



Rep. Lou Lang

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09800HB1571ham002

LRB098 09555 RPM 44326 a

1 AMENDMENT TO HOUSE BILL 1571

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 1571, AS AMENDED, by  
3 replacing everything after the enacting clause with the  
4 following:

5 "Section 5. The Illinois Insurance Code is amended by  
6 changing Sections 26 and 53 as follows:

7 (215 ILCS 5/26) (from Ch. 73, par. 638)

8 (Section scheduled to be repealed on January 1, 2017)

9 Sec. 26. Deposit.

10 (a) A company subject to the provisions of this Article  
11 shall make and maintain with the Director for the protection of  
12 all creditors, policyholders and policy obligations of the  
13 company, a deposit of securities which are authorized  
14 investments under Section 126.11A(1), 126.11A(2), 126.24A(1),  
15 or 126.24A(2) having a fair market value equal to the minimum  
16 capital and surplus required to be maintained under Section 13.

1 The Director may release the required deposit of securities  
2 upon receipt of an order of a court having proper jurisdiction  
3 or upon: (i) certification by the company that it has no  
4 outstanding creditors, policyholders, or policy obligations in  
5 effect and no plans to engage in the business of insurance;  
6 (ii) receipt of a lawful resolution of the company's board of  
7 directors effecting the surrender of its articles of  
8 incorporation for administrative dissolution by the Director;  
9 and (iii) receipt of the name and forwarding address for each  
10 of the final officers and directors of the company, together  
11 with a plan of dissolution approved by the Director.

12 (b) All deposits by insurers subject to this Article must  
13 be limited to the following types:

14 (1) United States government bonds, notes, and bills  
15 for which the full faith and credit of the government of  
16 the United States is pledged for the payment of principal  
17 and interest.

18 (2) United States public bonds and notes of any state  
19 or of the District of Columbia, or Canadian public bonds  
20 and notes of any province thereof, for which the full faith  
21 and credit of the issuer has been pledged for the payment  
22 of principal and interest.

23 (3) United States and Canadian county, provincial,  
24 municipal, and district bonds and notes for which the  
25 issuer has lawful authority to levy taxes or make  
26 assessments for the payment of principal and interest.

1           (4) Bonds and notes of any federal agency that are  
2           guaranteed as to payment of principal and interest by the  
3           United States.

4           (5) International development bank bonds, bonds issued  
5           by the State of Israel and sold through the Development  
6           Corporation for Israel or its successor entities, and notes  
7           issued, assumed, and guaranteed by the International Bank  
8           for Reconstruction and Development, the Inter-American  
9           Development Bank, the Asian Development Bank, the African  
10           Development Bank, or the International Finance  
11           Corporation.

12           (6) Corporate bonds and notes of any private  
13           corporations that are not affiliates or subsidiaries of the  
14           insurer, which corporations are organized under the laws of  
15           the United States, Canada, any state, the District of  
16           Columbia, any territory or possession of the United States,  
17           or any province of Canada.

18           (7) Certificates of deposit.

19           (c) To be eligible for deposit under subsection (b), any  
20           bond or note must have the following characteristics:

21           (1) The bond or note must be interest-bearing or  
22           interest-accruing, and the insurer must be the exclusive  
23           owner of the interest accruing thereon and entitled to  
24           receive the interest for its account.

25           (2) The issuer must be in a solvent financial condition  
26           and the bond or note must not be in default.

1           (3) The bond, note, or debt of the issuing country must  
2           be rated in one of the 4 highest classifications by an  
3           established, nationally recognized investment rating  
4           service or must have been given a rating of 1 by the  
5           Securities Valuation Office of the National Association of  
6           Insurance Commissioners.

7           (4) The market value of the bond or note must be  
8           readily ascertainable or the value of the bond or note must  
9           be obtainable by the insurer or its custodian from the  
10          issuer's fiscal agent.

11          (5) The bond or note must be the direct obligation of  
12          the issuer.

13          (6) The bond or note must be stated in United States  
14          dollar denominations.

15          (7) The bond or note must be eligible for book-entry  
16          form on the books of the Federal Reserve's book-entry  
17          system or in a depository trust clearing system or on the  
18          books of the issuer's transfer agent or evidenced by a  
19          certificate delivered to the insurer or its custodian.

20          (d) To be eligible for deposit under item (7) of subsection  
21          (b), a certificate of deposit must have the following  
22          characteristics:

23               (1) The certificate of deposit must be issued by a  
24               bank, savings bank, or savings association that is  
25               organized under the laws of the United States, of this  
26               State, or of any other state and that has a principal

1 office or branch office in this State that is authorized to  
2 receive deposits in this State.

3 (2) The certificate of deposit must be  
4 interest-bearing and may not be issued in discounted form.

5 (3) The certificate of deposit must be issued for a  
6 period of not less than one year.

7 (4) The issuing bank, savings bank, or savings  
8 association must agree to the terms and conditions of the  
9 Director regarding the rights to the certificate of deposit  
10 and must have executed a written certificate of deposit  
11 agreement with the Director. The terms and conditions of  
12 the agreement shall include, but need not be limited to:

13 (A) Exclusive authorized signature authority for  
14 the chief financial officer.

15 (B) An agreement to pay, without protest, the  
16 proceeds of its certificate of deposit to the Director  
17 within 30 business days after presentation.

18 (C) A prohibition against levies, setoffs,  
19 survivorship, or other conditions that might hinder  
20 the Director's ability to recover the full face value  
21 of a certificate of deposit.

22 (D) Instructions regarding interest payments,  
23 renewals, taxpayer identification, and early  
24 withdrawal penalties.

25 (E) An agreement to be subject to the jurisdiction  
26 of the courts of this State, or those of the United

1           States that are located in this State, for the purposes  
2           of any litigation arising out of this Section.

3           (F) Such other conditions as the Director  
4           requires.

5           (e) The Director may refuse to accept certain securities or  
6           refuse to accept the reported market value of certain  
7           securities offered pursuant to this Section in order to ensure  
8           that sufficient cash and securities are on hand to meet the  
9           purposes of the deposit. In making a refusal under this  
10          subsection (e), the guidelines for use of the Director may  
11          include, but need not be limited to, whether the market value  
12          of the securities cannot be readily ascertained and the lack of  
13          liquidity of the securities. Securities refused under this  
14          subsection (e) are not acceptable as deposits.

15          (f) All deposits required of a domestic insurer pursuant to  
16          the laws of another state, province, or country must be  
17          comprised of securities of the kinds required under subsection  
18          (b), having the characteristics required under subsections (c)  
19          and (d), and permitted by the laws of the other state,  
20          province, or country, except common stocks, mortgages or loans  
21          of any kind, real estate investment trust funds or programs,  
22          commercial paper, and letters of credit.

23          (Source: P.A. 92-75, eff. 7-12-01.)

24               (215 ILCS 5/53) (from Ch. 73, par. 665)

25               (Section scheduled to be repealed on January 1, 2017)

1           Sec. 53. Deposit.

2           (a) A company subject to the provisions of this Article  
3 shall make and maintain with the Director for the protection of  
4 all creditors, policyholders and policy obligations of the  
5 company, a deposit of securities which are authorized  
6 investments under Section 126.11A(1), 126.11A(2), 126.24A(1),  
7 or 126.24A(2) having a fair market value equal to the minimum  
8 surplus required to be maintained under Section 43. The  
9 Director may release the required deposit of securities upon  
10 receipt of an order of a court having proper jurisdiction or  
11 upon: (i) certification by the company that it has no  
12 outstanding creditors, policyholders, or policy obligations in  
13 effect and no plans to engage in the business of insurance;  
14 (ii) receipt of a lawful resolution of the company's board of  
15 directors effecting the surrender of its articles of  
16 incorporation for administrative dissolution by the Director;  
17 and (iii) receipt of the name and forwarding address for each  
18 of the final officers and directors of the company, together  
19 with a plan of dissolution approved by the Director.

20           (b) All deposits by insurers subject to this Article must  
21 be limited to the following types:

22           (1) United States government bonds, notes, and bills  
23 for which the full faith and credit of the government of  
24 the United States is pledged for the payment of principal  
25 and interest.

26           (2) United States public bonds and notes of any state

1       or of the District of Columbia, or Canadian public bonds  
2       and notes of any province thereof, for which the full faith  
3       and credit of the issuer has been pledged for the payment  
4       of principal and interest.

5       (3) United States and Canadian county, provincial,  
6       municipal, and district bonds and notes for which the  
7       issuer has lawful authority to levy taxes or make  
8       assessments for the payment of principal and interest.

9       (4) Bonds and notes of any federal agency that are  
10       guaranteed as to payment of principal and interest by the  
11       United States.

12       (5) International development bank bonds, bonds issued  
13       by the State of Israel and sold through the Development  
14       Corporation for Israel or its successor entities, and notes  
15       issued, assumed, and guaranteed by the International Bank  
16       for Reconstruction and Development, the Inter-American  
17       Development Bank, the Asian Development Bank, the African  
18       Development Bank, or the International Finance  
19       Corporation.

20       (6) Corporate bonds and notes of any private  
21       corporations that are not affiliates or subsidiaries of the  
22       insurer, which corporations are organized under the laws of  
23       the United States, Canada, any state, the District of  
24       Columbia, any territory or possession of the United States,  
25       or any province of Canada.

26       (7) Certificates of deposit.



1       (c) To be eligible for deposit under subsection (b), any  
2 bond or note must have the following characteristics:

3           (1) The bond or note must be interest-bearing or  
4 interest-accruing, and the insurer must be the exclusive  
5 owner of the interest accruing thereon and entitled to  
6 receive the interest for its account.

7           (2) The issuer must be in a solvent financial condition  
8 and the bond or note must not be in default.

9           (3) The bond, note, or debt of the issuing country must  
10 be rated in one of the 4 highest classifications by an  
11 established, nationally recognized investment rating  
12 service or must have been given a rating of 1 by the  
13 Securities Valuation Office of the National Association of  
14 Insurance Commissioners.

15           (4) The market value of the bond or note must be  
16 readily ascertainable or the value of the bond or note must  
17 be obtainable by the insurer or its custodian from the  
18 issuer's fiscal agent.

19           (5) The bond or note must be the direct obligation of  
20 the issuer.

21           (6) The bond or note must be stated in United States  
22 dollar denominations.

23           (7) The bond or note must be eligible for book-entry  
24 form on the books of the Federal Reserve's book-entry  
25 system or in a depository trust clearing system or on the  
26 books of the issuer's transfer agent or evidenced by a

1 certificate delivered to the insurer or its custodian.

2 (d) To be eligible for deposit under item (7) of subsection  
3 (b), a certificate of deposit must have the following  
4 characteristics:

5 (1) The certificate of deposit must be issued by a  
6 bank, savings bank, or savings association that is  
7 organized under the laws of the United States, of this  
8 State, or of any other state and that has a principal  
9 office or branch office in this State that is authorized to  
10 receive deposits in this State.

11 (2) The certificate of deposit must be  
12 interest-bearing and may not be issued in discounted form.

13 (3) The certificate of deposit must be issued for a  
14 period of not less than one year.

15 (4) The issuing bank, savings bank, or savings  
16 association must agree to the terms and conditions of the  
17 Director regarding the rights to the certificate of deposit  
18 and must have executed a written certificate of deposit  
19 agreement with the Director. The terms and conditions of  
20 the agreement shall include, but need not be limited to:

21 (A) Exclusive authorized signature authority for  
22 the chief financial officer.

23 (B) An agreement to pay, without protest, the  
24 proceeds of its certificate of deposit to the Director  
25 within 30 business days after presentation.

26 (C) A prohibition against levies, setoffs,

1 survivorship, or other conditions that might hinder  
2 the Director's ability to recover the full face value  
3 of a certificate of deposit.

4 (D) Instructions regarding interest payments,  
5 renewals, taxpayer identification, and early  
6 withdrawal penalties.

7 (E) An agreement to be subject to the jurisdiction  
8 of the courts of this State, or those of the United  
9 States that are located in this State, for the purposes  
10 of any litigation arising out of this Section.

11 (F) Such other conditions as the Director  
12 requires.

13 (e) The Director may refuse to accept certain securities or  
14 refuse to accept the reported market value of certain  
15 securities offered pursuant to this Section in order to ensure  
16 that sufficient cash and securities are on hand to meet the  
17 purposes of the deposit. In making a refusal under this  
18 subsection (e), the guidelines for use of the Director may  
19 include, but need not be limited to, whether the market value  
20 of the securities cannot be readily ascertained and the lack of  
21 liquidity of the securities. Securities refused under this  
22 subsection (e) are not acceptable as deposits.

23 (f) All deposits required of a domestic insurer pursuant to  
24 the laws of another state, province, or country must be  
25 comprised of securities of the kinds required under subsection  
26 (b), having the characteristics required under subsections (c)

1 and (d), and permitted by the laws of the other state,  
2 province, or country, except common stocks, mortgages or loans  
3 of any kind, real estate investment trust funds or programs,  
4 commercial paper, and letters of credit.

5 (Source: P.A. 92-75, eff. 7-12-01.)".