

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 3. The Illinois Insurance Code is amended by  
5 changing Sections 136, 143, and 408 as follows:

6 (215 ILCS 5/136) (from Ch. 73, par. 748)

7 Sec. 136. Annual statement.

8 (1) Every company authorized to do business in this State  
9 or accredited by this State shall submit to ~~file with~~ the  
10 Director by March 1st in each year ~~2 copies of~~ its financial  
11 statement for the year ending December 31st immediately  
12 preceding in such manner and in such form as ~~on forms~~  
13 prescribed by the Director, which shall conform substantially  
14 to the form of statement adopted by the National Association of  
15 Insurance Commissioners. Unless the Director provides  
16 otherwise, the annual statement is to be prepared in accordance  
17 with the annual statement instructions and the Accounting  
18 Practices and Procedures Manual adopted by the National  
19 Association of Insurance Commissioners. The Director shall  
20 have power to make such modifications and additions in this  
21 form as he may deem desirable or necessary to ascertain the  
22 condition and affairs of the company. The Director shall have  
23 authority to extend the time for filing any statement by any

1 company for reasons which he considers good and sufficient. In  
2 every statement the admitted assets shall be shown at the  
3 actual values as of the last day of the preceding year, in  
4 accordance with Section 126.7. The statement shall be verified  
5 by oaths of the president and secretary of the company or, in  
6 their absence, by 2 other principal officers. In addition, any  
7 company may be required by the Director, when he considers that  
8 action to be necessary and appropriate for the protection of  
9 policyholders, creditors, shareholders, or claimants, to file,  
10 within 60 days after mailing to the company a notice that such  
11 is required, a supplemental summary statement as of the last  
12 day of any calendar month occurring during the 100 days next  
13 preceding the mailing of such notice designated by him on forms  
14 prescribed and furnished by the Director. The Director may  
15 require supplemental summary statements to be certified by an  
16 independent actuary deemed competent by the Director or by an  
17 independent certified public accountant.

18 (2) The statement of an alien company shall embrace only  
19 its condition and transactions in the United States and shall  
20 be verified by the oaths of its resident manager or principal  
21 representative in the United States, except that in the case of  
22 any life company organized under the laws of Canada or any  
23 province thereof, the statement may be verified by the oaths of  
24 any of its principal officers designated for that purpose by  
25 its board of directors.

26 (3) For the information of the public generally the

1 Director shall cause an abstract of the information contained  
2 in the annual statement to be made available to the public as  
3 soon as practicable after filing with the Department, by  
4 printing those abstracts in pamphlet tabular form for free  
5 general distribution by the Department, or by such other  
6 publication in the city of Springfield or in the city of  
7 Chicago as may be reasonably necessary more fully to inform the  
8 public of the financial condition of companies transacting  
9 business in this State.

10 (4) Each domestic, foreign, and alien insurer authorized to  
11 do business in this State or accredited by this State shall  
12 participate in the National Association of Insurance  
13 Commissioners' Insurance Regulatory Information System,  
14 including the payment of all fees and charges of the system.  
15 Each company shall, on or before March 1 of each year, file  
16 with the National Association of Insurance Commissioners a copy  
17 of its annual financial statement along with any additional  
18 filings prescribed by the Director for the preceding year. The  
19 statement filed with the National Association of Insurance  
20 Commissioners shall be in the same format and scope as that  
21 required by this Code and shall include a signed jurat page and  
22 actuarial certification. Any amendments and addendums to the  
23 annual statement shall also be filed with the National  
24 Association of Insurance Commissioners. Each company shall  
25 also file with the National Association of Insurance  
26 Commissioners annual and quarterly financial statement

1 information in computer readable format as required by the  
2 Insurance Regulatory Information System. Failure of a company  
3 to file financial statement information in computer readable  
4 format shall subject the company to the provisions of Section  
5 139.

6 (5) All financial analysis ratios and examination synopsis  
7 concerning insurance companies that are submitted to the  
8 Director by the National Association of Insurance  
9 Commissioners' Insurance Regulatory Information System are  
10 confidential and may not be disclosed by the Director.

11 (6) Every property and casualty insurance company doing  
12 business in this State, unless otherwise exempted by the  
13 Director, shall annually submit the opinion of an appointed  
14 actuary entitled "Statement of Actuarial Opinion". This  
15 opinion shall be filed in accordance with the appropriate  
16 National Association of Insurance Commissioners Property and  
17 Casualty Annual Statement Instructions.

18 (a) Every property and casualty insurance company  
19 domiciled in this State that is required to submit a  
20 Statement of Actuarial Opinion shall annually submit an  
21 Actuarial Opinion Summary, written by the company's  
22 appointed actuary. This Actuarial Opinion Summary shall be  
23 filed in accordance with the appropriate National  
24 Association of Insurance Commissioners Property and  
25 Casualty Annual Statement Instructions and shall be  
26 considered as a document supporting the Actuarial Opinion

1 required in this subsection (6). Each foreign and alien  
2 property and casualty company authorized to do business in  
3 this State shall provide the Actuarial Opinion Summary upon  
4 request.

5 (b) An Actuarial Report and underlying workpapers as  
6 required by the appropriate National Association of  
7 Insurance Commissioners Property and Casualty Annual  
8 Statement Instructions shall be prepared to support each  
9 Actuarial Opinion. If the insurance company fails to  
10 provide a supporting Actuarial Report or workpapers at the  
11 request of the Director or the Director determines that the  
12 supporting Actuarial Report or workpapers provided by the  
13 insurance company is otherwise unacceptable to the  
14 Director, the Director may engage a qualified actuary at  
15 the expense of the company to review the opinion and the  
16 basis for the opinion and prepare the supporting Actuarial  
17 Report or workpapers.

18 (c) The appointed actuary shall not be liable for  
19 damages to any person (other than the insurance company and  
20 the Director) for any act, error, omission, decision, or  
21 conduct with respect to the actuary's opinion, except in  
22 cases of fraud or willful misconduct on the part of the  
23 appointed actuary.

24 (d) The Statement of Actuarial Opinion shall be  
25 provided with the Annual Statement in accordance with the  
26 appropriate National Association of Insurance

1           Commissioners Property and Casualty Annual Statement  
2           Instructions and shall be treated as a public document.  
3           Documents, materials, or other information in the  
4           possession or control of the Director that are considered  
5           an Actuarial Report, workpapers, or Actuarial Opinion  
6           Summary provided in support of the opinion, and any other  
7           material provided by the company to the Director in  
8           connection with the Actuarial Report, workpapers or  
9           Actuarial Opinion Summary, must be given confidential  
10          treatment, are not subject to subpoena, and may not be made  
11          public by the Director or any other persons. This paragraph  
12          (d) shall not be construed to limit the Director's  
13          authority to release the documents to the Actuarial Board  
14          for Counseling and Discipline (ABCD), so long as the  
15          material is required for the purpose of professional  
16          disciplinary proceedings and that the ABCD establishes  
17          procedures satisfactory to the Director for preserving the  
18          confidentiality of the documents, nor shall this paragraph  
19          (d) be construed to limit the Director's authority to use  
20          the documents, materials or other information in  
21          furtherance of any regulatory or legal action brought as  
22          part of the Director's official duties. Neither the  
23          Director nor any person who received documents, materials,  
24          or other information while acting under the authority of  
25          the Director shall be permitted or required to testify in  
26          any private civil action concerning any confidential

1 documents, materials, or information subject to this  
2 subsection (6). Except where another provision of this Code  
3 expressly prohibits a disclosure of confidential  
4 information to the specific officials or organizations  
5 described in this subsection, the Director may:

6 (i) share documents, materials, or other  
7 information, including the confidential and privileged  
8 documents, materials or information subject to this  
9 paragraph (d) with the insurance department of any  
10 other state or country or with law enforcement  
11 officials of this or any other state or agency of the  
12 federal government at any time, as long as the agency  
13 or office receiving the document, material, or other  
14 information agrees in writing to hold it confidential  
15 and in a manner consistent with this Code;

16 (ii) receive documents, materials, or information,  
17 including otherwise confidential and privileged  
18 documents, materials, or information, from the  
19 National Association of Insurance Commissioners and  
20 its affiliates and subsidiaries, and from regulatory  
21 and law enforcement officials of other foreign or  
22 domestic jurisdictions, and shall maintain as  
23 confidential or privileged any document, material, or  
24 information received with notice or the understanding  
25 that it is confidential or privileged under the laws of  
26 the jurisdiction that is the source of the document,

1 material, or information; and

2 (iii) enter into agreements governing sharing and  
3 use of information consistent with paragraph (d).

4 (e) No waiver of any applicable privilege or claim of  
5 confidentiality in the documents, materials or information  
6 shall occur as a result of disclosure to the Director under  
7 this Section or as a result of sharing as authorized in  
8 subparagraphs (i), (ii), and (iii) of paragraph (d) of  
9 subsection (6) of this Section. All 2008 Annual Statements,  
10 which are filed in 2009, and all subsequent Annual  
11 Statement filings shall be done in accordance with  
12 subsection (6) of this Section.

13 (Source: P.A. 96-145, eff. 8-7-09.)

14 (215 ILCS 5/143) (from Ch. 73, par. 755)

15 Sec. 143. Policy forms.

16 (1) Life, accident and health. No company transacting the  
17 kind or kinds of business enumerated in Classes 1 (a), 1 (b)  
18 and 2 (a) of Section 4 shall issue or deliver in this State a  
19 policy or certificate of insurance or evidence of coverage,  
20 attach an endorsement or rider thereto, incorporate by  
21 reference bylaws or other matter therein or use an application  
22 blank in this State until the form and content of such policy,  
23 certificate, evidence of coverage, endorsement, rider, bylaw  
24 or other matter incorporated by reference or application blank  
25 has been filed electronically with the Director, either through



1 the System for Electronic Rate and Form Filing (SERFF) or as  
2 otherwise prescribed by the Director, and approved by the  
3 Director. The Department shall mail a quarterly invoice to the  
4 company for the appropriate filing fees required under Section  
5 408. Any such endorsement or rider that unilaterally reduces  
6 benefits and is to be attached to a policy subsequent to the  
7 date the policy is issued must be filed with, reviewed, and  
8 formally approved by the Director prior to the date it is  
9 attached to a policy issued or delivered in this State. It  
10 shall be the duty of the Director to withhold approval of any  
11 such policy, certificate, endorsement, rider, bylaw or other  
12 matter incorporated by reference or application blank filed  
13 with him if it contains provisions which encourage  
14 misrepresentation or are unjust, unfair, inequitable,  
15 ambiguous, misleading, inconsistent, deceptive, contrary to  
16 law or to the public policy of this State, or contains  
17 exceptions and conditions that unreasonably or deceptively  
18 affect the risk purported to be assumed in the general coverage  
19 of the policy. In all cases the Director shall approve or  
20 disapprove any such form within 60 days after submission unless  
21 the Director extends by not more than an additional 30 days the  
22 period within which he shall approve or disapprove any such  
23 form by giving written notice to the insurer of such extension  
24 before expiration of the initial 60 days period. The Director  
25 shall withdraw his approval of a policy, certificate, evidence  
26 of coverage, endorsement, rider, bylaw, or other matter

1 incorporated by reference or application blank if he  
2 subsequently determines that such policy, certificate,  
3 evidence of coverage, endorsement, rider, bylaw, other matter,  
4 or application blank is misrepresentative, unjust, unfair,  
5 inequitable, ambiguous, misleading, inconsistent, deceptive,  
6 contrary to law or public policy of this State, or contains  
7 exceptions or conditions which unreasonably or deceptively  
8 affect the risk purported to be assumed in the general coverage  
9 of the policy or evidence of coverage.

10 If a previously approved policy, certificate, evidence of  
11 coverage, endorsement, rider, bylaw or other matter  
12 incorporated by reference or application blank is withdrawn for  
13 use, the Director shall serve upon the company an order of  
14 withdrawal of use, either personally or by mail, and if by  
15 mail, such service shall be completed if such notice be  
16 deposited in the post office, postage prepaid, addressed to the  
17 company's last known address specified in the records of the  
18 Department of Insurance. The order of withdrawal of use shall  
19 take effect 30 days from the date of mailing but shall be  
20 stayed if within the 30-day period a written request for  
21 hearing is filed with the Director. Such hearing shall be held  
22 at such time and place as designated in the order given by the  
23 Director. The hearing may be held either in the City of  
24 Springfield, the City of Chicago or in the county where the  
25 principal business address of the company is located. The  
26 action of the Director in disapproving or withdrawing such form

1 shall be subject to judicial review under the Administrative  
2 Review Law.

3 This subsection shall not apply to riders or endorsements  
4 issued or made at the request of the individual policyholder  
5 relating to the manner of distribution of benefits or to the  
6 reservation of rights and benefits under his life insurance  
7 policy.

8 (2) Casualty, fire, and marine. The Director shall require  
9 the filing of all policy forms issued or delivered by any  
10 company transacting the kind or kinds of business enumerated in  
11 Classes 2 (except Class 2 (a)) and 3 of Section 4 in an  
12 electronic format either through the System for Electronic Rate  
13 and Form Filing (SERFF) or as otherwise prescribed and approved  
14 by the Director. In addition, he may require the filing of any  
15 generally used riders, endorsements, certificates, application  
16 blanks, and other matter incorporated by reference in any such  
17 policy or contract of insurance. The Department shall mail a  
18 quarterly invoice to the company for the appropriate filing  
19 fees required under Section 408. Companies that are members of  
20 an organization, bureau, or association may have the same filed  
21 for them by the organization, bureau, or association. If the  
22 Director shall find from an examination of any such policy  
23 form, rider, endorsement, certificate, application blank, or  
24 other matter incorporated by reference in any such policy so  
25 filed that it (i) violates any provision of this Code, (ii)  
26 contains inconsistent, ambiguous, or misleading clauses, or

1 (iii) contains exceptions and conditions that will  
2 unreasonably or deceptively affect the risks that are purported  
3 to be assumed by the policy, he shall order the company or  
4 companies issuing these forms to discontinue their use. Nothing  
5 in this subsection shall require a company transacting the kind  
6 or kinds of business enumerated in Classes 2 (except Class 2  
7 (a)) and 3 of Section 4 to obtain approval of these forms  
8 before they are issued nor in any way affect the legality of  
9 any policy that has been issued and found to be in conflict  
10 with this subsection, but such policies shall be subject to the  
11 provisions of Section 442.

12 (3) This Section shall not apply (i) to surety contracts or  
13 fidelity bonds, (ii) to policies issued to an industrial  
14 insured as defined in Section 121-2.08 except for workers'  
15 compensation policies, nor (iii) to riders or endorsements  
16 prepared to meet special, unusual, peculiar, or extraordinary  
17 conditions applying to an individual risk.

18 (Source: P.A. 93-1083, eff. 2-7-05.)

19 (215 ILCS 5/408) (from Ch. 73, par. 1020)

20 Sec. 408. Fees and charges.

21 (1) The Director shall charge, collect and give proper  
22 acquittances for the payment of the following fees and charges:

23 (a) For filing all documents submitted for the  
24 incorporation or organization or certification of a  
25 domestic company, except for a fraternal benefit society,

1           \$2,000.

2           (b) For filing all documents submitted for the  
3 incorporation or organization of a fraternal benefit  
4 society, \$500.

5           (c) For filing amendments to articles of incorporation  
6 and amendments to declaration of organization, except for a  
7 fraternal benefit society, a mutual benefit association, a  
8 burial society or a farm mutual, \$200.

9           (d) For filing amendments to articles of incorporation  
10 of a fraternal benefit society, a mutual benefit  
11 association or a burial society, \$100.

12           (e) For filing amendments to articles of incorporation  
13 of a farm mutual, \$50.

14           (f) For filing bylaws or amendments thereto, \$50.

15           (g) For filing agreement of merger or consolidation:

16           (i) for a domestic company, except for a fraternal  
17 benefit society, a mutual benefit association, a  
18 burial society, or a farm mutual, \$2,000.

19           (ii) for a foreign or alien company, except for a  
20 fraternal benefit society, \$600.

21           (iii) for a fraternal benefit society, a mutual  
22 benefit association, a burial society, or a farm  
23 mutual, \$200.

24           (h) For filing agreements of reinsurance by a domestic  
25 company, \$200.

26           (i) For filing all documents submitted by a foreign or

1 alien company to be admitted to transact business or  
2 accredited as a reinsurer in this State, except for a  
3 fraternal benefit society, \$5,000.

4 (j) For filing all documents submitted by a foreign or  
5 alien fraternal benefit society to be admitted to transact  
6 business in this State, \$500.

7 (k) For filing declaration of withdrawal of a foreign  
8 or alien company, \$50.

9 (l) For filing annual statement by a domestic company,  
10 except a fraternal benefit society, a mutual benefit  
11 association, a burial society, or a farm mutual, \$200.

12 (m) For filing annual statement by a domestic fraternal  
13 benefit society, \$100.

14 (n) For filing annual statement by a farm mutual, a  
15 mutual benefit association, or a burial society, \$50.

16 (o) For issuing a certificate of authority or renewal  
17 thereof except to a foreign fraternal benefit society, \$400  
18 ~~\$200~~.

19 (p) For issuing a certificate of authority or renewal  
20 thereof to a foreign fraternal benefit society, \$200 ~~\$100~~.

21 (q) For issuing an amended certificate of authority,  
22 \$50.

23 (r) For each certified copy of certificate of  
24 authority, \$20.

25 (s) For each certificate of deposit, or valuation, or  
26 compliance or surety certificate, \$20.

1 (t) For copies of papers or records per page, \$1.

2 (u) For each certification to copies of papers or  
3 records, \$10.

4 (v) For multiple copies of documents or certificates  
5 listed in subparagraphs (r), (s), and (u) of paragraph (1)  
6 of this Section, \$10 for the first copy of a certificate of  
7 any type and \$5 for each additional copy of the same  
8 certificate requested at the same time, unless, pursuant to  
9 paragraph (2) of this Section, the Director finds these  
10 additional fees excessive.

11 (w) For issuing a permit to sell shares or increase  
12 paid-up capital:

13 (i) in connection with a public stock offering,  
14 \$300;

15 (ii) in any other case, \$100.

16 (x) For issuing any other certificate required or  
17 permissible under the law, \$50.

18 (y) For filing a plan of exchange of the stock of a  
19 domestic stock insurance company, a plan of  
20 demutualization of a domestic mutual company, or a plan of  
21 reorganization under Article XII, \$2,000.

22 (z) For filing a statement of acquisition of a domestic  
23 company as defined in Section 131.4 of this Code, \$2,000.

24 (aa) For filing an agreement to purchase the business  
25 of an organization authorized under the Dental Service Plan  
26 Act or the Voluntary Health Services Plans Act or of a

1 health maintenance organization or a limited health  
2 service organization, \$2,000.

3 (bb) For filing a statement of acquisition of a foreign  
4 or alien insurance company as defined in Section 131.12a of  
5 this Code, \$1,000.

6 (cc) For filing a registration statement as required in  
7 Sections 131.13 and 131.14, the notification as required by  
8 Sections 131.16, 131.20a, or 141.4, or an agreement or  
9 transaction required by Sections 124.2(2), 141, 141a, or  
10 141.1, \$200.

11 (dd) For filing an application for licensing of:

12 (i) a religious or charitable risk pooling trust or  
13 a workers' compensation pool, \$1,000;

14 (ii) a workers' compensation service company,  
15 \$500;

16 (iii) a self-insured automobile fleet, \$200; or

17 (iv) a renewal of or amendment of any license  
18 issued pursuant to (i), (ii), or (iii) above, \$100.

19 (ee) For filing articles of incorporation for a  
20 syndicate to engage in the business of insurance through  
21 the Illinois Insurance Exchange, \$2,000.

22 (ff) For filing amended articles of incorporation for a  
23 syndicate engaged in the business of insurance through the  
24 Illinois Insurance Exchange, \$100.

25 (gg) For filing articles of incorporation for a limited  
26 syndicate to join with other subscribers or limited



1 syndicates to do business through the Illinois Insurance  
2 Exchange, \$1,000.

3 (hh) For filing amended articles of incorporation for a  
4 limited syndicate to do business through the Illinois  
5 Insurance Exchange, \$100.

6 (ii) For a permit to solicit subscriptions to a  
7 syndicate or limited syndicate, \$100.

8 (jj) For the filing of each form as required in Section  
9 143 of this Code, \$50 per form. The fee for advisory and  
10 rating organizations shall be \$200 per form.

11 (i) For the purposes of the form filing fee,  
12 filings made on insert page basis will be considered  
13 one form at the time of its original submission.  
14 Changes made to a form subsequent to its approval shall  
15 be considered a new filing.

16 (ii) Only one fee shall be charged for a form,  
17 regardless of the number of other forms or policies  
18 with which it will be used.

19 (iii) (Blank).

20 (iv) The Director may by rule exempt forms from  
21 such fees.

22 (kk) For filing an application for licensing of a  
23 reinsurance intermediary, \$500.

24 (ll) For filing an application for renewal of a license  
25 of a reinsurance intermediary, \$200.

26 (2) When printed copies or numerous copies of the same

1 paper or records are furnished or certified, the Director may  
2 reduce such fees for copies if he finds them excessive. He may,  
3 when he considers it in the public interest, furnish without  
4 charge to state insurance departments and persons other than  
5 companies, copies or certified copies of reports of  
6 examinations and of other papers and records.

7 (3) The expenses incurred in any performance examination  
8 authorized by law shall be paid by the company or person being  
9 examined. The charge shall be reasonably related to the cost of  
10 the examination including but not limited to compensation of  
11 examiners, electronic data processing costs, supervision and  
12 preparation of an examination report and lodging and travel  
13 expenses. All lodging and travel expenses shall be in accord  
14 with the applicable travel regulations as published by the  
15 Department of Central Management Services and approved by the  
16 Governor's Travel Control Board, except that out-of-state  
17 lodging and travel expenses related to examinations authorized  
18 under Section 132 shall be in accordance with travel rates  
19 prescribed under paragraph 301-7.2 of the Federal Travel  
20 Regulations, 41 C.F.R. 301-7.2, for reimbursement of  
21 subsistence expenses incurred during official travel. All  
22 lodging and travel expenses may be reimbursed directly upon  
23 authorization of the Director. With the exception of the direct  
24 reimbursements authorized by the Director, all performance  
25 examination charges collected by the Department shall be paid  
26 to the Insurance Producers Administration Fund, however, the

1 electronic data processing costs incurred by the Department in  
2 the performance of any examination shall be billed directly to  
3 the company being examined for payment to the Statistical  
4 Services Revolving Fund.

5 (4) At the time of any service of process on the Director  
6 as attorney for such service, the Director shall charge and  
7 collect the sum of \$20, which may be recovered as taxable costs  
8 by the party to the suit or action causing such service to be  
9 made if he prevails in such suit or action.

10 (5) (a) The costs incurred by the Department of Insurance  
11 in conducting any hearing authorized by law shall be assessed  
12 against the parties to the hearing in such proportion as the  
13 Director of Insurance may determine upon consideration of all  
14 relevant circumstances including: (1) the nature of the  
15 hearing; (2) whether the hearing was instigated by, or for the  
16 benefit of a particular party or parties; (3) whether there is  
17 a successful party on the merits of the proceeding; and (4) the  
18 relative levels of participation by the parties.

19 (b) For purposes of this subsection (5) costs incurred  
20 shall mean the hearing officer fees, court reporter fees, and  
21 travel expenses of Department of Insurance officers and  
22 employees; provided however, that costs incurred shall not  
23 include hearing officer fees or court reporter fees unless the  
24 Department has retained the services of independent  
25 contractors or outside experts to perform such functions.

26 (c) The Director shall make the assessment of costs

1 incurred as part of the final order or decision arising out of  
2 the proceeding; provided, however, that such order or decision  
3 shall include findings and conclusions in support of the  
4 assessment of costs. This subsection (5) shall not be construed  
5 as permitting the payment of travel expenses unless calculated  
6 in accordance with the applicable travel regulations of the  
7 Department of Central Management Services, as approved by the  
8 Governor's Travel Control Board. The Director as part of such  
9 order or decision shall require all assessments for hearing  
10 officer fees and court reporter fees, if any, to be paid  
11 directly to the hearing officer or court reporter by the  
12 party(s) assessed for such costs. The assessments for travel  
13 expenses of Department officers and employees shall be  
14 reimbursable to the Director of Insurance for deposit to the  
15 fund out of which those expenses had been paid.

16 (d) The provisions of this subsection (5) shall apply in  
17 the case of any hearing conducted by the Director of Insurance  
18 not otherwise specifically provided for by law.

19 (6) The Director shall charge and collect an annual  
20 financial regulation fee from every domestic company for  
21 examination and analysis of its financial condition and to fund  
22 the internal costs and expenses of the Interstate Insurance  
23 Receivership Commission as may be allocated to the State of  
24 Illinois and companies doing an insurance business in this  
25 State pursuant to Article X of the Interstate Insurance  
26 Receivership Compact. The fee shall be the greater fixed amount

1 based upon the combination of nationwide direct premium income  
2 and nationwide reinsurance assumed premium income or upon  
3 admitted assets calculated under this subsection as follows:

4 (a) Combination of nationwide direct premium income  
5 and nationwide reinsurance assumed premium.

6 (i) \$150, if the premium is less than \$500,000 and  
7 there is no reinsurance assumed premium;

8 (ii) \$750, if the premium is \$500,000 or more, but  
9 less than \$5,000,000 and there is no reinsurance  
10 assumed premium; or if the premium is less than  
11 \$5,000,000 and the reinsurance assumed premium is less  
12 than \$10,000,000;

13 (iii) \$3,750, if the premium is less than  
14 \$5,000,000 and the reinsurance assumed premium is  
15 \$10,000,000 or more;

16 (iv) \$7,500, if the premium is \$5,000,000 or more,  
17 but less than \$10,000,000;

18 (v) \$18,000, if the premium is \$10,000,000 or more,  
19 but less than \$25,000,000;

20 (vi) \$22,500, if the premium is \$25,000,000 or  
21 more, but less than \$50,000,000;

22 (vii) \$30,000, if the premium is \$50,000,000 or  
23 more, but less than \$100,000,000;

24 (viii) \$37,500, if the premium is \$100,000,000 or  
25 more.

26 (b) Admitted assets.

1 (i) \$150, if admitted assets are less than  
2 \$1,000,000;

3 (ii) \$750, if admitted assets are \$1,000,000 or  
4 more, but less than \$5,000,000;

5 (iii) \$3,750, if admitted assets are \$5,000,000 or  
6 more, but less than \$25,000,000;

7 (iv) \$7,500, if admitted assets are \$25,000,000 or  
8 more, but less than \$50,000,000;

9 (v) \$18,000, if admitted assets are \$50,000,000 or  
10 more, but less than \$100,000,000;

11 (vi) \$22,500, if admitted assets are \$100,000,000  
12 or more, but less than \$500,000,000;

13 (vii) \$30,000, if admitted assets are \$500,000,000  
14 or more, but less than \$1,000,000,000;

15 (viii) \$37,500, if admitted assets are  
16 \$1,000,000,000 or more.

17 (c) The sum of financial regulation fees charged to the  
18 domestic companies of the same affiliated group shall not  
19 exceed \$250,000 in the aggregate in any single year and  
20 shall be billed by the Director to the member company  
21 designated by the group.

22 (7) The Director shall charge and collect an annual  
23 financial regulation fee from every foreign or alien company,  
24 except fraternal benefit societies, for the examination and  
25 analysis of its financial condition and to fund the internal  
26 costs and expenses of the Interstate Insurance Receivership

1 Commission as may be allocated to the State of Illinois and  
2 companies doing an insurance business in this State pursuant to  
3 Article X of the Interstate Insurance Receivership Compact. The  
4 fee shall be a fixed amount based upon Illinois direct premium  
5 income and nationwide reinsurance assumed premium income in  
6 accordance with the following schedule:

7 (a) \$150, if the premium is less than \$500,000 and  
8 there is no reinsurance assumed premium;

9 (b) \$750, if the premium is \$500,000 or more, but less  
10 than \$5,000,000 and there is no reinsurance assumed  
11 premium; or if the premium is less than \$5,000,000 and the  
12 reinsurance assumed premium is less than \$10,000,000;

13 (c) \$3,750, if the premium is less than \$5,000,000 and  
14 the reinsurance assumed premium is \$10,000,000 or more;

15 (d) \$7,500, if the premium is \$5,000,000 or more, but  
16 less than \$10,000,000;

17 (e) \$18,000, if the premium is \$10,000,000 or more, but  
18 less than \$25,000,000;

19 (f) \$22,500, if the premium is \$25,000,000 or more, but  
20 less than \$50,000,000;

21 (g) \$30,000, if the premium is \$50,000,000 or more, but  
22 less than \$100,000,000;

23 (h) \$37,500, if the premium is \$100,000,000 or more.

24 The sum of financial regulation fees under this subsection  
25 (7) charged to the foreign or alien companies within the same  
26 affiliated group shall not exceed \$250,000 in the aggregate in

1 any single year and shall be billed by the Director to the  
2 member company designated by the group.

3 (8) Beginning January 1, 1992, the financial regulation  
4 fees imposed under subsections (6) and (7) of this Section  
5 shall be paid by each company or domestic affiliated group  
6 annually. After January 1, 1994, the fee shall be billed by  
7 Department invoice based upon the company's premium income or  
8 admitted assets as shown in its annual statement for the  
9 preceding calendar year. The invoice is due upon receipt and  
10 must be paid no later than June 30 of each calendar year. All  
11 financial regulation fees collected by the Department shall be  
12 paid to the Insurance Financial Regulation Fund. The Department  
13 may not collect financial examiner per diem charges from  
14 companies subject to subsections (6) and (7) of this Section  
15 undergoing financial examination after June 30, 1992.

16 (9) In addition to the financial regulation fee required by  
17 this Section, a company undergoing any financial examination  
18 authorized by law shall pay the following costs and expenses  
19 incurred by the Department: electronic data processing costs,  
20 the expenses authorized under Section 131.21 and subsection (d)  
21 of Section 132.4 of this Code, and lodging and travel expenses.

22 Electronic data processing costs incurred by the  
23 Department in the performance of any examination shall be  
24 billed directly to the company undergoing examination for  
25 payment to the Statistical Services Revolving Fund. Except for  
26 direct reimbursements authorized by the Director or direct



1 payments made under Section 131.21 or subsection (d) of Section  
2 132.4 of this Code, all financial regulation fees and all  
3 financial examination charges collected by the Department  
4 shall be paid to the Insurance Financial Regulation Fund.

5 All lodging and travel expenses shall be in accordance with  
6 applicable travel regulations published by the Department of  
7 Central Management Services and approved by the Governor's  
8 Travel Control Board, except that out-of-state lodging and  
9 travel expenses related to examinations authorized under  
10 Sections 132.1 through 132.7 shall be in accordance with travel  
11 rates prescribed under paragraph 301-7.2 of the Federal Travel  
12 Regulations, 41 C.F.R. 301-7.2, for reimbursement of  
13 subsistence expenses incurred during official travel. All  
14 lodging and travel expenses may be reimbursed directly upon the  
15 authorization of the Director.

16 In the case of an organization or person not subject to the  
17 financial regulation fee, the expenses incurred in any  
18 financial examination authorized by law shall be paid by the  
19 organization or person being examined. The charge shall be  
20 reasonably related to the cost of the examination including,  
21 but not limited to, compensation of examiners and other costs  
22 described in this subsection.

23 (10) Any company, person, or entity failing to make any  
24 payment of \$150 or more as required under this Section shall be  
25 subject to the penalty and interest provisions provided for in  
26 subsections (4) and (7) of Section 412.

1           (11) Unless otherwise specified, all of the fees collected  
2 under this Section shall be paid into the Insurance Financial  
3 Regulation Fund.

4           (12) For purposes of this Section:

5           (a) "Domestic company" means a company as defined in  
6 Section 2 of this Code which is incorporated or organized  
7 under the laws of this State, and in addition includes a  
8 not-for-profit corporation authorized under the Dental  
9 Service Plan Act or the Voluntary Health Services Plans  
10 Act, a health maintenance organization, and a limited  
11 health service organization.

12           (b) "Foreign company" means a company as defined in  
13 Section 2 of this Code which is incorporated or organized  
14 under the laws of any state of the United States other than  
15 this State and in addition includes a health maintenance  
16 organization and a limited health service organization  
17 which is incorporated or organized under the laws of any  
18 state of the United States other than this State.

19           (c) "Alien company" means a company as defined in  
20 Section 2 of this Code which is incorporated or organized  
21 under the laws of any country other than the United States.

22           (d) "Fraternal benefit society" means a corporation,  
23 society, order, lodge or voluntary association as defined  
24 in Section 282.1 of this Code.

25           (e) "Mutual benefit association" means a company,  
26 association or corporation authorized by the Director to do

1 business in this State under the provisions of Article  
2 XVIII of this Code.

3 (f) "Burial society" means a person, firm,  
4 corporation, society or association of individuals  
5 authorized by the Director to do business in this State  
6 under the provisions of Article XIX of this Code.

7 (g) "Farm mutual" means a district, county and township  
8 mutual insurance company authorized by the Director to do  
9 business in this State under the provisions of the Farm  
10 Mutual Insurance Company Act of 1986.

11 (Source: P.A. 93-32, eff. 7-1-03; 93-1083, eff. 2-7-05.)

12 Section 5. The Dental Service Plan Act is amended by  
13 changing Section 25 as follows:

14 (215 ILCS 110/25) (from Ch. 32, par. 690.25)

15 Sec. 25. Application of Insurance Code provisions. Dental  
16 service plan corporations and all persons interested therein or  
17 dealing therewith shall be subject to the provisions of  
18 Articles IIA and XII 1/2 and Sections 3.1, 133, 136, 139, 140,  
19 143, 143c, 149, 355.2, 367.2, 401, 401.1, 402, 403, 403A, 408,  
20 408.2, and 412, and subsection (15) of Section 367 of the  
21 Illinois Insurance Code.

22 (Source: P.A. 91-549, eff. 8-14-99.)

23 Section 10. The Health Maintenance Organization Act is

1 amended by changing Section 5-3 as follows:

2 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

3 Sec. 5-3. Insurance Code provisions.

4 (a) Health Maintenance Organizations shall be subject to  
5 the provisions of Sections 133, 134, 136, 137, 139, 140, 141.1,  
6 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154,  
7 154.5, 154.6, 154.7, 154.8, 155.04, 355.2, 356g.5-1, 356m,  
8 356v, 356w, 356x, 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8,  
9 356z.9, 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15,  
10 356z.17, 356z.18, 364.01, 367.2, 367.2-5, 367i, 368a, 368b,  
11 368c, 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2,  
12 409, 412, 444, and 444.1, paragraph (c) of subsection (2) of  
13 Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII,  
14 XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

15 (b) For purposes of the Illinois Insurance Code, except for  
16 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health  
17 Maintenance Organizations in the following categories are  
18 deemed to be "domestic companies":

19 (1) a corporation authorized under the Dental Service  
20 Plan Act or the Voluntary Health Services Plans Act;

21 (2) a corporation organized under the laws of this  
22 State; or

23 (3) a corporation organized under the laws of another  
24 state, 30% or more of the enrollees of which are residents  
25 of this State, except a corporation subject to

1 substantially the same requirements in its state of  
2 organization as is a "domestic company" under Article VIII  
3 1/2 of the Illinois Insurance Code.

4 (c) In considering the merger, consolidation, or other  
5 acquisition of control of a Health Maintenance Organization  
6 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

7 (1) the Director shall give primary consideration to  
8 the continuation of benefits to enrollees and the financial  
9 conditions of the acquired Health Maintenance Organization  
10 after the merger, consolidation, or other acquisition of  
11 control takes effect;

12 (2) (i) the criteria specified in subsection (1) (b) of  
13 Section 131.8 of the Illinois Insurance Code shall not  
14 apply and (ii) the Director, in making his determination  
15 with respect to the merger, consolidation, or other  
16 acquisition of control, need not take into account the  
17 effect on competition of the merger, consolidation, or  
18 other acquisition of control;

19 (3) the Director shall have the power to require the  
20 following information:

21 (A) certification by an independent actuary of the  
22 adequacy of the reserves of the Health Maintenance  
23 Organization sought to be acquired;

24 (B) pro forma financial statements reflecting the  
25 combined balance sheets of the acquiring company and  
26 the Health Maintenance Organization sought to be

1           acquired as of the end of the preceding year and as of  
2           a date 90 days prior to the acquisition, as well as pro  
3           forma financial statements reflecting projected  
4           combined operation for a period of 2 years;

5           (C) a pro forma business plan detailing an  
6           acquiring party's plans with respect to the operation  
7           of the Health Maintenance Organization sought to be  
8           acquired for a period of not less than 3 years; and

9           (D) such other information as the Director shall  
10          require.

11          (d) The provisions of Article VIII 1/2 of the Illinois  
12          Insurance Code and this Section 5-3 shall apply to the sale by  
13          any health maintenance organization of greater than 10% of its  
14          enrollee population (including without limitation the health  
15          maintenance organization's right, title, and interest in and to  
16          its health care certificates).

17          (e) In considering any management contract or service  
18          agreement subject to Section 141.1 of the Illinois Insurance  
19          Code, the Director (i) shall, in addition to the criteria  
20          specified in Section 141.2 of the Illinois Insurance Code, take  
21          into account the effect of the management contract or service  
22          agreement on the continuation of benefits to enrollees and the  
23          financial condition of the health maintenance organization to  
24          be managed or serviced, and (ii) need not take into account the  
25          effect of the management contract or service agreement on  
26          competition.

1 (f) Except for small employer groups as defined in the  
2 Small Employer Rating, Renewability and Portability Health  
3 Insurance Act and except for medicare supplement policies as  
4 defined in Section 363 of the Illinois Insurance Code, a Health  
5 Maintenance Organization may by contract agree with a group or  
6 other enrollment unit to effect refunds or charge additional  
7 premiums under the following terms and conditions:

8 (i) the amount of, and other terms and conditions with  
9 respect to, the refund or additional premium are set forth  
10 in the group or enrollment unit contract agreed in advance  
11 of the period for which a refund is to be paid or  
12 additional premium is to be charged (which period shall not  
13 be less than one year); and

14 (ii) the amount of the refund or additional premium  
15 shall not exceed 20% of the Health Maintenance  
16 Organization's profitable or unprofitable experience with  
17 respect to the group or other enrollment unit for the  
18 period (and, for purposes of a refund or additional  
19 premium, the profitable or unprofitable experience shall  
20 be calculated taking into account a pro rata share of the  
21 Health Maintenance Organization's administrative and  
22 marketing expenses, but shall not include any refund to be  
23 made or additional premium to be paid pursuant to this  
24 subsection (f)). The Health Maintenance Organization and  
25 the group or enrollment unit may agree that the profitable  
26 or unprofitable experience may be calculated taking into

1 account the refund period and the immediately preceding 2  
2 plan years.

3 The Health Maintenance Organization shall include a  
4 statement in the evidence of coverage issued to each enrollee  
5 describing the possibility of a refund or additional premium,  
6 and upon request of any group or enrollment unit, provide to  
7 the group or enrollment unit a description of the method used  
8 to calculate (1) the Health Maintenance Organization's  
9 profitable experience with respect to the group or enrollment  
10 unit and the resulting refund to the group or enrollment unit  
11 or (2) the Health Maintenance Organization's unprofitable  
12 experience with respect to the group or enrollment unit and the  
13 resulting additional premium to be paid by the group or  
14 enrollment unit.

15 In no event shall the Illinois Health Maintenance  
16 Organization Guaranty Association be liable to pay any  
17 contractual obligation of an insolvent organization to pay any  
18 refund authorized under this Section.

19 (g) Rulemaking authority to implement Public Act 95-1045,  
20 if any, is conditioned on the rules being adopted in accordance  
21 with all provisions of the Illinois Administrative Procedure  
22 Act and all rules and procedures of the Joint Committee on  
23 Administrative Rules; any purported rule not so adopted, for  
24 whatever reason, is unauthorized.

25 (Source: P.A. 95-422, eff. 8-24-07; 95-520, eff. 8-28-07;  
26 95-876, eff. 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09;



1 95-1005, eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff.  
2 1-1-10; 96-328, eff. 8-11-09; 96-639, eff. 1-1-10; 96-833, eff.  
3 6-1-10; 96-1000, eff. 7-2-10.)

4 Section 15. The Limited Health Service Organization Act is  
5 amended by changing Section 4003 as follows:

6 (215 ILCS 130/4003) (from Ch. 73, par. 1504-3)

7 Sec. 4003. Illinois Insurance Code provisions. Limited  
8 health service organizations shall be subject to the provisions  
9 of Sections 133, 134, 136, 137, 139, 140, 141.1, 141.2, 141.3,  
10 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5, 154.6,  
11 154.7, 154.8, 155.04, 155.37, 355.2, 356v, 356z.10, 368a, 401,  
12 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and 444.1 and  
13 Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and  
14 XXVI of the Illinois Insurance Code. For purposes of the  
15 Illinois Insurance Code, except for Sections 444 and 444.1 and  
16 Articles XIII and XIII 1/2, limited health service  
17 organizations in the following categories are deemed to be  
18 domestic companies:

19 (1) a corporation under the laws of this State; or

20 (2) a corporation organized under the laws of another  
21 state, 30% of more of the enrollees of which are residents  
22 of this State, except a corporation subject to  
23 substantially the same requirements in its state of  
24 organization as is a domestic company under Article VIII

1           1/2 of the Illinois Insurance Code.

2           (Source: P.A. 95-520, eff. 8-28-07; 95-876, eff. 8-21-08.)

3           Section 20. The Voluntary Health Services Plans Act is  
4 amended by changing Section 10 as follows:

5           (215 ILCS 165/10) (from Ch. 32, par. 604)

6           Sec. 10. Application of Insurance Code provisions. Health  
7 services plan corporations and all persons interested therein  
8 or dealing therewith shall be subject to the provisions of  
9 Articles IIA and XII 1/2 and Sections 3.1, 133, 136, 139, 140,  
10 143, 143c, 149, 155.37, 354, 355.2, 356g, 356g.5, 356g.5-1,  
11 356r, 356t, 356u, 356v, 356w, 356x, 356y, 356z.1, 356z.2,  
12 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10, 356z.11,  
13 356z.12, 356z.13, 356z.14, 356z.15, 356z.18, 364.01, 367.2,  
14 368a, 401, 401.1, 402, 403, 403A, 408, 408.2, and 412, and  
15 paragraphs (7) and (15) of Section 367 of the Illinois  
16 Insurance Code.

17           Rulemaking authority to implement Public Act 95-1045, if  
18 any, is conditioned on the rules being adopted in accordance  
19 with all provisions of the Illinois Administrative Procedure  
20 Act and all rules and procedures of the Joint Committee on  
21 Administrative Rules; any purported rule not so adopted, for  
22 whatever reason, is unauthorized.

23           (Source: P.A. 95-189, eff. 8-16-07; 95-331, eff. 8-21-07;  
24 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; 95-876, eff.

1 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09; 95-1005,  
2 eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff. 1-1-10;  
3 96-328, eff. 8-11-09; 96-833, eff. 6-1-10; 96-1000, eff.  
4 7-2-10.)

5 (215 ILCS 110/36 rep.)

6 (215 ILCS 110/37 rep.)

7 Section 25. The Dental Service Plan Act is amended by  
8 repealing Sections 36 and 37.

9 (215 ILCS 125/2-7 rep.)

10 Section 30. The Health Maintenance Organization Act is  
11 amended by repealing Section 2-7.

12 (215 ILCS 130/2007 rep.)

13 Section 35. The Limited Health Service Organization Act is  
14 amended by repealing Section 2007.

15 (215 ILCS 165/21 rep.)

16 (215 ILCS 165/22 rep.)

17 Section 40. The Voluntary Health Services Plans Act is  
18 amended by repealing Sections 21 and 22.