

SB3448



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3448

Introduced 2/4/2026, by Sen. David Koehler

SYNOPSIS AS INTRODUCED:

New Act

Creates the Not-for-Profit Health Insurance Reserve Cap Act. Prohibits a not-for-profit health insurance company from maintaining reserves in excess of 125% of the minimum solvency standards required by the Department of Insurance by the end of each calendar year. Requires each not-for-profit health insurance company to submit an annual financial report to the Department detailing the company's reserve levels. Provides that any excess reserves shall be utilized for all the specified purposes during the applicable calendar year. Provides that the Department shall monitor and enforce compliance with the Act.

LRB104 18172 BAB 31611 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 1. Short title. This Act may be cited as the
5 Not-for-Profit Health Insurance Reserve Cap Act.

6 Section 5. Purpose. The purpose of this Act is to limit
7 excessive accumulation of reserves by not-for-profit health
8 insurance companies in order to ensure that surplus funds are
9 used to improve health care services in Illinois, fairly
10 compensate Illinois medical providers, and benefit
11 policyholders and the policyholders' employees, retirees, and
12 dependents.

13 Section 10. Definitions. In this Act:

14 "Department" means the Department of Insurance.

15 "Excess reserves" means any amount of reserves maintained
16 by a not-for-profit health insurance company that exceeds 125%
17 of the regulatory minimum solvency requirement established by
18 the Department.

19 "Health insurance issuer" has the meaning given to that
20 term in Section 5 of the Illinois Health Insurance Portability
21 and Accountability Act.

22 "Not-for-profit health insurance company" means any health

1 insurance issuer organized and operated as a not-for-profit
2 under applicable State and federal laws.

3 "Reserves" means any surplus funds or financial assets
4 held by a not-for-profit health insurance company that exceed
5 the minimum amount required by the Department to endure
6 solvency and operational stability.

7 Section 15. Limitations on reserves. By the end of each
8 calendar year, no not-for-profit health insurance company
9 shall maintain reserves in excess of 125% of the minimum
10 solvency reserve standards required by the Department. Each
11 not-for-profit health insurance company shall submit an annual
12 financial report to the Department detailing the company's
13 reserve levels, including any reserves held in excess of the
14 prescribed cap.

15 Section 20. Use of excess reserves. Any excess reserves
16 shall be utilized for all the following purposes during the
17 applicable calendar year:

18 (1) market level compensation for health care
19 providers currently in the insurer's network;

20 (2) expansion of access to health care for underserved
21 populations; and

22 (3) reduction in premiums for current policyholders.

23 Section 25. Enforcement and penalties. The Department

1 shall monitor compliance with this Act. This monitoring shall
2 include, but not be limited to, conducting audits, reviewing
3 financial disclosures required by this Act, issuing subpoenas,
4 and other judicial processes. Any not-for-profit health
5 insurance company in violation of this Act shall be subject to
6 fines, penalties, and other corrective action, including, but
7 not limited to:

8 (1) imposition of a monetary fine not exceeding 50% of
9 the excess reserve held; and

10 (2) suspension or revocation of its license to operate
11 in Illinois.