

1 AN ACT concerning insurance.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Insurance Code is amended by
5 changing Sections 500-10 and 500-135 and adding Section
6 500-107 as follows:

7 (215 ILCS 5/500-10)

8 Sec. 500-10. Definitions. In addition to the
9 definitions in Section 2 of the Code, the following
10 definitions apply to this Article:

11 "Business entity" means a corporation, association,
12 partnership, limited liability company, limited liability
13 partnership, or other legal entity.

14 "Car rental limited line licensee" means a person
15 authorized under the provisions of Section 500-105 to sell
16 certain coverages relating to the rental of vehicles.

17 "Home state" means the District of Columbia and any state
18 or territory of the United States in which an insurance
19 producer maintains his or her principal place of residence or
20 principal place of business and is licensed to act as an
21 insurance producer.

22 "Insurance" means any of the lines of authority in
23 Section 500-35, any health care plan under the Health
24 Maintenance Organization Act, or any limited health care plan
25 under the Limited Health Service Organization Act.

26 "Insurance producer" means a person required to be
27 licensed under the laws of this State to sell, solicit, or
28 negotiate insurance.

29 "Insurer" means a company as defined in subsection (e) of
30 Section 2 of this Code, a health maintenance organization as
31 defined in the Health Maintenance Organization Act, or a

1 limited health service organization as defined in the Limited
2 Health Service Organization Act.

3 "License" means a document issued by the Director
4 authorizing an individual to act as an insurance producer for
5 the lines of authority specified in the document or
6 authorizing a business entity to act as an insurance
7 producer. The license itself does not create any authority,
8 actual, apparent, or inherent, in the holder to represent or
9 commit an insurance carrier.

10 "Limited lines insurance" means those lines of insurance
11 defined in Section 500-100 or any other line of insurance
12 that the Director may deem it necessary to recognize for the
13 purposes of complying with subsection (e) of Section 500-40.

14 "Limited lines producer" means a person authorized by the
15 Director to sell, solicit, or negotiate limited lines
16 insurance.

17 "Negotiate" means the act of conferring directly with or
18 offering advice directly to a purchaser or prospective
19 purchaser of a particular contract of insurance concerning
20 any of the substantive benefits, terms, or conditions of the
21 contract, provided that the person engaged in that act either
22 sells insurance or obtains insurance from insurers for
23 purchasers.

24 "Person" means an individual or a business entity.

25 "Rental agreement" means a written agreement setting
26 forth the terms and conditions governing the use of a vehicle
27 provided by a rental company for rental or lease.

28 "Rental company" means a person, or a franchisee of the
29 person, in the business of providing primarily private
30 passenger vehicles to the public under a rental agreement for
31 a period not to exceed 30 days.

32 "Rental period" means the term of the rental agreement.

33 "Renter" means a person obtaining the use of a vehicle
34 from a rental company under the terms of a rental agreement

1 for a period not to exceed 30 days.

2 "Self-service storage facility limited line licensee"
3 means a person authorized under the provisions of Section
4 500-107 to sell certain coverages relating to the rental of
5 self-service storage facilities.

6 "Sell" means to exchange a contract of insurance by any
7 means, for money or its equivalent, on behalf of an insurance
8 company.

9 "Solicit" means attempting to sell insurance or asking or
10 urging a person to apply for a particular kind of insurance
11 from a particular company.

12 "Terminate" means the cancellation of the relationship
13 between an insurance producer and the insurer or the
14 termination of a producer's authority to transact insurance.

15 "Uniform Business Entity Application" means the current
16 version of the National Association of Insurance
17 Commissioners' Uniform Business Entity Application for
18 nonresident business entities.

19 "Uniform Application" means the current version of the
20 National Association of Insurance Commissioners' Uniform
21 Application for nonresident producer licensing.

22 "Vehicle" or "rental vehicle" means a motor vehicle of
23 (1) the private passenger type, including passenger vans,
24 mini vans, and sport utility vehicles or (2) the cargo type,
25 including cargo vans, pickup trucks, and trucks with a gross
26 vehicle weight of less than 26,000 pounds the operation of
27 which does not require the operator to possess a commercial
28 driver's license.

29 (Source: P.A. 92-386, eff. 1-1-02.)

30 (215 ILCS 500-107 new)

31 Sec. 500-107. Self-service storage facility limited line
32 license for self-storage facilities.

33 (a) Except as permitted by subsection (j) of this

1 Section, a self-service storage facility must obtain a
 2 producer license or obtain a self-service storage facility
 3 limited line license before offering or selling insurance in
 4 connection with and incidental to the rental of storage space
 5 provided by a self-service storage facility. The sale of
 6 insurance may occur at the rental office or by preselection
 7 of coverage in a master, corporate, group rental, or
 8 individual agreement. The following general categories of
 9 coverage may be offered or sold:

10 (1) insurance that provides hazard insurance
 11 coverage to renters for the loss of, or damage to,
 12 tangible personal property in storage or in transit
 13 during the rental period; or

14 (2) any other coverage the Director may approve as
 15 meaningful and appropriate in connection with the rental
 16 of storage space.

17 (b) Insurance may not be offered by a self-service
 18 storage limited line producer pursuant to this Section
 19 unless:

20 (1) the self-service storage facility has applied
 21 for and obtained a self-service storage facility limited
 22 line license;

23 (2) at every rental location where rental
 24 agreements are executed, brochures or other written
 25 materials are readily available to the prospective renter
 26 that:

27 (A) summarize clearly and correctly the
 28 material terms of coverage offered to renters,
 29 including the identity of the insurer;

30 (B) disclose that the coverage offered by the
 31 self-service storage facility may provide a
 32 duplication of coverage already provided by the
 33 renter's personal homeowner's insurance policy,
 34 automobile insurance policy, personal liability

1 insurance policy, or other source of coverage;

2 (C) state that the purchase by the renter of
3 the kinds of coverage specified in this Section is
4 not required in order to rent storage space; and

5 (D) describe the process for filing a claim in
6 the event the consumer elects to purchase coverage
7 and in the event of a claim; and

8 (3) evidence of coverage is provided to each renter
9 who elects to purchase the coverage.

10 (c) A self-service storage facility limited line license
11 issued under this Section shall also authorize any employee
12 of the self-service storage facility limited line licensee to
13 act individually on behalf and under the supervision of the
14 self-service storage facility limited line licensee with
15 respect to the kinds of coverage specified in this Section.

16 (d) A self-service storage facility licensed pursuant to
17 this Section must conduct a training program in which
18 employees being trained shall receive basic instruction about
19 the kinds of coverage specified in this Section and offered
20 for purchase by prospective renters of storage space.

21 (e) Notwithstanding any other provision of this Section
22 or any rule adopted by the Director, a self-service storage
23 facility limited line producer pursuant to this Section is
24 not required to treat moneys collected from renters
25 purchasing insurance when renting storage space as funds
26 received in a fiduciary capacity, provided that the charges
27 for coverage shall be itemized and ancillary to a rental
28 transaction.

29 (f) The sale of insurance not in conjunction with a
30 rental transaction shall not be permitted.

31 (g) A self-service storage facility limited line
32 producer under this Section may not advertise, represent, or
33 otherwise hold itself or any of its employees out as licensed
34 insurers, insurance producers, insurance agents, or insurance

1 brokers.

2 (h) Direct commissions may not be paid to self-service
3 storage facility employees by the insurer or the customer
4 purchasing insurance products. The self-service storage
5 facility may include insurance products in an overall
6 employee performance compensation incentive program.

7 (i) An application for a self-service storage facility
8 limited line license must be made on a form specified by the
9 Director.

10 (j) Nothing contained in this Section shall prohibit an
11 unlicensed person from enrolling, issuing, or otherwise
12 distributing certificates of insurance under a group master
13 policy lawfully issued in this or another state when:

14 (1) the enrollment or distribution is by an
15 employee of the group master policyholder;

16 (2) no commission is paid for such enrollment or
17 distribution;

18 (3) the distribution is incidental and ancillary to
19 the primary rental business of the group master
20 policyholder; and

21 (4) the group master policy is sold to the group
22 master policyholder by a licensed producer.

23 (k) Nothing in this Section applies to or affects common
24 carriers regulated by the Illinois Commerce Commission.

25 (215 ILCS 5/500-135)

26 Sec. 500-135. Fees.

27 (a) The fees required by this Article are as follows:

28 (1) a fee of \$150 payable once every 2 years for an
29 insurance producer license;

30 (2) a fee of \$25 for the issuance of a temporary
31 insurance producer license;

32 (3) a fee of \$50 payable once every 2 years for a
33 business entity;

1 (4) an annual \$25 fee for a limited line producer
2 license issued under items (1) through (7) of subsection
3 (a) of Section 500-100;

4 (5) a \$25 application fee for the processing of a
5 request to take the written examination for an insurance
6 producer license;

7 (6) an annual registration fee of \$500 for
8 registration of an education provider;

9 (7) a certification fee of \$25 for each certified
10 pre-licensing or continuing education course and an
11 annual fee of \$10 for renewing the certification of each
12 such course;

13 (8) a fee of \$50 payable once every 2 years for a
14 car rental limited line license;

15 (9) a fee of \$150 payable once every 2 years for a
16 limited lines license other than the licenses issued
17 under items (1) through (7) of subsection (a) of Section
18 500-100, or a car rental limited line license, or a
19 self-service storage facility limited line license;

20 (10) a fee of \$50 payable once every 2 years for a
21 self-service storage facility limited line license.

22 (b) Except as otherwise provided, all fees paid to and
23 collected by the Director under this Section shall be paid
24 promptly after receipt thereof, together with a detailed
25 statement of such fees, into a special fund in the State
26 Treasury to be known as the Insurance Producer Administration
27 Fund. The moneys deposited into the Insurance Producer
28 Administration Fund may be used only for payment of the
29 expenses of the Department in the execution, administration,
30 and enforcement of the insurance laws of this State, and
31 shall be appropriated as otherwise provided by law for the
32 payment of those expenses with first priority being any
33 expenses incident to or associated with the administration
34 and enforcement of this Article.

1 (Source: P.A. 92-386, eff. 1-1-02.)