



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB4012

Introduced 2/28/2005, by Rep. Eddie Washington

SYNOPSIS AS INTRODUCED:

215 ILCS 5/Art. XXIX heading	
215 ILCS 5/454	from Ch. 73, par. 1065.1
215 ILCS 5/455	from Ch. 73, par. 1065.2
215 ILCS 5/456	from Ch. 73, par. 1065.3
215 ILCS 5/457	from Ch. 73, par. 1065.4
215 ILCS 5/458	from Ch. 73, par. 1065.5
215 ILCS 5/460	from Ch. 73, par. 1065.7
215 ILCS 5/462	from Ch. 73, par. 1065.9
215 ILCS 5/463	from Ch. 73, par. 1065.10
215 ILCS 5/465	from Ch. 73, par. 1065.12
215 ILCS 5/466	from Ch. 73, par. 1065.13
215 ILCS 5/467	from Ch. 73, par. 1065.14
215 ILCS 5/468	from Ch. 73, par. 1065.15
215 ILCS 5/469	from Ch. 73, par. 1065.16
215 ILCS 5/470	from Ch. 73, par. 1065.17
215 ILCS 5/471	from Ch. 73, par. 1065.18
215 ILCS 5/459 rep.	
215 ILCS 5/461 rep.	

Amends the Illinois Insurance Code. Abolishes authority for rating organizations. Requires insurance companies to file their own rates with the Department of Financial and Professional Regulation. Prohibits rate changes exceeding 15% without adequate justification and establishes criteria for justification. Expands the scope of rate regulation under Article XXIX to include all property and casualty insurance. Effective immediately.

LRB094 09462 LJB 39712 b

FISCAL NOTE ACT
MAY APPLY

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 the heading of Article XXIX and Sections 454, 455,
 6 456, 457, 458, 460, 462, 463, 465, 466, 467, 468, 469, 470, and
 7 471 as follows:

8 (215 ILCS 5/Art. XXIX heading)

9 ARTICLE XXIX. PROPERTY AND CASUALTY ~~WORKERS' COMPENSATION AND~~
 10 ~~EMPLOYER'S LIABILITY~~ RATES.

11 (215 ILCS 5/454) (from Ch. 73, par. 1065.1)

12 Sec. 454. Purpose of Article. The purpose of this Article
 13 is to promote the public welfare by regulating property and
 14 casualty insurance rates, including workers' compensation and
 15 employer's liability insurance rates, to the end that they
 16 shall not be excessive, inadequate or unfairly discriminatory,
 17 or erroneously applied and to authorize and regulate
 18 co-operative action among companies in rate making and in other
 19 matters within the scope of this Article. It is the express
 20 intent of the General Assembly pursuant to this Article to
 21 permit and encourage competition between companies on a sound
 22 financial basis and to establish a mechanism to ensure the
 23 provision of adequate insurance at reasonable rates to the
 24 citizens of this State. ~~Nothing in this Article is intended (1)~~
 25 ~~to prohibit or discourage reasonable competition, or (2) to~~
 26 ~~prohibit, or encourage except to the extent necessary to~~
 27 ~~accomplish the aforementioned purpose, uniformity in insurance~~
 28 ~~rates, rating systems, rating plans or practices.~~ This Article
 29 shall be liberally interpreted to carry into effect the
 30 provisions of this Section. Section 462b of this Article is a
 31 codification of existing law and practice.

1 (Source: P.A. 83-1002.)

2 (215 ILCS 5/455) (from Ch. 73, par. 1065.2)

3 Sec. 455. Scope of article. This Article applies to
4 property and casualty insurance, including workers'
5 compensation and employers' liability insurance incidental
6 thereto and written in connection therewith, but shall not
7 apply to reinsurance thereon. As used in this Article,
8 "property and casualty insurance" means the kinds of insurance
9 described in clauses (b), (c), (d), (e), (f), (g), (h), (i),
10 (j), (k), and (l) of Class 2 and clauses (a), (b), (c), (d),
11 (e), (f), (g), (h), and (i) of Class 3 of Section 4 of this
12 Code.

13 (Source: P.A. 81-992.)

14 (215 ILCS 5/456) (from Ch. 73, par. 1065.3)

15 Sec. 456. Making of rates. (1) All rates shall be made in
16 accordance with the following provisions:

17 (a) Due consideration shall be given to past and
18 prospective loss experience within and outside this state, to
19 catastrophe hazards, if any, to a reasonable margin for profit
20 and contingencies, to dividends, savings or unabsorbed premium
21 deposits allowed or returned by companies to their
22 policyholders, members or subscribers, to past and prospective
23 expenses both countrywide and those specially applicable to
24 this state, to underwriting practice and judgment and to all
25 other relevant factors within and outside this state;

26 (b) The systems of expense provisions included in the rates
27 for use by any company ~~or group of companies~~ may differ from
28 those of other companies or groups of companies to reflect the
29 requirements of the operating methods of any such company ~~or~~
30 ~~group~~ with respect to any kind of insurance, or with respect to
31 any subdivision or combination thereof for which subdivision or
32 combination separate expense provisions are applicable;

33 (c) Risks may be grouped by classifications for the
34 establishment of rates and minimum premiums. Classification

1 rates may be modified to produce rates for individual risks in
2 accordance with rating plans which measure variation in hazards
3 or expense provisions, or both. Such rating plans may measure
4 any differences among risks that have a probable effect upon
5 losses or expenses;

6 (d) Rates shall not be excessive, inadequate or unfairly
7 discriminatory, nor shall rates be increased more than 15%
8 without adequate justification.

9 A rate in a competitive market is presumed to be not
10 excessive if it has not been increased or decreased by more
11 than 15% without adequate justification. A rate in a
12 noncompetitive market is excessive if it is likely to produce a
13 long run profit that is unreasonably high for the insurance
14 provided or if expenses are unreasonably high in relation to
15 the services rendered.

16 A rate is not inadequate unless such rate is clearly
17 insufficient to sustain projected losses and expenses in the
18 class of business to which it applies and the use of such rate
19 has or, if continued, will have the effect of substantially
20 lessening competition or the tendency to create monopoly in any
21 market.

22 Unfair discrimination exists if, after allowing for
23 practical limitations, price differentials fail to reflect
24 equitably the differences in expected losses and expenses. A
25 rate is not unfairly discriminatory because different premiums
26 result for policyholders with like exposures but different
27 expenses, or like expenses but different loss exposures, so
28 long as the rate reflects the differences with reasonable
29 accuracy.

30 (e) A ~~The~~ rating plan for workers' compensation or
31 employer's liability insurance shall contain a mandatory offer
32 of a deductible applicable only to the medical benefit under
33 the Workers' Compensation Act. Such deductible offer shall be
34 in a minimum amount of at least \$1,000 per accident.

35 (f) Any rating plan or program shall include a rule
36 permitting 2 or more employers with similar risk

1 characteristics, who participate in a loss prevention program
2 or safety group, to pool their premium and loss experience in
3 determining their rate or premium for such participation in the
4 program.

5 (g) In making the determination of whether there is
6 adequate justification for a rate increase of more than 15%,
7 the Secretary shall, in accordance with generally accepted and
8 reasonable actuarial techniques, consider the following
9 factors:

10 (A) Past loss experience within and outside this State.

11 (B) Past expenses both allocated and unallocated.

12 (C) The degree of competition among insurers for the
13 risk insured.

14 (D) Investment income reasonably expected by the
15 insurer, consistent with the insurer's investment
16 practices, from investable premiums anticipated in the
17 filing, plus any other expected income from currently
18 invested assets representing the amount expected on
19 unearned premium reserves and loss reserves. the
20 Department may adopt rules utilizing reasonable techniques
21 of actuarial science and economics to specify the manner in
22 which insurers shall calculate investment income
23 attributable to the classes of insurance written in this
24 State and the manner in which the investment income shall
25 be used in the calculation of insurance rates.

26 (E) The reasonableness of the judgment reflected in the
27 filing.

28 (F) Dividends, savings, or unabsorbed premium deposits
29 allowed or returned to Illinois policyholders, members, or
30 subscribers.

31 (G) The adequacy of loss reserves.

32 (H) The cost of reinsurance.

33 (I) Trend factors, including trends in actual losses
34 per insured unit for the insurer making the filing.

35 (J) Conflagration and catastrophe hazards, if
36 applicable.

1 (K) A reasonable margin for profit and contingencies.

2 (L) Other relevant factors that impact upon the
3 frequency or severity of claims or upon expenses.

4 (M) In the case of fire insurance rates, consideration
5 shall be given to the experience of the fire insurance
6 business during a period of not less than the most recent 5
7 year period for which the experience is available.

8 (2) Except to the extent necessary to meet the provisions
9 of subdivision (d) of subsection (1) of this Section,
10 uniformity among companies in any matters within the scope of
11 this Section is neither required nor prohibited.

12 (Source: P.A. 82-939.)

13 (215 ILCS 5/457) (from Ch. 73, par. 1065.4)

14 Sec. 457. Rate filings. (1) Beginning January 1, 1983,
15 every company shall file with the Director every manual of
16 classifications, every manual of rules and rates, every rating
17 plan and every modification of the foregoing which it intends
18 to use. Such filings shall be made not later than 30 days after
19 they become effective. ~~A company may satisfy its obligation to~~
20 ~~make such filings by adopting the filing of a licensed rating~~
21 ~~organization of which it is a member or subscriber, filed~~
22 ~~pursuant to subsection (2) of this Section, in total or by~~
23 ~~notifying the Director in what respects it intends to deviate~~
24 ~~from such filing. Any company adopting a pure premium filed by~~
25 ~~a rating organization pursuant to subsection (2) must file with~~
26 ~~the Director the modification factor it is using for expenses~~
27 ~~and profit so that the final rates in use by such company can~~
28 ~~be determined.~~

29 (2) (Blank). ~~Beginning January 1, 1983, each licensed~~
30 ~~rating organization must file with the Director every manual of~~
31 ~~classification, every manual of rules and advisory rates, every~~
32 ~~pure premium which has been fully adjusted and fully developed,~~
33 ~~every rating plan and every modification of any of the~~
34 ~~foregoing which it intends to recommend for use to its members~~
35 ~~and subscribers, not later than 30 days after such manual,~~

1 ~~premium, plan or modification thereof takes effect. Every~~
2 ~~licensed rating organization shall also file with the Director~~
3 ~~the rate classification system, all rating rules, rating plans,~~
4 ~~policy forms, underwriting rules or similar materials, and each~~
5 ~~modification of any of the foregoing which it requires its~~
6 ~~members and subscribers to adhere to not later than 30 days~~
7 ~~before such filings or modifications thereof are to take~~
8 ~~effect. Every such filing shall state the proposed effective~~
9 ~~date thereof and shall indicate the character and extent of the~~
10 ~~coverage contemplated.~~

11 (3) A filing and any supporting information made pursuant
12 to this Section shall be open to public inspection after the
13 filing becomes effective.

14 (Source: P.A. 82-939.)

15 (215 ILCS 5/458) (from Ch. 73, par. 1065.5)

16 Sec. 458. Disapproval of filings. (1) If within thirty days
17 of any filing the Director finds that such filing does not meet
18 the requirements of this Article, he shall send to the company
19 ~~or rating organization~~ which made such filing a written notice
20 of disapproval of such filing, specifying therein in what
21 respects he finds that such filing fails to meet the
22 requirements of this Article and stating when, within a
23 reasonable period thereafter, such filing shall be deemed no
24 longer effective. If the company ~~or rating organization~~ making
25 the filing shall, prior to the expiration of the period
26 prescribed in the notice, request a hearing, such filings shall
27 be effective until the expiration of a reasonable period
28 specified in any order entered thereon. If the rate resulting
29 from such filing be unfairly discriminatory or materially
30 inadequate, and the difference between such rate and the
31 approved rate equals or exceeds the cost of making an
32 adjustment, the Director shall in such notice or order direct
33 an adjustment of the premium to be made with the policyholder
34 either by refund or collection of additional premium. If the
35 policyholder does not accept the increased rate, cancellation

1 shall be made on a pro rata basis. Any policy issued pursuant
2 to this subsection shall contain a provision that the premium
3 thereon shall be subject to adjustment upon the basis of the
4 filing finally approved.

5 (2) If at any time subsequent to the applicable review
6 period provided for in subsection (1) of this Section, the
7 Director finds that a filing does not meet the requirements of
8 this Article, he shall, after a hearing held upon not less than
9 ten days written notice, specifying the matters to be
10 considered at such hearing, to the ~~every~~ company ~~and rating~~
11 ~~organization~~ which made such filing, issue an order specifying
12 in what respects he finds that such filing fails to meet the
13 requirements of this Article, and stating when, within a
14 reasonable period thereafter, such filings shall be deemed no
15 longer effective. Copies of said order shall be sent to ~~every~~
16 such company ~~and rating organization~~. Said order shall not
17 affect any contract or policy made or issued prior to the
18 expiration of the period set forth in said order.

19 (3) Any person or organization aggrieved with respect to
20 any filing which is in effect may make written application to
21 the Director for a hearing thereon, provided, however, that the
22 company ~~or rating organization~~ that made the filing shall not
23 be authorized to proceed under this subsection. Such
24 application shall specify the grounds to be relied upon by the
25 applicant. If the Director shall find that the application is
26 made in good faith, that the applicant would be so aggrieved if
27 his grounds are established, and that such grounds otherwise
28 justify holding such a hearing, he shall, within thirty days
29 after receipt of such application, hold a hearing upon not less
30 than ten days written notice to the applicant ~~and to every~~
31 ~~company and rating organization which made such filing~~.

32 If, after such hearing, the Director finds that the filing
33 does not meet the requirements of this Article, he shall issue
34 an order specifying in what respects he finds that such filing
35 fails to meet the requirements of this Article, and stating
36 when, within a reasonable period thereafter, such filing shall

1 be deemed no longer effective. Copies of said order shall be
2 sent to the applicant ~~and to every such company and rating~~
3 ~~organization~~. Said order shall not affect any contract or
4 policy made or issued prior to the expiration of the period set
5 forth in said order.

6 (Source: P.A. 82-939.)

7 (215 ILCS 5/460) (from Ch. 73, par. 1065.7)

8 Sec. 460. Competitive Market, Approval of Rates. (a)
9 Beginning January 1, 1983, a competitive market is presumed to
10 exist unless the Director, after a hearing, determines that a
11 reasonable degree of competition does not exist in the market
12 and the Director issues a ruling to that effect. ~~For purposes~~
13 ~~of this Article only, market shall mean the statewide workers'~~
14 ~~compensation and employers' liability lines of business.~~ In
15 determining whether a reasonable degree of competition exists,
16 the Director shall consider relevant tests of workable
17 competition pertaining to market structure, market performance
18 and market conduct. Such tests may include, but need not be
19 limited to, the following: size and number of firms actively
20 engaged in the market, market shares and changes in market
21 shares of firms, ease of entry and exit from a given market,
22 underwriting restriction, and whether profitability for
23 companies generally in the market is unreasonably high. The
24 determination of competition involves the interaction of the
25 various tests and the weight given to specific tests depends
26 upon the particular situation and pattern of test results.

27 In determining whether or not a competitive market exists,
28 the Director shall monitor the degree of competition in this
29 State. In doing so, he shall utilize existing relevant
30 information, analytical systems and other sources; cause or
31 participate in the development of new relevant information,
32 analytical systems and other sources; or rely on some
33 combination thereof. Such activities may be conducted
34 internally within the Department of Insurance, in cooperation
35 with other state insurance departments, through outside

1 contractors, or in any other appropriate manner.

2 (b) If the Director finds that a reasonable degree of
3 competition does not exist in a market, he may require that the
4 insurers in that market file supporting information in support
5 of existing rates. If the Director believes that such rates may
6 violate any of the requirements of this Article, he shall call
7 a hearing prior to any disapproval. If the Director determines
8 that a competitive market does not exist in a ~~the workers'~~
9 ~~compensation~~ market as provided in a ruling pursuant to this
10 Section, then every company must prefile every manual of
11 classifications, rules, rates, rating plans, rating schedules,
12 and every modification of the foregoing covered by such rule.
13 Such filing shall be made at least 30 days prior to its taking
14 effect, and such prefiling requirement shall remain in effect
15 as long as there is a ruling in effect pursuant to this Section
16 that a reasonable degree of competition does not exist.

17 (c) The Director shall disapprove a rate if he finds that
18 the rate is excessive, inadequate or unfairly discriminatory as
19 defined in Section 456 or has been increased by more than 15%
20 without adequate justification. An insurer whose rates have
21 been disapproved shall be given a hearing upon a written
22 request made within 30 days after the disapproval order.

23 If the Director disapproves a rate, he shall issue an order
24 specifying in what respects it fails to meet the requirements
25 of this Article and stating when within a reasonable period
26 thereafter such rate shall be discontinued for any policy
27 issued or renewed after a date specified in the order. The
28 order shall be issued within 30 days after the close of the
29 hearing or within such reasonable time extension as the
30 Director may fix. Such order may include a provision for
31 premium adjustment for the period after the effective date of
32 the order for policies in effect on such date.

33 (d) Whenever an insurer has no legally effective rates as a
34 result of the Director's disapproval of rates or other act, the
35 Director shall on request of the insurer specify interim rates
36 for the insurer that are high enough to protect the interest of

1 all parties and may order that a specified portion of the
2 premiums be placed in an escrow account approved by him. When
3 new rates become legally effective, the Director shall order
4 the escrowed funds or any overcharge in the interim rates to be
5 distributed appropriately, except that refunds to
6 policyholders that are de minimus shall not be required.

7 (Source: P.A. 82-939.)

8 (215 ILCS 5/462) (from Ch. 73, par. 1065.9)

9 Sec. 462. Information to be furnished insureds - Hearings
10 and appeals of insureds. Every ~~rating organization, and every~~
11 company ~~which does not adopt the rates of a rating~~
12 ~~organization,~~ shall, within a reasonable time after receiving
13 written request therefor, furnish to any insured affected by a
14 rate made by it, or to the authorized representative of such
15 insured, in readily understandable language, all pertinent
16 information as to such rate as specified in rules adopted by
17 the Department.

18 Every ~~rating organization, and every company which does not~~
19 ~~adopt the rates of a rating organization,~~ shall provide within
20 this state reasonable means whereby any person aggrieved by the
21 application of its rating system may be heard, in person or by
22 his authorized representative, on his written request to review
23 the manner in which such rating system has been applied in
24 connection with the insurance afforded him. If the ~~rating~~
25 ~~organization or~~ company fails to grant or reject such request
26 within thirty days after it is made, the applicant may proceed
27 in the same manner as if his application had been rejected. Any
28 party affected by the action of such ~~rating organization or~~
29 ~~such~~ company on such request may, within thirty days after
30 written notice of such action, appeal to the Director, who,
31 after a hearing held upon not less than ten days' written
32 notice to the appellant and to such ~~rating organization or~~
33 company, may affirm or reverse such action.

34 (Source: P.A. 82-939.)

1 (215 ILCS 5/463) (from Ch. 73, par. 1065.10)

2 Sec. 463. Advisory organizations. (1) Every group,
3 association or other organization of companies whether located
4 within or outside this state, which assists companies which
5 make their own filings ~~or rating organizations in rate making,~~
6 by the collection and furnishing of loss or expense statistics,
7 ~~or by the submission of recommendations,~~ but which does not
8 make filings under this Article, shall be known as an advisory
9 organization.

10 (2) Every advisory organization shall file with the
11 Director (a) a copy of its constitution, its articles of
12 agreement or association or its certificate of incorporation
13 and of its by-laws, rules and regulations governing its
14 activities, (b) a list of its members, (c) the name and address
15 of a resident of this state upon whom notices or orders of the
16 Director or process issued at his direction may be served, and
17 (d) an agreement that the Director may examine such advisory
18 organization in accordance with the provisions of Section 465
19 of this Article.

20 (3) If, after a hearing, the Director finds that the
21 furnishing of such information or assistance involves any act
22 or practice which is unfair or unreasonable or otherwise
23 inconsistent with the provisions of this Article, he may issue
24 a written order specifying in what respects such act or
25 practice is unfair or unreasonable or otherwise inconsistent
26 with the provisions of this Article, and requiring the
27 discontinuance of such act or practice.

28 (4) No company ~~which makes its own filings nor any rating~~
29 ~~organization~~ shall support its filings by statistics ~~or adopt~~
30 ~~rate making recommendations,~~ furnished to it by an advisory
31 organization which has not complied with this Section or with
32 an order of the Director involving such statistics or
33 recommendations issued under subsection (3) of this Section. If
34 the Director finds such company or rating organization to be in
35 violation of this subsection he may issue an order requiring
36 the discontinuance of such violation.

1 (Source: Laws 1947, p. 1098.)

2 (215 ILCS 5/465) (from Ch. 73, par. 1065.12)

3 Sec. 465. Examinations. The Director ~~shall, at least once~~
4 ~~in five years, make or cause to be made an examination of each~~
5 ~~rating organization licensed in this state as provided in~~
6 ~~Section 459 and he~~ may, as often as he may deem it expedient,
7 make or cause to be made an examination of each advisory
8 organization referred to in Section 463 and of each group,
9 association or other organization referred to in Section 464.
10 The reasonable costs of any such examination shall be paid by
11 the ~~rating organization,~~ advisory organization, or group,
12 association or other organization examined upon presentation
13 to it of a detailed account of such costs. The officers,
14 manager, agents and employees of such ~~rating organization,~~
15 advisory organization or group, association or other
16 organization may be examined at any time under oath and shall
17 exhibit all books, records, accounts, documents, or agreements
18 governing its method of operation. In lieu of any such
19 examination the Director may accept the report of an
20 examination made by the insurance supervisory official of
21 another state, pursuant to the laws of such state. The
22 provisions of Sections 132 through 132.7, 402, and 403 shall be
23 applicable to the examinations hereunder.

24 (Source: P.A. 89-97, eff. 7-7-95.)

25 (215 ILCS 5/466) (from Ch. 73, par. 1065.13)

26 Sec. 466. Rate administration. (1) Recording and Reporting
27 of Loss and Expense Experience.

28 The Director shall promulgate reasonable rules and shall
29 approve statistical plans, reasonably adapted to each of the
30 rating systems on file with him, which may be modified from
31 time to time and which shall be used thereafter by each company
32 in the recording and reporting of its loss and countrywide
33 expense experience, in order that the experience of all
34 companies may be made available at least annually in such form

1 and detail as may be necessary to aid him in determining
2 whether rating systems comply with the standards set forth in
3 Section 456. An approved statistical plan need not be adopted
4 as a rule, but shall be made available for public inspection at
5 the Department's principal office and a copy of the plan shall
6 be filed with the Secretary of State. Such rules and plans may
7 also provide for the recording and reporting of expense
8 experience items which are specially applicable to this state
9 and are not susceptible of determination by a prorating of
10 countrywide expense experience. In promulgating such rules and
11 approving plans, the Director shall give due consideration to
12 the rating systems on file with him and in order that such
13 rules and plans may be as uniform as is practicable among the
14 several states, to the rules and to the form of the plans used
15 for such rating systems in other states. No company shall be
16 required to record or report any experience on an experience
17 classification which it does not use in the making of its rates
18 or to record or report its experience on any basis or
19 statistical plan that differs from that which is regularly
20 employed and used in the usual course of such company's
21 business, nor shall any company be required to record or report
22 its loss experience on a classification basis that is
23 inconsistent with the rating system filed by it, ~~nor shall it~~
24 ~~be required to report such experience to any rating~~
25 ~~organization of which it is not a member or subscriber, or to~~
26 ~~an agency operated by or subject to the control of such a~~
27 ~~rating organization,~~ nor shall the Department's rules state
28 that the insurer must record or report its experience in
29 accordance with a uniform statistical plan which differs from
30 that which is regularly employed and used in the usual course
31 of such company's business. All companies ~~Any company not~~
32 ~~reporting such experience to a rating organization or other~~
33 ~~agency designated by the Director,~~ shall report such experience
34 to the Director. The Director may designate one or more ~~rating~~
35 ~~organizations or other~~ agencies to assist him in gathering all
36 such experience and in making compilations thereof. The

1 experience of any company filed with the Director shall be
2 deemed confidential and shall not be revealed by the Director
3 to any other company or other person, provided, however, that
4 the Director may make compilations of all experience, including
5 the experience of any such company, or of such experience and
6 the compilation made by the designated ~~rating organization or~~
7 ~~other~~ agency or agencies. All such compilations, whether made
8 by the Director or by a ~~any~~ designated ~~rating organization or~~
9 ~~other~~ agency, shall be made available, subject to reasonable
10 rules promulgated by the Director, to companies ~~and rating~~
11 ~~organizations~~.

12 (2) Interchange of Rating Plan Data

13 Reasonable rules and plans may be promulgated by the
14 Director for the interchange of data necessary for the
15 application of rating plans.

16 (3) Consultation with Other States

17 In order to further uniform administration of rate
18 regulatory laws, the Director and every company ~~and rating~~
19 ~~organization~~ may exchange information and experience data with
20 insurance supervisory officials and, companies ~~and rating~~
21 ~~organizations~~ in other states and may consult with them with
22 respect to rate making and the application of rating systems.

23 (4) Rules and Regulations

24 The Director may make reasonable rules and regulations
25 necessary to effect the purpose of this Article.

26 (Source: P.A. 84-427.)

27 (215 ILCS 5/467) (from Ch. 73, par. 1065.14)

28 Sec. 467. False or misleading information. No person,
29 company or organization shall wilfully withhold information
30 from, or knowingly give false or misleading information to, the
31 Director, any statistical agency designated by the Director,
32 ~~any rating organization,~~ or, any company which will affect the
33 rates or premiums chargeable under this Article. A violation of
34 this Section shall subject the one guilty of such violation to
35 the penalties provided in Section 470 of this Article.

1 (Source: Laws 1947, p. 1098.)

2 (215 ILCS 5/468) (from Ch. 73, par. 1065.15)

3 Sec. 468. Residual Market Mechanism. All companies
4 licensed to write workers' compensation and employers'
5 liability insurance in this State shall participate in a plan
6 providing for the equitable apportionment among them of
7 insurance which may be afforded applicants who are in good
8 faith entitled to but who are unable to procure such insurance
9 through ordinary methods. Companies must submit such a plan for
10 the Director's approval within 60 days of the effective date of
11 this amendatory Act of 1982. The rates to be used in such a
12 plan and any future modification thereof must be submitted to
13 the Director for approval at least 30 days prior to their
14 effective date. Such rates shall reflect residual market
15 experience to the extent it is actuarially appropriate. The
16 Director shall disapprove any filing that does not meet the
17 requirements of subparagraph (d) of paragraph (1) of Section
18 456 of this Article. A filing shall be deemed to meet such
19 requirements unless disapproved by the Director within 30 days
20 after the filing is made. In disapproving a filing made under
21 this Section, the Director shall have the same authority and
22 shall follow the same procedure as in disapproving a filing
23 under Section 458. ~~Notwithstanding any other provisions of this~~
24 ~~Article, rating organizations may make and file rates under~~
25 ~~this Section.~~

26 (Source: P.A. 82-939.)

27 (215 ILCS 5/469) (from Ch. 73, par. 1065.16)

28 Sec. 469. Rebates prohibited. No broker or agent shall
29 knowingly charge, demand or receive a premium for any policy of
30 insurance except in accordance with the provisions of this
31 Article. No company or employee thereof, and no broker or agent
32 shall pay, allow or give, or offer to pay, allow or give,
33 directly or indirectly, as an inducement to insurance, or after
34 insurance has been effected, any rebates, discount, abatement,

1 credit or reduction of the premium named in a policy of
2 insurance, or any special favor or advantage in the dividends
3 or other benefits to accrue thereon, or any valuable
4 consideration or inducement whatever, ~~not specified in the~~
5 ~~policy of insurance,~~ except to the extent provided for in an
6 applicable filing. No insured named in a policy of insurance,
7 nor any employee of such insured shall knowingly receive or
8 accept, directly or indirectly, any such rebate, discount,
9 abatement, credit or reduction of premium, or any such special
10 favor or advantage or valuable consideration or inducement.
11 Nothing in this Section shall be construed as prohibiting the
12 payment of commissions or other compensation to duly licensed
13 agents and brokers, nor as prohibiting any company from
14 allowing or returning to its participating policyholders,
15 members or subscribers, dividends, savings or unabsorbed
16 premium deposits.

17 ~~Sections 151 and 152 of the Insurance Code shall not apply~~
18 ~~to any kind of insurance subject to this Article.~~

19 (Source: P.A. 76-943.)

20 (215 ILCS 5/470) (from Ch. 73, par. 1065.17)

21 Sec. 470. Penalties. Any person, company or organization
22 violating any provision of this Article shall be guilty of a
23 petty offense for each such violation, provided that a series
24 of acts or events based upon the same alleged violation shall
25 be treated and considered as a single violation.

26 The Director may suspend the license of any ~~rating~~
27 ~~organization or~~ company which fails to comply with an order of
28 the Director within the time limited by such order, or any
29 extension thereof which the Director may grant. The Director
30 shall not suspend the license of any ~~rating organization or~~
31 company for failure to comply with an order until the time
32 prescribed for filing a petition for review thereof as provided
33 in Section 471 has expired or if such petition for review has
34 been filed until such order has been affirmed. The Director may
35 determine when a suspension of license shall become effective

1 and it shall remain in effect for the period fixed by him,
2 unless he modifies or rescinds such suspension, or until the
3 order upon which such suspension is based is modified,
4 rescinded or reversed.

5 No license shall be suspended or revoked except upon a
6 written order of the Director, stating his findings, made after
7 a hearing held upon not less than ten days' written notice to
8 such person or organization specifying the alleged violation.

9 (Source: P.A. 77-2699.)

10 (215 ILCS 5/471) (from Ch. 73, par. 1065.18)

11 Sec. 471. Hearing procedure and judicial review. (1) Any
12 company ~~or rating organization~~ aggrieved by any order or
13 decision of the Director made without a hearing, may, within 30
14 days after notice of the order to the company ~~or organization~~,
15 make written request to the Director for a hearing thereon. The
16 Director shall hear such party or parties within 20 days after
17 receipt of such request and shall give not less than 10 days'
18 written notice of the time and place of the hearing. Within 15
19 days after such hearing the Director shall affirm, reverse or
20 modify his previous action, specifying his reasons therefor.
21 Pending such hearing and decision thereon the Director may
22 suspend or postpone the effective date of his previous action.

23 (2) Nothing contained in this Article shall require the
24 observance at any hearing of formal rules of pleading or
25 evidence.

26 (3) The Administrative Review Law shall apply to and govern
27 all proceedings for the judicial review of orders and decisions
28 of the Director under this Article. Provided, however, that, in
29 the review of any order or decision of the Director under this
30 Article, such order or decision shall not be deemed prima facie
31 to be correct and proper, ~~and provided further that a rating~~
32 ~~organization aggrieved by an order or decision under this~~
33 ~~Article may initiate such proceedings for its review.~~

34 (Source: P.A. 82-783.)

1 (215 ILCS 5/459 rep.)

2 (215 ILCS 5/461 rep.)

3 Section 10. The Illinois Insurance Code is amended by
4 repealing Sections 459 and 461.

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.