If Your Homeowners Insurance Policy Is Canceled

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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:

1. **recession** - 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;
2. **cancellation** - when the company terminates your policy before the expiration date;
3. **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A company's duties and your rights differ depending on whether your policy is rescinded, canceled or nonrenewed. This fact sheet explains what happens when your policy is being canceled before its expiration date.

**Reason for Cancellation**

During the **first 60 days** of a new policy, your company may cancel for almost any reason. Illinois law allows companies 60 days to look at your risk and decide whether they want to issue you a policy.

If a check, credit card charge, or money order given for the initial premium payment is not processed due to insufficient funds, the new policy may be considered null and void and cancellation provisions will not apply. After your new policy has been in force **more than 60 days**, or if you have a renewal policy, your company may only cancel you for one of the following reasons:

- if you fail to pay the premium by the due date;
- if you obtained the policy through misrepresentation or fraud; or
- if there is an increase in the risk originally accepted.

If the company cancels your policy because the property condition has declined and it believes the risk originally accepted has increased, the company must allow you time (not more than 90 days) to make required repairs.
Effective January 1, 2003, an insurer is prohibited from canceling your homeowners 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 canceling your policy. The notice must also explain two important items:

1. You have the right to appeal the cancellation 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.

**Mailing Time**

The company must mail a cancellation 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 cancellation notice:

- at least 10 days before the cancellation date for nonpayment of premium;
- at least 30 days before the cancellation date for all other reasons.

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 it canceled your policy, you may appeal the cancellation to the Director of Insurance. To do so, you must:

- have been canceled for a reason other than nonpayment of premium;
- mail or deliver your written request for a hearing to the Department of Insurance at least 20 days before the cancellation date, explaining in detail why you believe the company has improperly canceled 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 Assistance Hotline Toll Free at (866) 445-5364 or visit us on our website at insurance.illinois.gov