

AN ACT concerning regulation.

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

Section 5. The Illinois Insurance Code is amended by changing Sections 500-10 and 500-35 as follows:

(215 ILCS 5/500-10)

(Section scheduled to be repealed on January 1, 2017)

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

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

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

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

"Insurance" means any of the lines of authority in Section 500-35, any health care plan under the Health Maintenance

Organization Act, or any limited health care plan under the Limited Health Service Organization Act.

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

"Insurer" means a company as defined in subsection (e) of Section 2 of this Code, a health maintenance organization as defined in the Health Maintenance Organization Act, or a limited health service organization as defined in the Limited Health Service Organization Act.

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

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

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

"Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or prospective

purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers.

"Person" means an individual or a business entity.

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

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

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

"Renter" means a person obtaining the use of a vehicle from a rental company under the terms of a rental agreement for a period not to exceed 30 days.

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

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

"Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance

from a particular company.

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

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

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

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

"Webinar" means an online educational presentation during which a live and participating instructor and participating viewers, whose attendance is periodically verified throughout the presentation, actively engage in discussion and in the submission and answering of questions.

(Source: P.A. 92-386, eff. 1-1-02; 93-288, eff. 1-1-04.)

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

Sec. 500-35. License.

(a) Unless denied a license pursuant to Section 500-70, persons who have met the requirements of Sections 500-25 and 500-30 shall be issued a 2-year insurance producer license. An insurance producer may receive qualification for a license in one or more of the following lines of authority:

(1) Life: insurance coverage on human lives including benefits of endowment and annuities, and may include benefits in the event of death or dismemberment by accident and benefits for disability income.

(2) Variable life and variable annuity products: insurance coverage provided under variable life insurance contracts and variable annuities.

(3) Accident and health or sickness: insurance coverage for sickness, bodily injury, or accidental death and may include benefits for disability income.

(4) Property: insurance coverage for the direct or consequential loss or damage to property of every kind.

(5) Casualty: insurance coverage against legal liability, including that for death, injury, or disability or damage to real or personal property.

(6) Personal lines: property and casualty insurance coverage sold to individuals and families for primarily noncommercial purposes.

(7) Any other line of insurance permitted under State

laws or rules.

(b) An insurance producer license shall remain in effect unless revoked or suspended as long as the fee set forth in Section 500-135 is paid and education requirements for resident individual producers are met by the due date.

(1) Before each license renewal, an insurance producer must satisfactorily complete at least 24 hours of course study in accordance with rules prescribed by the Director. Three of the 24 hours of course study must consist of classroom ethics instruction. The Director may not approve a course of study unless the course provides for classroom, seminar, webinar, or self-study instruction methods. A course given in a combination instruction method of classroom, ~~or~~ seminar, webinar, or ~~and~~ self-study shall be deemed to be a self-study course unless the classroom, ~~or~~ seminar, or webinar certified hours meets or exceeds two-thirds of total hours certified for the course. The self-study material used in the combination course must be directly related to and complement the classroom portion of the course in order to be considered for credit. An instruction method other than classroom or seminar shall be considered as self-study methodology. Self-study credit hours require the successful completion of an examination covering the self-study material. The examination may not be self-evaluated. However, if the self-study material is completed through the use of an approved computerized

interactive format whereby the computer validates the successful completion of the self-study material, no additional examination is required. The self-study credit hours contained in a certified course shall be considered classroom hours when at least two-thirds of the hours are given as classroom or seminar instruction.

(2) An insurance producer license automatically terminates when an insurance producer fails to successfully meet the requirements of item (1) of subsection (b) of this Section. The producer must complete the course in advance of the renewal date to allow the education provider time to report the credit to the Department.

(c) A provider of a pre-licensing or continuing education course required by Section 500-30 and this Section must pay a registration fee and a course certification fee for each course being certified as provided by Section 500-135.

(d) An individual insurance producer who allows his or her license to lapse may, within 12 months after the due date of the renewal fee, be issued a license without the necessity of passing a written examination. However, a penalty in the amount of double the unpaid renewal fee shall be required after the due date.

(e) A licensed insurance producer who is unable to comply with license renewal procedures due to military service may request a waiver of those procedures.

(f) The license must contain the licensee's name, address, and personal identification number, the date of issuance, the lines of authority, the expiration date, and any other information the Director deems necessary.

(g) Licensees must inform the Director by any means acceptable to the Director of a change of address within 30 days after the change.

(h) In order to assist in the performance of the Director's duties, the Director may contract with a non-governmental entity including the National Association of Insurance Commissioners (NAIC), or any affiliates or subsidiaries that the NAIC oversees, to perform any ministerial functions, including collection of fees, related to producer licensing that the Director and the non-governmental entity may deem appropriate.

(Source: P.A. 96-839, eff. 1-1-10.)

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