – Automobile of the Commercial Lines Manual, to accommodate the revisions to 215 ILL. COMP. STAT. 5/143a.

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

EFFECTIVE DATE

We do not establish an effective date for Commercial Auto rule revisions in this state. Each insurer that elects to utilize this revision is responsible for determining its own effective date.

COMPANY ACTION

For all rules other than taxicabs:

ISO has not filed this revision.

You must independently determine what revision to make and when to make any revision effective. If you decide to use all or any part of our revision, you are NOT required to file anything with the Insurance Department.

You must document your files in case the Insurance Department wishes to review the information at a later date. In all internal correspondence on this revision, you should refer to ISO Filing Number [CA-2022-RUM1](#), 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.

For all rules applicable to taxicabs:

ISO has not filed this revision.

If you decide to use all or any part of ISO's revision to revise your rules, you must make an appropriate submission with the Insurance Department. 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.

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

RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- An existing rating formula is being rewritten.
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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-2022-006](#) 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 Manualholders with an edition date of 1-23 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

RELATED FORMS REVISION

In circular [LI-CA-2022-219](#), we are announcing the implementation of the corresponding forms revision.

RELATED LOSS COSTS REVISION

In circular [LI-CA-2022-221](#), we are announcing the implementation of the corresponding loss costs revision.

REFERENCE(S)

- [LI-CA-2022-221](#) (09/12/2022) Illinois Commercial Auto Revised Uninsured Motorists Loss Costs In Response To Former H.B. 4493 To Be Implemented
 - [LI-CA-2022-219](#) (09/12/2022) Illinois Commercial Auto Revised Uninsured Motorists Endorsement In Response To Former H.B. 4493 Filed And To Be Implemented
 - [LI-CA-2022-135](#) (06/03/2022) Illinois Former H.B. 4493 And Illinois Dept. Of Ins. Bulletin 2022-08 Regarding Uninsured Motorists Insurance Under Review
 - [LI-CL-2022-006](#) (02/22/2022) Revised Lead Time Requirements Listing
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ATTACHMENT(S)

Filing [CA-2022-RUM1](#)

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Illinois Revision to Rule 97. Uninsured Motorists Insurance

About This Filing

This filing is being made in response to 2022 Ill. Sess. Laws 775 (former H.B. 4493).

Revised Rule

We are revising Rule 97. Uninsured Motorists Coverage of the Illinois Exception Pages to Division one - Automobile of the Commercial Line Manual.

We have used a format of ~~striking-through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes.

Related Filing(s)

- ◆ CA-2022-OUM1 (Forms)
- ◆ CA-2022-RUMLC (Loss Costs)

Background

2022 Ill. Sess. Laws 775 (former H.B. 4493), effective May 13, 2022 revises 215 ILL. COMP. STAT. 5/143a as follows:

"(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 the corresponding policy limit for uninsured motor vehicle property damage coverage, \$15,000 whichever is less, subject to a maximum \$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."

The Illinois Department of Insurance issued Bulletin 2022-08 on May 16, 2022 advising that insurers are expected to comply with 2022 Ill. Sess. Laws 775 (former H.B. 4493) no later than January 1, 2023.

Explanation of Changes

In response to 2022 Ill. Sess. Laws 775 (former H.B. 4493) we are revising the Illinois exception to paragraphs **A.3.** and **B.1.** Uninsured Motorists Property Damage Coverage of Rule 97. Uninsured Motorists Coverage, to accommodate the revisions to 215 ILL. COMP. STAT. 5/143a noted above.

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97. UNINSURED MOTORISTS INSURANCE

The following is added to Rule 97.:

A. Application

1. Uninsured Motorists Bodily Injury Coverage

- a. Uninsured Motorists Bodily Injury Coverage must be provided at limits equal to the policy's Bodily Injury Liability limits on all vehicles designed for use on public highways and required to be registered or principally garaged in Illinois. Use Illinois Uninsured Motorists Coverage Endorsement **CA 21 30**. For split limits, also use Split Bodily Injury Uninsured Motorists Coverage Limits Endorsement **CA 21 02**.
- b. Increased limits are subject to the maximum bodily injury liability limits of the policy. The named insured may reject Uninsured Motorists Coverage at the policy's bodily injury liability limits, in writing and may select limits lower than the policy's bodily injury liability limits, but not lower than the bodily injury limits of liability required by the financial responsibility law.
- c. The insurer does not have to provide limits of Uninsured Motorists Bodily Injury Coverage that are higher than basic limits, on renewal, reinstatement, reissuance, substitute, amended, replacement or supplementary policies when the named insured has failed to elect such limits on the policy previously issued by the insurer.
- d. If Liability Coverage also applies to hired or non-owned automobiles, Uninsured Motorists Bodily Injury Coverage must be provided for those autos.

2. Underinsured Motorists Bodily Injury Coverage

Underinsured Motorists Bodily Injury Coverage must be provided at limits at least equal to the Uninsured Motorists Bodily Injury Coverage limits. However, this applies only when the policy's limit for Uninsured Motorists Bodily Injury Coverage exceeds the minimum limits required by the financial responsibility law. Use Illinois Underinsured Motorists Coverage Endorsement **CA 21 38**. For split limits, also use Split Bodily Injury Underinsured Motorists Coverage Limits Endorsement **CA 21 51**.

If Liability Coverage also applies to hired or non-owned automobiles, Underinsured Motorists Bodily Injury Coverage must be provided for those autos.

3. Uninsured Motorists Property Damage Coverage

- a. Uninsured Motorists Property Damage Coverage must be made available for:
 - (1) Private passenger automobiles, ~~which are not insured for collision coverage.~~
 - (2) Camping trailers, motor homes, mini motor homes, travel trailers and truck campers or van campers used primarily for recreational purposes and not used commercially, ~~which are not insured for collision coverage.~~Use Illinois Uninsured Motorists Coverage Property Damage – Private Passenger Types Or Recreational Vehicles Illinois Uninsured Motorists Coverage – Property Damage Endorsement **CA 21 53**.
- b. Uninsured Motorists Property Damage Coverage is subject to a maximum \$250 deductible. ~~The limit of coverage is \$15,000 or the actual cash value of the auto, whichever is less. Selection of the limit for Uninsured Motorists Property Damage Coverage and the deductible amount, if applicable, must be shown in the Schedule of Endorsement CA 21 53 or in the Declarations.~~
- c. The insurer must advise an applicant for an auto property damage liability policy covering a vehicle registered in Illinois of the availability of Uninsured Motorists Property Damage Coverage.
- d. The insurer does not have to advise a named insured of the availability of this coverage on renewal, reinstatement, reissuance, substitute, amended, replacement, or supplementary policies when the named insured has not accepted this insurance on the initial policy.

B. Premium Development

1. Select the appropriate loss costs table as follows:
 - a. For single limits Uninsured Motorists Bodily Injury Coverage, refer to state loss costs Table **97.B.1.a.(LC)**.
 - b. For single limits Underinsured Motorists Bodily Injury Coverage, refer to state loss costs Table **97.B.1.b.(LC)**.
 - c. For split limits Uninsured Motorists Bodily Injury Coverage, refer to state loss costs Table **97.B.1.c.(LC)**. The initial limits provided are the minimum financial responsibility limits required in Illinois.
 - d. For split limits Underinsured Motorists Bodily Injury Coverage, refer to state loss costs Table **97.B.1.d.(LC)**. The initial limits provided are the minimum financial responsibility limits required in Illinois.
 - e. For Uninsured Motorists Property Damage Coverage, refer to state loss costs Table **97.B.1.e.(LC)**. The loss costs contemplate a \$250 deductible. Refer to company for other deductible amounts. ~~The limit provided is the minimum financial responsibility limit required in Illinois.~~

2. Identify the exposures in this jurisdiction for which coverage applies and a premium will be charged. Exposures include owned self-propelled vehicles and sets of registration plates not issued to a specific auto (including dealer and transporter plates). Exposures also include employees (for non-owned autos) and the cost of hire (for hired autos), but only if Liability Coverage applies to hired and/or non-owned autos.
 - a. Separately determine the premium for owned self-propelled vehicles and sets of registration plates not issued to a specific auto as follows:
 - (1) Determine the exposure type (Private Passenger Type or Other Than Private Passenger Type). For the purposes of this premium development, Private Passenger Types include exposures which are classified under Section III of this division or are explicitly described as Private Passenger Types elsewhere in this division. Unless instructed otherwise, all other exposures are considered to be Other Than Private Passenger Types, even when rating for other coverages is based on Private Passenger Types.
 - (2) Within the appropriate loss costs table (single or split limits), locate the column corresponding to the exposure type determined in Paragraph **B.2.a.(1)**.
 - (3) From within this column, determine the appropriate loss cost based on the desired limit of coverage.
 - (4) For policies (other than Auto Dealers) issued to individual named insureds, add the amount shown in state loss costs Table **97.B.2.a.(4)(LC)**.
 - (5) Refer to the rules applicable to the exposure elsewhere in this division for additional premium development instructions, if any.
 - (6) Do not apply the charge in Table **97.B.2.a.(4)(LC)** for Uninsured Motorists Property Damage Coverage. Also, do not apply this charge for Underinsured Motorists Coverage.
 - b. Determine the premium for hired autos as follows:
 - (1) Determine the estimated cost of hire for each class of autos the insured expects to hire in this state during the policy period.
 - (2) Divide the cost of hire by 100.
 - (3) Multiply the result by the appropriate hired autos state loss cost in Rule **97.** for the desired limit of coverage.
 - (4) Refer to the rules applicable to the exposure elsewhere in this division for additional premium development instructions, if any.
 - c. Determine the premium for non-owned autos as follows:
 - (1) Determine the total number of employees of the insured at all locations within this state.
 - (2) Multiply this amount by the appropriate non-owned autos state loss cost in Rule **97.** for the desired limit of coverage.
 - (3) Refer to the rules applicable to the exposure elsewhere in this division for additional premium development instructions, if any.
 - d. Primary, secondary, fleet, operator experience and use rating factors do not apply.
 - e. Do not charge a premium for the following:
 - (1) Trailers;
 - (2) Owned vehicles which have not been assigned registration plates (such as Auto Dealers' inventory); or
 - (3) Registration plates used to transport non-owned autos (such as drive-away contractors rated under Rule **69.**).