

If Your Homeowners Insurance Policy Is Nonrenewed

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Note: This information was developed to provide consumers with general information and guidance about insurance coverages and laws. It is not intended to provide a formal, definitive description or interpretation of Department policy. For specific Department policy on any issue, regulated entities (insurance industry) and interested parties should contact the Department. If your homeowner's insurance company terminates your policy without your permission, your company has certain duties and you have certain rights. A company may terminate a policy without your permission in three ways:

- **rescission** - when the company voids your policy back to the beginning. There is no coverage at all and the company will return the money you paid;
- **cancellation** - when the company terminates your policy before the expiration date;
- **nonrenewal** - when the company terminates your policy at the expiration date.

A company's duties and your rights differ depending on whether your policy is rescinded, canceled or nonrenewed. Furthermore, your rights and your insurer's responsibilities depend upon the nature of the policy, as well as the length for which the policy has been in effect. This fact sheet explains what happens when your private homeowner's insurance policy is being nonrenewed at its expiration date.

Is My Policy a Private Homeowner's Policy?

A private homeowner's policy is sometimes referred to as a "policy of fire and extended coverage insurance." These policies cover real property that is used principally for residential purposes, usually including a building that houses up to 4 families. Typically, the policies also cover any household or personal property that is commonly used for daily life. If your policy is not for residential purposes, but rather covers a commercial building, the following information may not be applicable.

Why Can My Insurer Nonrenew My Policy?

A company may nonrenew your private homeowner's policy for different reasons depending upon the duration that your policy has been in force. If your policy has been continuously active less than 5 years, please see [Nonrenewal of Private Homeowner's Insurance Policy Active for Less Than 5 Years](#). If your policy has been continuously active for 5 or more years, please see the appropriate section below labeled [Nonrenewal of Private Homeowner's Insurance Policy Active for 5 or More Years](#).

Nonrenewal of Private Homeowner's Insurance Policy Active for Less Than 5 Years

Reason for Nonrenewal

A company may nonrenew your homeowner's policy for any reason except age or location of the property, or the age, gender, race, color, ancestry, marital status or occupation of the occupants.

If the company nonrenews your policy because the property condition has declined, the company must allow you time (not more than 90 days) to make required repairs.

A company is prohibited from nonrenewing your homeowner's policy based **solely** on credit report information. If credit information from your credit report is used to nonrenew your insurance policy, the insurer must provide you with the name of the national credit bureau that supplied the information so that you can get a free copy of your credit report. For more information about credit scoring, see our fact sheet entitled [Understanding How Insurers Use Credit Information](#).

Effective January 1, 2003, an insurer is prohibited from nonrenewing your homeowner's policy solely on the basis that one or more claims have been made against any policy during the preceding 60 months for a loss that is the result of a hate crime committed against the person or property insured if the insured provides evidence to the insurer that the act causing the loss is identified as a hate crime on a police report.

Notice

The company must send you a written notice explaining why it is nonrenewing your policy. The notice must clearly articulate the specific reason(s) for nonrenewal. The company may not simply state "fraud" or "misrepresentation," but rather provide factual basis for such reason(s). The notice must also explain two important items:

1. You have the right to appeal the nonrenewal as explained below under [Hearing Rights](#).
2. You may be eligible to buy insurance from the **Illinois FAIR Plan Association** if you cannot find coverage elsewhere.

Note: If your insurer merges or restructures with another company, or if your insurer reclassifies your policy (possibly due to an excess of claims), the company must mail you a notice about the change 60 days prior to a change in your policy.

Mailing Time

The company must mail a nonrenewal notice to you at your last known mailing address, so it is important for you to notify your insurance agent or company if you move. The company must mail your nonrenewal notice:

- **At least 30 days** before the nonrenewal date if the policy has been in force less than 5 years

The company must keep proof that it mailed your notice, but it does not have to show proof that you received it.

Hearing Rights

If you believe your company failed to follow the required steps when nonrenewing your policy, you may appeal the nonrenewal to the Director of Insurance. To do so, you must mail or deliver your **written** request for a hearing to the Department of Insurance at least **20 days before the expiration date**, explaining **in detail** why you believe the company has improperly nonrenewed your policy.

If your hearing is granted, we will send you written notice about the time and date of the hearing.

For More Information

Call our Consumer Services Section at (312) 814-2420 or our Consumer Assistance Hotline toll free at (866) 445-5364 or visit us on our website at <http://insurance.illinois.gov/>

Nonrenewal of Private Homeowner's Insurance Policy Active for 5 or More Years

Reason for Nonrenewal

A company may elect to not renew your homeowner's policy for a limited set of reasons if it provides **30 days written notice**, or for nearly any reason if it provides you with **60 days written notice** (the limited reasons for 30 days notice are available [below](#)). In either case, your insurer may not nonrenew your policy for reasons of age or location of the property, or the age, gender, race, color, ancestry, marital status or occupation of the occupants. If the company nonrenews your policy because the property condition has declined, the company must allow you time (not more than 90 days) to make required repairs.

Furthermore, a company is prohibited from nonrenewing your homeowner's policy based **solely** on credit report information. If credit information from your credit report is used to nonrenew your insurance policy, the insurer must provide you with the name of the national credit bureau that supplied the information so that you can get a free copy of your credit report. For more information about credit scoring, see our fact sheet entitled [Understanding How Insurers Use Credit Information](#).

Effective January 1, 2003, an insurer is prohibited from nonrenewing your homeowner's policy solely on the basis that one or more claims have been made against any policy during the preceding 60 months for a loss that is the result of a hate crime committed against the person or property insured if the insured provides evidence to the insurer that the act causing the loss is identified as a hate crime on a police report.

30 days written notice

When the company has mailed written notice of nonrenewal of a policy that has been in effect 5 years or more only 30 days before the nonrenewal date, an insurer may only decide to nonrenew your policy for the following reasons:

1. The insured initially obtained the policy through giving misleading or incorrect information to the insurer; or
2. A significant change has occurred such that there is a measurably greater chance an unfortunate event will affect the property.

For all other reasons, your company must mail you written notice 60 days in advance of nonrenewal.

Notice

The company must send you a written notice explaining why it is nonrenewing your policy. The notice must clearly articulate the specific reason(s) for nonrenewal. The company may not simply state "fraud" or "misrepresentation," but rather provide factual basis for such reason(s). The notice must also explain two important items:

1. You have the right to appeal the nonrenewal as explained below under [Hearing Rights](#).
2. You may be eligible to buy insurance from the **Illinois FAIR Plan Association** if you cannot find coverage elsewhere.

Note: If your insurer merges or restructures with another company, or if your insurer reclassifies your policy (possibly due to an excess of claims), the company must mail you a notice about the change 60 days prior to a change in your policy.

Mailing Time

The company must mail a nonrenewal notice to you at your last known mailing address, so it is important for you to notify your insurance agent or company if you move. The company must mail your nonrenewal notice:

- At least 30 days before the nonrenewal date only if the reason for nonrenewal is one of the limited reasons above; or
- For almost any other reason, at least 60 days before the nonrenewal date.

The company must keep proof that it mailed your notice, but it does not have to show proof that you received it.

Hearing Rights

If you believe your company failed to follow the required steps when nonrenewing your policy, you may appeal the nonrenewal to the Director of Insurance. To do so, you must mail or deliver your **written** request for a hearing to the Department of Insurance at least **20 days before the expiration date**, explaining **in detail** why you believe the company has improperly nonrenewed your policy.

If your hearing is granted, we will send you written notice about the time and date of the hearing.

For More Information

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