

1 AN ACT concerning insurance producers. 46

2 Be it enacted by the People of the State of Illinois, 50
3 represented in the General Assembly: 51

4 Section 5. The Illinois Insurance Code is amended by 54
5 changing Section 445 and adding Sections 500-5, 500-10, 55
6 500-15, 500-20, 500-25, 500-30, 500-35, 500-40, 500-45, 56
7 500-50, 500-55, 500-60, 500-65, 500-70, 500-75, 500-80, 57
8 500-85, 500-90, 500-95, 500-100, 500-105, 500-110, 500-115, 58
9 500-120, 500-125, 500-130, 500-135, 500-140, 500-145, and 59
10 500-150 as follows:

11 (215 ILCS 5/445) (from Ch. 73, par. 1057) 62

12 Sec. 445. Surplus line. 64

13 (1) Surplus line defined; surplus line insurer 66
14 requirements. Surplus line insurance is insurance on an 67
15 Illinois risk of the kinds specified in Classes 2 and 3 of 68
16 Section 4 of this Code procured from an unauthorized insurer 69
17 company or a domestic surplus line insurer as defined in 70
18 Section 445a after the insurance producer representing the 71
19 insured or the surplus line producer is unable, after 72
20 diligent effort, to procure said insurance from insurers 73
21 companies which are authorized to transact business in this 75
22 State other than domestic surplus line insurers as defined in 76
23 Section 445a.

24 Insurance producers may procure surplus line insurance 78
25 only if licensed as a surplus line producer under this 79
26 Section and may procure that insurance only from an 80
27 unauthorized insurer company or from a domestic surplus line 81
28 insurer as defined in Section 445a: 82

29 (a) that based upon information available to the 84
30 surplus line producer has a policyholders surplus of not 86
31 less than \$15,000,000 determined in accordance with 88

Client of the House

Originated in the House of Representatives

PUBLIC ACT 92-386

1 accounting rules that are applicable to authorized 89
2 insurers companies; and 90
3 (b) that has standards of solvency and management 92
4 that are adequate for the protection of policyholders; 93
5 and
6 (c) where an unauthorized insurer company does not 95
7 meet the standards set forth in (a) and (b) above, a 97
8 surplus line producer may, if necessary, procure
9 insurance from that insurer company only if prior written 98
10 warning of such fact or condition is given to the insured 100
11 by the insurance producer or surplus line producer. 101
12 (2) Surplus line producer; license. Any licensed 103
13 producer who is a resident of this State, or any nonresident 104
14 who qualifies under Section 500-40, may be licensed as a 105
15 surplus line producer upon:
16 (a) completing a prelicensing course of study 107
17 ~~passing a written examination. The examination shall~~ 108
18 ~~reasonably test the knowledge of the applicant concerning~~ 109
19 ~~the surplus line law and the responsibilities assumed by~~ 110
20 ~~a surplus line producer thereunder.~~ The course 111
21 examination provided for by this Section shall be
22 conducted under rules and regulations prescribed by the 113
23 Director. The Director may administer the course 114
24 examination or may make arrangements, including
25 contracting with an outside educational testing service, 116
26 for administering the course and collecting the 117
27 non-refundable application fee provided for in this
28 subsection such examinations. Any charges assessed by 120
29 the Director or the educational testing service for
30 administering the course such examinations shall be paid 122
31 directly by the individual applicants. Each applicant
32 required to take the course an examination shall, ~~at the~~ 123
33 ~~time of request for examination,~~ enclose with the 125
34 application a non-refundable \$10 application fee payable 127

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1 to the Director plus a separate course an-examination
2 administration fee. If--the--Director--administers--the 129
3 examination,---the---application---fee---and---examination
4 administration-fee-shall-be-combined-and-made-payable--to 130
5 the--Director.---If--the--Director--designates-an-outside 131
6 testing--service--to--administer--the--examination,---the 132
7 applicant---shall---make---a---separate---examination
8 administration-fee-remittance-payable-to--the--designated 133
9 testing--service--for--the-total-fees-the-testing-service 134
10 charges-for-each-of-the-various-services-being-requested 135
11 by--the--applicant. An applicant who fails to appear for
12 the course examination as scheduled, or appears but fails 136
13 to complete the course pass, shall not be entitled to any 138
14 refund, and shall be required to submit a new request to
15 attend the course for-examination together with all the 140
16 requisite fees before being rescheduled for another 141
17 course examination at a later date; and

18 (b) payment of an annual license fee of \$200; and 143
19 (c) procurement of the surety bond required in 145
20 subsection (4) of this Section. 146

21 A Each surplus line producer so licensed shall keep a 148
22 separate account of the business transacted thereunder which 150
23 shall be open at all times to the inspection of the Director 151
24 or his representative.

25 The prelicensing course of study examination requirement 153
26 in (a) above shall not apply to insurance producers who were 155
27 licensed under the Illinois surplus line law ~~or--individuals~~ 156
28 ~~designated---to---act---for--a--partnership,--association--or~~
29 ~~corporation-licensed-under-the-Illinois-surplus-line--law~~ on 157
30 or before the effective date of this amendatory Act of the 159
31 92nd General Assembly February-27,-1985.

32 (3) Taxes and reports. 161

33 (a) Surplus line tax and penalty for late payment. 163

34 A Each surplus line producer shall file with the 165

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1 Director on or before February 1 and August 1 of each 167
2 year a report in the form prescribed by the Director on 168
3 all surplus line insurance procured from unauthorized
4 insurers during the preceding 6 month period ending 170
5 December 31 or June 30 respectively, and on the filing of 171
6 such report shall pay to the Director for the use and 172
7 benefit of the State a sum equal to 3% of the gross
8 premiums less returned premiums upon all surplus line 173
9 insurance procured or cancelled during the preceding 6 174
10 months.

11 Any surplus line producer who fails to pay the full 176
12 amount due under this subsection is liable, in addition 177
13 to the amount due, for such penalty and interest charges 178
14 as are provided for under Section 412 of this Code. The 179
15 Director, through the Attorney General, may institute an 181
16 action in the name of the People of the State of
17 Illinois, in any court of competent jurisdiction, for the 182
18 recovery of the amount of such taxes and penalties due, 183
19 and prosecute the same to final judgment, and take such 184
20 steps as are necessary to collect the same.

21 (b) Fire Marshal Tax. 186

22 Each surplus line producer shall file with the 188
23 Director on or before March 31 of each year a report in 189
24 the form prescribed by the Director on all fire insurance 190
25 procured from unauthorized insurers subject to tax under
26 Section 12 of the Fire Investigation Act and shall pay to 193
27 the Director the fire marshal tax required thereunder.

28 (c) Taxes and fees charged to insured. The taxes 195
29 imposed under this subsection and the countersigning fees 196
30 charged by the Surplus Line Association of Illinois may 197
31 be charged to and collected from surplus line insureds. 198

32 (4) Bond. Each surplus line producer, as a condition to 200
33 receiving a surplus line producer's license, shall execute 201
34 and deliver to the Director a surety bond to the People of 202

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1 the State in the penal sum of \$20,000, with a surety which is 203
2 authorized to transact business in this State, conditioned 204
3 that the surplus line producer will pay to the Director the
4 tax, interest and penalties levied under subsection (3) of 205
5 this Section.

6 (5) Submission of documents to Surplus Line Association 207
7 of Illinois. A Each surplus line producer shall submit every 208
8 insurance contract issued under his or her license to the 210
9 Surplus Line Association of Illinois for recording and 211
10 countersignature. The submission and countersignature may be
11 effected through electronic means. The submission insurance 212
12 contracts-submitted shall set forth: 214

13 (a) the name of the insured; 216
14 (b) the description and location of the insured 218
15 property or risk; 219
16 (c) the amount insured; 221
17 (d) the gross premiums charged or returned; 223
18 (e) the name of the unauthorized insurer or 225
19 domestic surplus line insurer as defined in Section 445a 226
20 from whom coverage has been procured;

21 (f) the kind or kinds of insurance procured; and 228
22 (g) amount of premium subject to tax required by 230
23 Section 12 of the Fire Investigation Act. 231

24 Proposals, endorsements, and other documents which 233
25 are incidental to the insurance but which do does not 234
26 affect the premium charged are exempted from filing and 236
27 countersignature.

28 The submission of insuring contracts to the Surplus 239
29 Line Association of Illinois constitutes a certification 240
30 by the surplus line producer or by the insurance producer 241
31 who presented the risk to the surplus line producer for
32 placement as a surplus line risk that after diligent 243
33 effort the required insurance could not be procured from
34 insurers companies which are authorized to transact 244

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1 business in this State other than domestic surplus line 246
2 insurers as defined in Section 445a and that such 247
3 procurement was otherwise in accordance with the surplus
4 line law.

5 (6) Countersignature required. It shall be unlawful for 249
6 an insurance producer to deliver any unauthorized company 250
7 insurer insurance contract or domestic surplus line insurer 252
8 contract unless such insurance contract is countersigned by 253
9 the Surplus Line Association of Illinois. 254

10 (7) Inspection of records. A Each surplus line producer 256
11 shall maintain separate records of the business transacted 258
12 under his or her license, including complete copies of 259
13 surplus line insurance contracts maintained on paper or by 260
14 electronic means, which records shall be open at all times 261
15 for inspection by the Director and by the Surplus Line 262
16 Association of Illinois.

17 (8) Violations and penalties. The Director may suspend 264
18 or revoke or refuse to renew a surplus line producer license 265
19 for any violation of this Code. In addition to or in lieu of 266
20 suspension or revocation, the Director may subject a surplus 267
21 line producer to a civil penalty of up to \$1,000 for each 268
22 cause for suspension or revocation. Such penalty is 269
23 enforceable under subsection (5) of Section 403A of this 270
24 Code.

25 (9) Director may declare insurer ineligible. If the 272
26 Director determines that the further assumption of risks 274
27 might be hazardous to the policyholders of an unauthorized 275
28 insurer, the Director may order the Surplus Line Association 277
29 of Illinois not to countersign insurance contracts evidencing 278
30 insurance in such insurer and order surplus line producers to 279
31 cease procuring insurance from such insurer. 281

32 (10) Service of process upon Director. ~~All~~ Insurance 283
33 contracts delivered under this Section from unauthorized 284
34 insurers shall contain a provision designating the Director 286

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1 and his successors in office the true and lawful attorney of
 2 the insurer upon whom may be served all lawful process in any 287
 3 action, suit or proceeding arising out of such insurance and 289
 4 ~~further designate the surplus line producer or other resident~~ 290
 5 ~~of this State an agent of the unauthorized insurer to which a~~ 291
 6 ~~copy of such process shall be forwarded by the Director for~~ 292
 7 ~~delivery to the insurer.~~ Service of process made upon the 293
 8 Director to be valid hereunder must state the name of the 294
 9 insured, the name of the unauthorized insurer and identify 295
 10 the contract of insurance. The Director at his option is 296
 11 authorized to forward a copy of the process to the Surplus 297
 12 Line Association of Illinois for delivery to the unauthorized 298
 13 insurer surplus line producer or other designated resident of 299
 14 this State or the Director may deliver the process to the 300
 15 unauthorized insurer by other means which he considers to be 301
 16 reasonably prompt and certain. 303

17 (11) The Illinois Surplus Line law does not apply to 305
 18 insurance of property and operations of railroads or aircraft 306
 19 engaged in interstate or foreign commerce, insurance of 307
 20 vessels, crafts or hulls, cargoes, marine builder's risks, 308
 21 marine protection and indemnity, or other risks including
 22 strikes and war risks insured under ocean or wet marine forms 309
 23 of policies.

24 (12) Surplus line insurance procured under this Section, 311
 25 including insurance procured from a domestic surplus line 312
 26 insurer, is not subject to the provisions of the Illinois 313
 27 Insurance Code other than Sections 123, 123.1, 401, 401.1, 314
 28 402, 403, 403A, 408, 412, 445, 445.1, 445.2, 445.3, 445.4, 315
 29 and all of the provisions of Article XXXI to the extent that
 30 the provisions of Article XXXI are not inconsistent with the 316
 31 terms of this Act.

32 (Source: P.A. 90-794, eff. 8-14-98.) 318

33 (215 ILCS 5/500-5 new) 321

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1 Sec. 500-5. Scope of Article. This Article applies to 323
 2 all persons and insurance companies as defined in this Code. 325
 3 This Article does not apply to surplus lines producers
 4 licensed pursuant to Section 445 except as provided in 327
 5 Section 500-40 and subsection (b) of Section 500-90 of this 328
 6 Article. 329

7 (215 ILCS 5/500-10 new) 332

8 Sec. 500-10. Definitions. In addition to the 334
 9 definitions in Section 2 of the Code, the following 336
 10 definitions apply to this Article: 337

11 "Business entity" means a corporation, association, 339
 12 partnership, limited liability company, limited liability 341
 13 partnership, or other legal entity.

14 "Car rental limited line licensee" means a person 343
 15 authorized under the provisions of Section 500-105 to sell 345
 16 certain coverages relating to the rental of vehicles.

17 "Home state" means the District of Columbia and any state 347
 18 or territory of the United States in which an insurance 349
 19 producer maintains his or her principal place of residence or 350
 20 principal place of business and is licensed to act as an 351
 21 insurance producer.

22 "Insurance" means any of the lines of authority in 353
 23 Section 500-35, any health care plan under the Health 355
 24 Maintenance Organization Act, or any limited health care plan
 25 under the Limited Health Service Organization Act. 357

26 "Insurance producer" means a person required to be 359
 27 licensed under the laws of this State to sell, solicit, or 361
 28 negotiate insurance.

29 "Insurer" means a company as defined in subsection (e) of 363
 30 Section 2 of this Code, a health maintenance organization as 365
 31 defined in the Health Maintenance Organization Act, or a 366
 32 limited health service organization as defined in the Limited 367
 33 Health Service Organization Act. 368

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1 "License" means a document issued by the Director 370
2 authorizing an individual to act as an insurance producer for 372
3 the lines of authority specified in the document or
4 authorizing a business entity to act as an insurance 374
5 producer. The license itself does not create any authority, 375
6 actual, apparent, or inherent, in the holder to represent or 376
7 commit an insurance carrier. 377

8 "Limited lines insurance" means those lines of insurance 379
9 defined in Section 500-100 or any other line of insurance 381
10 that the Director may deem it necessary to recognize for the 382
11 purposes of complying with subsection (e) of Section 500-40. 383

12 "Limited lines producer" means a person authorized by the 385
13 Director to sell, solicit, or negotiate limited lines 387
14 insurance.

15 "Negotiate" means the act of conferring directly with or 389
16 offering advice directly to a purchaser or prospective 391
17 purchaser of a particular contract of insurance concerning 392
18 any of the substantive benefits, terms, or conditions of the 393
19 contract, provided that the person engaged in that act either 395
20 sells insurance or obtains insurance from insurers for 396
21 purchasers.

22 "Person" means an individual or a business entity. 398

23 "Rental agreement" means a written agreement setting 400
24 forth the terms and conditions governing the use of a 402
25 vehicle provided by a rental company for rental or lease. 403

26 "Rental company" means a person, or a franchisee of the 405
27 person, in the business of providing primarily private 407
28 passenger vehicles to the public under a rental agreement for 408
29 a period not to exceed 30 days. 409

30 "Rental period" means the term of the rental agreement. 411

31 "Renter" means a person obtaining the use of a vehicle 413
32 from a rental company under the terms of a rental agreement 415
33 for a period not to exceed 30 days.

34 "Sell" means to exchange a contract of insurance by any 417

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1 means, for money or its equivalent, on behalf of an insurance 419
2 company.

3 "Solicit" means attempting to sell insurance or asking or 422
4 urging a person to apply for a particular kind of insurance 423
5 from a particular company.

6 "Terminate" means the cancellation of the relationship 425
7 between an insurance producer and the insurer or the 427
8 termination of a producer's authority to transact insurance.

9 "Uniform Business Entity Application" means the current 429
10 version of the National Association of Insurance 430
11 Commissioners' Uniform Business Entity Application for 431
12 nonresident business entities.

13 "Uniform Application" means the current version of the 433
14 National Association of Insurance Commissioners' Uniform 434
15 Application for nonresident producer licensing. 436

16 "Vehicle" or "rental vehicle" means a motor vehicle 438
17 of (1) the private passenger type, including passenger 440
18 vans, mini vans, and sport utility vehicles or (2) the cargo 441
19 type, including cargo vans, pickup trucks, and trucks 442
20 with a gross vehicle weight of less than 26,000 pounds the 444
21 operation of which does not require the operator to possess a
22 commercial driver's license. 446

23 (215 ILCS 5/500-15 new) 449
24 Sec. 500-15. License required. 451

25 (a) A person may not sell, solicit, or negotiate 453
26 insurance in this State for any class or classes of insurance 455
27 unless the person is licensed for that line of authority in 456
28 accordance with this Article. 457

29 (b) A person may not, for a fee, engage in the business 459
30 of offering any advice, counsel, opinion, or service with 460
31 respect to the benefits, advantages, or disadvantages under 461
32 any policy of insurance that could be issued in Illinois, 462
33 unless that person is:

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1 (1) engaged or employed as an attorney licensed to 464
2 practice law and performing duties incidental to that 465
3 position;
4 (2) a licensed insurance producer, limited 467
5 insurance representative, or temporary insurance producer 468
6 offering advice concerning a class of insurance as to 469
7 which he or she is licensed to transact business;
8 (3) a trust officer of a bank performing duties 471
9 incidental to his or her position; 472
10 (4) an actuary or a certified public accountant 474
11 engaged or employed in a consulting capacity, performing 475
12 duties incidental to that position; or
13 (5) a licensed public adjuster acting within the 477
14 scope of his or her license. 478
15 (c) In addition to any other penalty set forth in this 480
16 Article, an individual who knowingly violates subsection (a) 483
17 is guilty of a Class A misdemeanor.
18 (d) In addition to any other penalty set forth in this 485
19 Article, any individual violating subsection (a) or (b) and 486
20 misappropriating or converting any moneys collected in 487
21 conjunction with the violation is guilty of a Class 4 felony. 488

22 (215 ILCS 5/500-20 new) 491
23 Sec. 500-20. Exceptions to licensing. 493
24 (a) Nothing in this Article shall be construed to 495
25 require an insurer to obtain an insurance producer license. 498
26 In this Section, the term "insurer" does not include an 499
27 insurer's officers, directors, employees, subsidiaries, or 500
28 affiliates.
29 (b) A license as an insurance producer shall not be 502
30 required of the following: 503
31 (1) an officer, director, or employee of an insurer 505
32 or of an insurance producer, provided that the officer, 507
33 director, or employee does not receive any commission on 508

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1 policies written or sold to insure risks residing, 509
2 located, or to be performed in this State and: 511
3 (A) the officer's, director's, or employee's 513
4 activities are executive, administrative, 514
5 managerial, clerical, or a combination of these, and
6 are only indirectly related to the sale, 515
7 solicitation, or negotiation of insurance;
8 (B) the officer's, director's, or employee's 517
9 function relates to underwriting, loss control, 518
10 inspection, or the processing, adjusting,
11 investigating, or settling of a claim on a contract 520
12 of insurance; or
13 (C) the officer, director, or employee is 522
14 acting in the capacity of a special agent or agency 524
15 supervisor assisting insurance producers if the
16 person's activities are limited to providing 525
17 technical advice and assistance to licensed
18 insurance producers and do not include the sale, 527
19 solicitation, or negotiation of insurance; 529
20 (2) a person who secures and furnishes information 531
21 for the purpose of group life insurance, group property 533
22 and casualty insurance, group annuities, or group or 534
23 blanket accident and health insurance or for the purpose 536
24 of enrolling individuals under plans, issuing 537
25 certificates under plans or otherwise assisting in
26 administering plans or who performs administrative 539
27 services related to mass marketed property and casualty
28 insurance, if no commission is paid to the person for the 540
29 service;
30 (3) an employer or association or its officers, 542
31 directors, employees, or the trustees of an employee 544
32 trust plan, to the extent that the employers, officers,
33 employees, directors, or trustees are engaged in the 546
34 administration or operation of a program of employee 547

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1 benefits for the employer's or association's own 548
2 employees or the employees of its subsidiaries or 550
3 affiliates, which program involves the use of insurance
4 issued by an insurer, as long as the employers, 552
5 associations, officers, directors, employees, or trustees 553
6 are not in any manner compensated, directly or 554
7 indirectly, by the company issuing the contracts; 556
8 (4) employees of insurers or organizations employed 558
9 by insurers who are engaging in the inspection, rating, 559
10 or classification of risks or in the supervision of the 560
11 training of insurance producers and who are not 562
12 individually engaged in the sale, solicitation, or 563
13 negotiation of insurance;
14 (5) a person whose activities in this State are 565
15 limited to advertising without the intent to solicit 567
16 insurance in this State through communications in printed
17 publications or forms of electronic mass media whose 569
18 distribution is not limited to residents of this State, 570
19 provided that the person does not sell, solicit, or 571
20 negotiate insurance that would insure risks residing, 573
21 located, or to be performed in this State;
22 (6) a person who is not a resident of this State 575
23 who sells, solicits, or negotiates a contract of 577
24 insurance for commercial property and casualty risks to
25 an insured with risks located in more than one state 579
26 insured under that contract, provided that the person is 580
27 otherwise licensed as an insurance producer to sell, 581
28 solicit, or negotiate that insurance in the state where 583
29 the insured maintains its principal place of business and
30 the contract of insurance insures risks located in that 585
31 state; or
32 (7) a salaried, full-time employee who counsels or 587
33 advises his or her employer relative to the insurance 589
34 interests of the employer or of the subsidiaries or

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1 business affiliates of the employer provided that the 591
 2 employee does not sell or solicit insurance or receive a 593
 3 commission.

4 (215 ILCS 5/500-25 new) 596
 5 Sec. 500-25. Application for examination. 598

6 (a) A resident individual applying for an insurance 600
 7 producer license must pass a written examination unless 602
 8 exempt pursuant to Section 500-45. Both part one and part 2
 9 of the examination must be passed within 90 days of each 604
 10 other. The examination shall test the knowledge of the 606
 11 individual concerning the lines of authority for which
 12 application is made, the duties and responsibilities of an 608
 13 insurance producer, and the insurance laws and rules of this 609
 14 State. Examinations required by this Section must be 610
 15 developed and conducted under rules prescribed by the 612
 16 Director.

17 (b) The Director may make arrangements, including 615
 18 contracting with an outside testing service, for 616
 19 administering examinations and collecting the nonrefundable 617
 20 fee set forth in Section 500-135. 618

21 (c) An individual applying for an examination must remit 620
 22 a nonrefundable fee as prescribed by the Director as set 622
 23 forth in Section 500-135, plus a separate remittance payable 623
 24 to the designated testing service for the total fees the 624
 25 testing service charges for each of the various services 626
 26 being requested by the applicant.

27 (d) An individual who fails to appear for the 628
 28 examination as scheduled or fails to pass the examination, 631
 29 must reapply for an examination and remit all required fees
 30 and forms before being rescheduled for another examination. 633

31 (215 ILCS 5/500-30 new) 636
 32 Sec. 500-30. Application for license. 638

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[Signature]

1 (a) An individual applying for a resident insurance 640
 2 producer license must make application on a form specified by 642
 3 the Director and declare under penalty of refusal, 643
 4 suspension, or revocation of the license that the statements 644
 5 made in the application are true, correct, and complete to 646
 6 the best of the individual's knowledge and belief. Before
 7 approving the application, the Director must find that the 648
 8 individual:

9 (1) is at least 18 years of age; 650

10 (2) has not committed any act that is a ground for 652
 11 denial, suspension, or revocation set forth in Section 653
 12 500-70;

13 (3) has completed, if required by the Director, a 655
 14 pre-licensing course of study for the lines of authority 657
 15 for which the individual has applied (an individual who 658
 16 successfully completes the Fire and Casualty 659
 17 pre-licensing courses also meets the requirements for 661
 18 Personal Lines-Property and Casualty);

19 (4) has paid the fees set forth in Section 500-135; 663
 20 and

21 (5) has successfully passed the examinations for 665
 22 the lines of authority for which the person has applied. 667

23 (b) A pre-licensing course of study for each class of 669
 24 insurance for which an insurance producer license is 671
 25 requested must be established in accordance with rules
 26 prescribed by the Director and must consist of the following 673
 27 minimum hours:

<u>Class of Insurance</u>	<u>Number of</u>	
	<u>Hours</u>	
28 <u>Life (Class 1 (a))</u>	<u>15.0</u>	677
29		678
30 <u>Accident and Health (Class 1(b) or 2(a))</u>	<u>15.0</u>	679
31 <u>Fire (Class 3)</u>	<u>15.0</u>	680
32 <u>Casualty (Class 2)</u>	<u>15.0</u>	681
33 <u>Personal Lines-Property Casualty</u>	<u>15.0</u>	682
34		683

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1	<u>Motor Vehicle (Class 2(b) or 3(e))</u>	<u>7.5</u>	684
2	<u>(c) A business entity acting as an insurance producer</u>		687
3	<u>must obtain an insurance producer license. Application must</u>		689
4	<u>be made using the Uniform Business Entity Application. Before</u>		691
5	<u>approving the application, the Director must find that:</u>		
6	<u>(1) the business entity has paid the fees set forth</u>		693
7	<u>in Section 500-135; and</u>		694
8	<u>(2) the business entity has designated a licensed</u>		696
9	<u>producer responsible for the business entity's compliance</u>		698
10	<u>with the insurance laws and rules of this State.</u>		
11	<u>(d) The Director may require any documents reasonably</u>		700
12	<u>necessary to verify the information contained in an</u>		702
13	<u>application.</u>		
14	(215 ILCS 5/500-35 new)		705
15	<u>Sec. 500-35. License.</u>		707
16	<u>(a) Unless denied a license pursuant to Section 500-70,</u>		709
17	<u>persons who have met the requirements of Sections 500-25 and</u>		711
18	<u>500-30 shall be issued a 2-year insurance producer license.</u>		712
19	<u>An insurance producer may receive qualification for a license</u>		713
20	<u>in one or more of the following lines of authority:</u>		715
21	<u>(1) Life: insurance coverage on human lives</u>		717
22	<u>including benefits of endowment and annuities, and may</u>		719
23	<u>include benefits in the event of death or dismemberment</u>		
24	<u>by accident and benefits for disability income.</u>		721
25	<u>(2) Variable life and variable annuity products:</u>		723
26	<u>insurance coverage provided under variable life insurance</u>		725
27	<u>contracts and variable annuities.</u>		
28	<u>(3) Accident and health or sickness: insurance</u>		727
29	<u>coverage for sickness, bodily injury, or accidental death</u>		729
30	<u>and may include benefits for disability income.</u>		
31	<u>(4) Property: insurance coverage for the direct or</u>		731
32	<u>consequential loss or damage to property of every kind.</u>		732
33	<u>(5) Casualty: insurance coverage against legal</u>		734



1 liability, including that for death, injury, or 736
2 disability or damage to real or personal property.

3 (6) Personal lines: property and casualty insurance 738
4 coverage sold to individuals and families for primarily 739
5 noncommercial purposes.

6 (7) Any other line of insurance permitted under 741
7 State laws or rules.

8 (b) An insurance producer license shall remain in effect 743
9 unless revoked or suspended as long as the fee set forth in 745
10 Section 500-135 is paid and education requirements for 746
11 resident individual producers are met by the due date. 747

12 (1) Before each license renewal, an insurance 749
13 producer must satisfactorily complete at least 30 hours 750
14 of course study in accordance with rules prescribed by 751
15 the Director. The Director may not approve a course of 752
16 study unless the course provides for classroom, seminar, 754
17 or self-study instruction methods. A course given in a
18 combination instruction method of classroom or seminar 756
19 and self-study shall be deemed to be a self-study course 757
20 unless the classroom or seminar certified hours meets or 758
21 exceeds two-thirds of total hours certified for the 759
22 course. The self-study material used in the combination 760
23 course must be directly related to and complement the 761
24 classroom portion of the course in order to be considered 763
25 for credit. An instruction method other than classroom
26 or seminar shall be considered as self-study 765
27 methodology. Self-study credit hours require the 766
28 successful completion of an examination covering the 767
29 self-study material. The examination may not be 768
30 self-evaluated. However, if the self-study material is
31 completed through the use of an approved computerized 770
32 interactive format whereby the computer validates the 772
33 successful completion of the self-study material, no
34 additional examination is required. The self-study 774

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1 credit hours contained in a certified course shall be 775
2 considered classroom hours when at least two-thirds of 776
3 the hours are given as classroom or seminar instruction. 778
4 (2) An insurance producer license automatically 780
5 terminates when an insurance producer fails to 782
6 successfully meet the requirements of item (1) of
7 subsection (b) of this Section. The producer must 784
8 complete the course in advance of the renewal date to 785
9 allow the education provider time to report the credit to 786
10 the Department.
11 (c) A provider of a pre-licensing or continuing 788
12 education course required by Section 500-30 and this Section 790
13 must pay a registration fee and a course certification fee 791
14 for each course being certified as provided by Section 792
15 500-135.
16 (d) An individual insurance producer who allows his or 794
17 her license to lapse may, within 12 months after the due date 796
18 of the renewal fee, be issued a license without the necessity 797
19 of passing a written examination. However, a penalty in the 798
20 amount of double the unpaid renewal fee shall be required 800
21 after the due date.
22 (e) A licensed insurance producer who is unable to 802
23 comply with license renewal procedures due to military 804
24 service may request a waiver of those procedures.
25 (f) The license must contain the licensee's name, 806
26 address, and personal identification number, the date of 808
27 issuance, the lines of authority, the expiration date, and
28 any other information the Director deems necessary. 810
29 (g) Licensees must inform the Director by any means 812
30 acceptable to the Director of a change of address within 30 814
31 days after the change.
32 (h) In order to assist in the performance of the 816
33 Director's duties, the Director may contract with a 818
34 non-governmental entity including the National Association of

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1 Insurance Commissioners (NAIC), or any affiliates or 820
2 subsidiaries that the NAIC oversees, to perform any 821
3 ministerial functions, including collection of fees, related 822
4 to producer licensing that the Director and the 824
5 non-governmental entity may deem appropriate.

6 (215 ILCS 5/500-40 new) 827
7 Sec. 500-40. Nonresident licensing. 829
8 (a) Unless denied a license pursuant to Section 500-70, 831
9 a nonresident person shall receive a nonresident producer 833
10 license if:

11 (1) the person is currently licensed as a resident 835
12 and in good standing in his or her home state; 838
13 (2) the person has submitted the proper request for 840
14 a license and has paid the fees required by Section 842
15 500-135;

16 (3) the person has submitted or transmitted to the 844
17 Director the application for a license that the person 846
18 submitted to his or her home state or, instead of that 847
19 application, a completed Uniform Application; and 848
20 (4) the person's home state awards nonresident 850
21 producer licenses to residents of this State on the same 852
22 basis.

23 (b) The Director may verify the producer's licensing 854
24 status through the Producer Database maintained by the 856
25 National Association of Insurance Commissioners or its 857
26 affiliates or subsidiaries or by obtaining certification from 859
27 the public official having supervision of insurance in the 860
28 applicant's state of residence that the applicant has passed 862
29 the written examination for the class of insurance applied 863
30 for.

31 (c) A nonresident producer who moves from one state to 865
32 another state or a resident producer who moves from this 867
33 State to another state must file a change of address and 868

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1 provide certification from the new resident state within 30 869
2 days after the change of legal residence. No fee or license 871
3 application is required.

4 (d) Notwithstanding any other provision of this Article, 873
5 a person licensed as a surplus lines producer in his or her 876
6 home state shall receive a nonresident surplus lines producer 877
7 license pursuant to subsection (a) of this Section. Except 878
8 as provided in subsection (a), nothing in this Section 880
9 supersedes any provision of Section 445 of this Code. 881

10 (e) Notwithstanding any other provision of this Article, 883
11 a person licensed as a limited lines producer in his or her 886
12 home state shall receive a nonresident limited lines producer 887
13 license, pursuant to subsection (a) of this Section, granting 888
14 the same scope of authority as granted under the license 890
15 issued by the producer's home state. For the purposes of
16 this subsection, limited line insurance is any authority 892
17 granted by the home state that restricts the authority of the 893
18 license to less than the total authority prescribed in the 894
19 associated major lines pursuant to items (1) through (5) of 896
20 subsection (a) of Section 500-35.

21 (215 ILCS 5/500-45 new) 899
22 Sec. 500-45. Exemption from examination. 901

23 (a) An individual who applies for an insurance producer 903
24 license in this State who was previously licensed for the 905
25 same lines of authority in another state shall not be 906
26 required to complete any pre-licensing education or 907
27 examination. This exemption is only available if the person 909
28 is currently licensed in that state or if the application is
29 received within 90 days after the cancellation of the 911
30 applicant's previous license and if the prior state issues a 912
31 certification that, at the time of cancellation, the 913
32 applicant was in good standing in that state or the state's 914
33 Producer Database records, maintained by the National 915

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1 Association of Insurance Commissioners, its affiliates, or 917
2 subsidiaries indicate that the producer is or was licensed in
3 good standing for the line of authority requested. 919

4 (b) A person licensed as an insurance producer in 921
5 another state who moves to this State must make application 923
6 within 90 days after establishing legal residence to become a 924
7 resident licensee pursuant to Section 500-30. A pre-licensing 925
8 education or examination is not required of that person to 927
9 obtain any line of authority previously held in the prior 929
10 state except when the Director determines otherwise by rule. 930

11 (215 ILCS 5/500-50 new) 933
12 Sec. 500-50. Insurance producers; examination 935
13 statistics.

14 (a) The use of examinations for the purpose of 937
15 determining qualifications of persons to be licensed as 939
16 insurance producers has a direct and far-reaching effect on
17 persons seeking those licenses, on insurance companies, and 941
18 on the public. It is in the public interest and it will 942
19 further the public welfare to insure that examinations for 943
20 licensing do not have the effect of unlawfully discriminating 945
21 against applicants for licensing as insurance producers on 946
22 the basis of race, color, national origin, or sex. 947

23 (b) As used in this Section, the following words have 949
24 the meanings given in this subsection. 951

25 Examination. "Examination" means the examination in each 953
26 line of insurance administered pursuant to Section 500-30. 954

27 Examinee. "Examinee" means a person who takes an 956
28 examination.

29 Part. "Part" means a portion of an examination for which 958
30 a score is calculated. 959

31 Operational item. "Operational item" means a test 961
32 question considered in determining an examinee's score. 963

33 Test form. "Test form" means the test booklet or 965

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1	<u>instrument used for a part of an examination.</u>	968
2	<u>Pretest item. "Pretest item" means a prospective test</u>	970
3	<u>question that is included in a test form in order to assess</u>	973
4	<u>its performance, but is not considered in determining an</u>	974
5	<u>examinee's score.</u>	
6	<u>Minority group or examinees. "Minority group" or</u>	976
7	<u>"minority examinees" means African American, American Indian,</u>	978
8	<u>Asian, and Hispanic examinees.</u>	
9	<u>Correct-answer rate. "Correct-answer rate" for an item</u>	980
10	<u>means the number of examinees who provided the correct answer</u>	982
11	<u>on an item divided by the number of examinees who answered</u>	983
12	<u>the item.</u>	984
13	<u>Correlation. "Correlation" means a statistical measure of</u>	986
14	<u>the relationship between performance on an item and</u>	988
15	<u>performance on a part of the examination.</u>	
16	<u>(c) The Director shall ask each examinee to self-report</u>	990
17	<u>on a voluntary basis on the answer sheet, application form,</u>	992
18	<u>or by other appropriate means, the following information:</u>	993
19	<u>(1) race or ethnicity (African American; white;</u>	995
20	<u>American Indian; Asian; Hispanic; or other);</u>	996
21	<u>(2) education (8th grade or less; less than 12th</u>	998
22	<u>grade; high school diploma or G.E.D.; some college, but</u>	1000
23	<u>no 4-year degree; or 4-year degree or more); and</u>	
24	<u>(3) gender (male or female).</u>	1002
25	<u>The Director must advise all examinees that they are not</u>	1004
26	<u>required to provide this information, that they will not be</u>	1006
27	<u>penalized for not doing so, and that the Director will use</u>	1007
28	<u>the information provided exclusively for research and</u>	1008
29	<u>statistical purposes and to improve the quality and fairness</u>	1010
30	<u>of the examinations.</u>	
31	<u>(d) No later than May 1 of each year, the Director must</u>	1012
32	<u>prepare, publicly announce, and publish an Examination Report</u>	1014
33	<u>of summary statistical information relating to each</u>	1015
34	<u>examination administered during the preceding calendar year.</u>	1016

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1 Each Examination Report shall show with respect to each 1018
2 examination:

3 (1) For all examinees combined and separately by 1020
4 race or ethnicity, by educational level, by gender, by 1021
5 educational level within race or ethnicity, by education 1022
6 level within gender, and by race or ethnicity within 1023
7 gender:

8 (A) number of examinees; 1025
9 (B) percentage and number of examinees who 1027
10 passed each part;

11 (C) percentage and number of examinees who 1029
12 passed all parts;

13 (D) mean scaled scores on each part; and 1031
14 (E) standard deviation of scaled scores on 1033
15 each part.

16 (2) For male examinees, female examinees, African 1035
17 American examinees, white examinees, American Indian 1036
18 examinees, Asian examinees, and Hispanic examinees, 1037
19 respectively, with a high school diploma or G.E.D., the
20 distribution of scaled scores on each part. 1039

21 No later than May 1 of each year, the Director must 1041
22 prepare and make available on request an Item Report of 1043
23 summary statistical information relating to each operational 1044
24 item on each test form administered during the preceding 1045
25 calendar year. The Item Report shall show, for each 1047
26 operational item, for all examinees combined and separately
27 for African American examinees, white examinees, American 1049
28 Indian examinees, Asian examinees, Hispanic examinees, and 1051
29 other examinees, the correct-answer rates and correlations.

30 The Director is not required to report separate 1053
31 statistical information for any group or subgroup comprising 1055
32 fewer than 50 examinees.

33 (e) The Director must obtain a regular analysis of the 1057
34 data collected under this Section, and any other relevant 1059

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1 information, for purposes of the development of new test 1060
2 forms. The analysis shall continue the implementation of the 1061
3 item selection methodology as recommended in the Final Report 1063
4 of the Illinois Insurance Producer's Licensing Examination 1064
5 Advisory Committee dated November 19, 1991, and filed with 1065
6 the Department unless some other methodology is determined by 1067
7 the Director to be as effective in minimizing differences 1068
8 between white and minority examinee pass-fail rates. 1069
9 (f) The Director has the discretion to set cutoff scores 1071
10 for the examinations, provided that scaled scores on test 1073
11 forms administered after July 1, 1993, shall be made
12 comparable to scaled scores on test forms administered in 1075
13 1991 by use of professionally acceptable methods so as to 1077
14 minimize changes in passing rates related to the presence or
15 absence of or changes in equating or scaling equations or 1079
16 methods or content outlines. Each calendar year, the scaled 1080
17 cutoff score for each part of each examination shall 1081
18 fluctuate by no more than the standard error of measurement 1083
19 from the scaled cutoff score employed during the preceding
20 year.
21 (g) No later than May 1, 2003 and no later than May 1 of 1085
22 every fourth year thereafter, the Director must release to 1087
23 the public and make generally available one representative 1088
24 test form and set of answer keys for each part of each 1089
25 examination.
26 (h) The Director must maintain, for a period of 3 years 1091
27 after they are prepared or used, all registration forms, test 1093
28 forms, answer sheets, operational items and pretest items, 1094
29 item analyses, and other statistical analyses relating to the 1095
30 examinations. All personal identifying information regarding 1097
31 examinees and the content of test items must be maintained 1098
32 confidentially as necessary for purposes of protecting the 1099
33 personal privacy of examinees and the maintenance of test 1101
34 security.

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1 (i) In administering the examinations, the Director must 1103
2 make such accommodations for disabled examinees as are 1105
3 reasonably warranted by the particular disability involved, 1106
4 including the provision of additional time if necessary to 1107
5 complete an examination or special assistance in taking an 1109
6 examination.

7 (215 ILCS 5/500-55 new) 1112
8 Sec. 500-55. Assumed names. An insurance producer doing 1114
9 business under any name other than the producer's legal name 1117
10 must notify the Director before using the assumed name. 1118

11 (215 ILCS 5/500-60 new) 1121
12 Sec. 500-60. Temporary licensing. 1123
13 (a) The Director may issue a temporary insurance 1125
14 producer license for a period not to exceed 180 days and, at 1127
15 the discretion of the Director, may renew the temporary
16 producer license for an additional 180 days without requiring 1129
17 an examination if the Director deems that the temporary 1131
18 license is necessary for the servicing of an insurance
19 business in the following cases: 1132
20 (1) to the surviving spouse or court-appointed 1134
21 personal representative of a licensed insurance producer 1136
22 who dies or becomes mentally or physically disabled to 1137
23 allow adequate time for the sale of the insurance 1138
24 business owned by the producer or for the recovery or 1140
25 return of the producer to the business or to provide for
26 the training and licensing of new personnel to operate 1142
27 the producer's business;

28 (2) to a member or employee of a business entity 1144
29 licensed as an insurance producer, upon the death or 1145
30 disability of an individual designated in the business 1146
31 entity application or the license; or 1147
32 (3) to the designee of a licensed insurance 1149

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1 producer entering active service in the armed forces of 1151
2 the United States of America.

3 (b) The Director may by order limit the authority of any 1153
4 temporary licensee in any way deemed necessary to protect 1155
5 insureds and the public. The Director may require the 1156
6 temporary licensee to have a suitable sponsor who is a 1157
7 licensed producer or insurer and who assumes responsibility 1159
8 for all acts of the temporary licensee and may impose other 1160
9 similar requirements designed to protect insureds and the 1161
10 public. The Director may by order revoke a temporary license 1163
11 if the interest of insureds or the public are endangered. A
12 temporary license may not continue after the owner or the 1165
13 personal representative disposes of the business. 1166

14 (c) Before any temporary insurance producer license is 1168
15 issued, there must be filed with the Director a written 1170
16 application by the person desiring the license in the form, 1171
17 with the supplements, and containing the information that 1172
18 the Director requires. License fees, as provided for in 1174
19 Section 500-135, must be paid upon the issuance of the
20 original temporary insurance producer license, but not for 1176
21 any renewal thereof.

22 (215 ILCS 5/500-65 new) 1179

23 Sec. 500-65. Temporary insurance producer license for an 1181
24 applicant.

25 (a) The Director may grant a temporary insurance 1183
26 producer license to an applicant for an insurance producer 1185
27 license, without requiring an examination, for a period of 90 1186
28 days, when the applicant otherwise meets the requirements of 1187
29 this Article. During that 90-day period, the applicant must 1189
30 be enrolled in a training course or training program
31 conducted by or on behalf of the appointing insurance company 1191
32 and be in the process of fulfilling the pre-licensing 1192
33 requirements of Sections 500-25 and 500-30. 1193

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1 (b) An individual applicant may not hold more than one 1195
2 temporary insurance producer license during his or her 1196
3 lifetime.

4 (c) The Director may refuse to grant temporary insurance 1198
5 producer licenses to applicants from an insurance company 1200
6 when during a 6-month period more than 50% of that company's 1202
7 temporary insurance producer license holders have failed to
8 obtain insurance producer licenses prior to the expiration of 1204
9 their temporary insurance producer licenses. 1205

10 (d) Before the Director approves any temporary insurance 1207
11 producer license, the insurance company requesting the 1209
12 license must file with the Director an application and the 1210
13 fee required by Section 500-135. The application must be made 1211
14 on the form and in the manner the Director requires. 1213

15 (215 ILCS 5/500-70 new) 1216
16 Sec. 500-70. License denial, nonrenewal, or revocation. 1218

17 (a) The Director may place on probation, suspend, 1220
18 revoke, or refuse to issue or renew an insurance producer's 1222
19 license or may levy a civil penalty in accordance with this 1223
20 Section or take any combination of actions, for any one or 1224
21 more of the following causes:

22 (1) providing incorrect, misleading, incomplete, or 1226
23 materially untrue information in the license application; 1227

24 (2) violating any insurance laws, or violating any 1229
25 rule, subpoena, or order of the Director or of another 1231
26 state's insurance commissioner;

27 (3) obtaining or attempting to obtain a license 1233
28 through misrepresentation or fraud; 1235

29 (4) improperly withholding, misappropriating or 1237
30 converting any moneys or properties received in the 1238
31 course of doing insurance business;

32 (5) intentionally misrepresenting the terms of an 1240
33 actual or proposed insurance contract or application for 1242

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1	<u>insurance;</u>	
2	<u>(6) having been convicted of a felony;</u>	1244
3	<u>(7) having admitted or been found to have committed</u>	1246
4	<u>any insurance unfair trade practice or fraud;</u>	1247
5	<u>(8) using fraudulent, coercive, or dishonest</u>	1249
6	<u>practices, or demonstrating incompetence,</u>	1250
7	<u>untrustworthiness or financial irresponsibility in the</u>	
8	<u>conduct of business in this State or elsewhere;</u>	1252
9	<u>(9) having an insurance producer license, or its</u>	1255
10	<u>equivalent, denied, suspended, or revoked in any other</u>	1256
11	<u>state, province, district or territory;</u>	
12	<u>(10) forging a name to an application for insurance</u>	1258
13	<u>or to a document related to an insurance transaction;</u>	1261
14	<u>(11) improperly using notes or any other reference</u>	1263
15	<u>material to complete an examination for an insurance</u>	1264
16	<u>license;</u>	
17	<u>(12) knowingly accepting insurance business from an</u>	1266
18	<u>individual who is not licensed;</u>	1267
19	<u>(13) failing to comply with an administrative or</u>	1269
20	<u>court order imposing a child support obligation;</u>	1271
21	<u>(14) failing to pay state income tax or penalty or</u>	1273
22	<u>interest or comply with any administrative or court order</u>	1275
23	<u>directing payment of state income tax or failed to file a</u>	1276
24	<u>return or to pay any final assessment of any tax due to</u>	1277
25	<u>the Department of Revenue; or</u>	1278
26	<u>(15) failing to make satisfactory repayment to the</u>	1280
27	<u>Illinois Student Assistance Commission for a delinquent</u>	1282
28	<u>or defaulted student loan.</u>	
29	<u>(b) If the action by the Director is to nonrenew,</u>	1284
30	<u>suspend, or revoke a license or to deny an application for a</u>	1286
31	<u>license, the Director shall notify the applicant or licensee</u>	1287
32	<u>and advise, in writing, the applicant or licensee of the</u>	1288
33	<u>reason for the suspension, revocation, denial or nonrenewal</u>	1290
34	<u>of the applicant's or licensee's license. The applicant or</u>	

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1 licensee may make written demand upon the Director within 30 1292
2 days after the date of mailing for a hearing before the 1293
3 Director to determine the reasonableness of the Director's 1294
4 action. The hearing must be held within not fewer than 20 1296
5 days nor more than 30 days after the mailing of the notice of 1297
6 hearing and shall be held pursuant to 50 Ill. Adm. Code 2402. 1298
7 (c) The license of a business entity may be suspended, 1300
8 revoked, or refused if the Director finds, after hearing, 1302
9 that an individual licensee's violation was known or should 1303
10 have been known by one or more of the partners, officers, or 1304
11 managers acting on behalf of the partnership, corporation, 1306
12 limited liability company, or limited liability partnership 1307
13 and the violation was neither reported to the Director nor 1308
14 corrective action taken.
15 (d) In addition to or instead of any applicable denial, 1310
16 suspension, or revocation of a license, a person may, after 1312
17 hearing, be subject to a civil penalty of up to \$5,000 for 1313
18 each cause for denial, suspension, or revocation, however, 1314
19 the civil penalty may total no more than \$20,000. 1315
20 (e) The Director has the authority to enforce the 1317
21 provisions of and impose any penalty or remedy authorized by 1319
22 this Article against any person who is under investigation 1320
23 for or charged with a violation of this Code or rules even if 1321
24 the person's license or registration has been surrendered or 1323
25 has lapsed by operation of law.
26 (f) Upon the suspension, denial, or revocation of a 1325
27 license, the licensee or other person having possession or 1327
28 custody of the license shall promptly deliver it to the 1328
29 Director in person or by mail. The Director shall publish 1329
30 all suspensions, denials, or revocations after the 1330
31 suspensions, denials, or revocations become final in a 1331
32 manner designed to notify interested insurance companies and 1333
33 other persons.
34 (g) A person whose license is revoked or whose 1335

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1 application is denied pursuant to this Section is ineligible 1337
2 to apply for any license for 3 years after the revocation or 1338
3 denial. A person whose license as an insurance producer has 1339
4 been revoked, suspended, or denied may not be employed, 1341
5 contracted, or engaged in any insurance related capacity
6 during the time the revocation, suspension, or denial is in 1343
7 effect.

8 (215 ILCS 5/500-75 new) 1346
9 Sec. 500-75. Disclosure. A policy the solicitation of 1348
10 which involves an insurance producer, limited insurance 1350
11 representative, or temporary insurance producer must identify
12 the name of the producer, representative, or firm. An 1352
13 individual life or accident and health application and a 1353
14 master policy application for life or accident and health 1354
15 group coverages must bear the name and signature of the 1356
16 licensee who solicited and wrote the application.

17 (215 ILCS 5/500-80 new) 1359
18 Sec. 500-80. Commissions. 1361
19 (a) An insurer or insurance producer may not pay a 1363
20 commission, service fee, brokerage, or other valuable 1364
21 consideration to a person for selling, soliciting, or 1365
22 negotiating insurance in this State if that person is 1366
23 required to be licensed under this Article and is not so 1367
24 licensed at the time of selling, soliciting, or negotiating 1368
25 the insurance.

26 (b) A person may not accept a commission, service fee, 1370
27 brokerage, or other valuable consideration for selling, 1372
28 soliciting, or negotiating insurance in this State if that 1373
29 person is required to be licensed under this Article and is 1374
30 not so licensed.

31 (c) Renewal or other deferred commissions may be paid to 1376
32 a person for selling, soliciting, or negotiating insurance in 1379

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1 this State if the person was required to be licensed under
2 this Article at the time of the sale, solicitation, or 1381
3 negotiation and was so licensed at that time.

4 (d) An insurer or insurance producer may pay or assign 1383
5 commissions, service fees, brokerages, or other valuable 1385
6 consideration to an insurance agency or to persons who do not 1386
7 sell, solicit, or negotiate insurance in this State, unless 1387
8 the payment would violate Section 151 of this Code. 1389

9 (e) Except as to commissions deductible from premiums on 1392
10 insurance policies or contracts for insurance, an insurance 1393
11 producer or business entity does not have any right to 1394
12 compensation from an insured or prospective insured for or on 1395
13 account of the transaction of insurance business unless the 1397
14 right to compensation is stated on a separate written 1398
15 memorandum that clearly specifies the amount or extent of the 1400
16 service fee and that is provided to the applicant or insured 1401
17 before the performance of the service or the issuance of the 1403
18 policy, whichever is first. A copy of the memorandum must be 1404
19 maintained by any producer who collects or receives the 1405
20 service fee or any portion of the service fee. If the 1408
21 compensation or service fee exceeds 10% of the premium amount
22 or potential premium amount of the contract or policy, the 1410
23 memorandum shall include the signature of the insured or 1411
24 prospective insured acknowledging the compensation or service 1412
25 fee.

26 (f) Any compensation or service fee received on a 1414
27 contract or policy that is later canceled, within the first 1415
28 half of the contract or policy period, for any reason must be 1416
29 returned to the insured by the insurance producer or business 1418
30 entity at a prorated amount. The prorated amount shall be
31 based on the length of the term of the policy or contract 1419
32 compared to the time that contract or policy was in force 1420
33 such that the amount returned reflects the portion of the 1421
34 term of the contract or policy during which the contract was 1422

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1 not in force. There shall be no compensation or service fee
2 assessed or received on a contract or policy by the insurance 1423
3 producer or business entity for processing such cancellation. 1424

4 (215 ILCS 5/500-85 new) 1427
5 Sec. 500-85. Notification of termination; immunity; 1429
6 confidentiality.

7 (a) An insurer or authorized representative of an 1431
8 insurer that terminates the appointment, employment, 1433
9 contract, or other insurance business relationship with a
10 producer must notify the Director within 30 days following 1435
11 the effective date of the termination, using a format 1436
12 prescribed by the Director, if the reason for termination is 1437
13 one of the reasons set forth in Section 500-70 or the insurer 1439
14 has knowledge the producer was found by a court, government
15 body, or self-regulatory organization authorized by law to 1440
16 have engaged in any of the activities in Section 500-70. Upon 1441
17 written request by the Director, the insurer must provide 1442
18 additional information, documents, records, or other data 1443
19 pertaining to the termination or activity of the producer. 1444

20 (b) The insurer or the authorized representative of the 1446
21 insurer must promptly notify the Director in a format 1448
22 acceptable to the Director if, upon further review or
23 investigation, the insurer discovers additional information 1451
24 that would have been reportable to the Director in accordance
25 with subsection (a) had the insurer then known of its 1452
26 existence.

27 (c) Within 15 days after making the notification 1454
28 required by subsections (a) and (b), the insurer must mail a 1456
29 copy of the notification to the producer at his or her last 1457
30 known address. If the producer is terminated for cause for 1458
31 any of the reasons listed in Section 500-70, the insurer must 1460
32 provide a copy of the notification to the producer at his or
33 her last known address by certified mail, return receipt 1462

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1 requested, postage prepaid or by overnight delivery using a 1463
2 nationally recognized carrier. 1464

3 Within 30 days after the producer has received the 1467
4 original or additional notification, the producer may file 1468
5 written comments concerning the substance of the notification
6 with the Director. The producer must, by the same means, 1471
7 simultaneously send a copy of the comments to the reporting 1472
8 insurer, and the comments shall become a part of the
9 Director's file and accompany every copy of a report 1474
10 distributed or disclosed for any reason about the producer as 1475
11 permitted under this Code. 1476

12 (d) There shall be no liability on the part of, nor 1478
13 shall a cause of action of any nature arise against, an 1479
14 insurer, the authorized representative of the insurer, a 1480
15 producer, the Director, or an organization of which the
16 Director is a member for any information, documents, records, 1481
17 or statements provided pursuant to this Section. 1482

18 (e) An insurer, the authorized representative of the 1484
19 insurer, or a producer that fails to report as required under 1485
20 the provisions of this Section or that is found to have 1486
21 reported with malicious intent by a court of competent
22 jurisdiction may, after notice and hearing, have its license 1487
23 or certificate of authority suspended or revoked and may be 1488
24 subjected to a civil penalty.

25 (215 ILCS 5/500-90 new) 1491
26 Sec. 500-90. Reciprocity. 1493

27 (a) The Director shall waive any requirements for a 1495
28 nonresident license applicant with a valid license from his 1497
29 or her home state, except the requirements imposed by Section 1498
30 500-40 of this Article, if the applicant's home state awards
31 nonresident licenses to residents of this State on the same 1500
32 basis.

33 (b) A nonresident producer's satisfaction of his or her 1502

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1 home state's continuing education requirements for licensed 1505
2 insurance producers shall constitute satisfaction of this 1506
3 State's continuing education requirements if the non-resident 1508
4 producer's home state recognizes the satisfaction of its 1510
5 continuing education requirements imposed upon producers from
6 this State on the same basis. 1511

7 (215 ILCS 5/500-95 new) 1514
8 Sec. 500-95. Reporting of actions. An individual who, 1516
9 while licensed as an insurance producer, is convicted of a 1518
10 felony, must report the conviction to the Director within 30
11 days after the entry date of the judgment. Within that 1520
12 30-day period, the individual must also provide the Director 1521
13 with a copy of the judgment, the probation or commitment 1522
14 order, and any other relevant documents. 1524

15 (215 ILCS 5/500-100 new) 1527
16 Sec. 500-100. Limited lines producer license. 1529
17 (a) An individual who is at least 18 years of age and 1531
18 whom the Director considers to be competent, trustworthy, and 1533
19 of good business reputation may obtain a limited lines 1534
20 producer license for one or more of the following classes: 1535
21 (1) insurance on baggage or limited travel health, 1537
22 accident, or trip cancellation insurance sold in 1539
23 connection with transportation provided by a common
24 carrier;
25 (2) industrial life insurance, as defined in 1541
26 Section 228 of this Code;
27 (3) industrial accident and health insurance, as 1543
28 defined in Section 368 of this Code; 1545
29 (4) insurance issued by a company organized under 1547
30 the Farm Mutual Insurance Company Act of 1986; 1548
31 (5) legal expense insurance; 1550
32 (6) enrollment of recipients of public aid or 1552

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1 medicare in a health maintenance organization; 1554
2 (7) a limited health care plan issued by an 1556
3 organization having a certificate of authority under the 1558
4 Limited Health Service Organization Act.
5 (b) The application for a limited lines producer license 1560
6 must be submitted on a form prescribed by the Director by a 1562
7 designee of the insurance company, health maintenance 1563
8 organization, or limited health service organization 1564
9 appointing the limited insurance representative. The 1566
10 insurance company, health maintenance organization, or
11 limited health service organization must pay the fee required 1568
12 by Section 500-135.
13 (c) A limited lines producer may represent more than one 1570
14 insurance company, health maintenance organization, or 1572
15 limited health service organization.
16 (d) An applicant who has met the requirements of this 1574
17 Section shall be issued a perpetual limited lines producer 1576
18 license.
19 (e) A limited lines producer license shall remain in 1578
20 effect as long as the appointing insurance company pays the 1580
21 respective fee required by Section 500-135 prior to January 1 1581
22 of each year, unless the license is revoked or suspended 1582
23 pursuant to Section 500-70. Failure of the insurance company 1584
24 to pay the license fee or to submit the required documents
25 shall cause immediate termination of the limited line 1586
26 insurance producer license with respect to which the failure 1588
27 occurs.
28 (f) A limited lines producer license may be terminated 1590
29 by the insurance company or the licensee. 1592
30 (g) A person whom the Director considers to be 1594
31 competent, trustworthy, and of good business reputation may 1597
32 be issued a car rental limited line license. A car rental 1598
33 limited line license for a rental company shall remain in 1599
34 effect as long as the car rental limited line licensee pays 1601

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1 the respective fee required by Section 500-135 prior to the
 2 next fee date unless the car rental license is revoked or 1603
 3 suspended pursuant to Section 500-70. Failure of the car
 4 rental limited line licensee to pay the license fee or to 1605
 5 submit the required documents shall cause immediate 1606
 6 suspension of the car rental limited line license. A car 1607
 7 rental limited line license for rental companies may be 1609
 8 voluntarily terminated by the car rental limited line 1610
 9 licensee. The license fee shall not be refunded upon 1611
 10 termination of the car rental limited line license by the car 1612
 11 rental limited line licensee. 1613

12 (h) A limited lines producer issued a license pursuant 1615
 13 to this Section is not subject to the requirements of Section 1618
 14 500-30.

15 (i) A limited lines producer license must contain the 1620
 16 name, address and personal identification number of the 1622
 17 licensee, the date the license was issued, general 1623
 18 conditions relative to the license's expiration or 1624
 19 termination, and any other information the Director considers 1625
 20 proper. A limited line producer license, if applicable, must 1626
 21 also contain the name and address of the appointing insurance 1628
 22 company.

23 (215 ILCS 5/500-105 new) 1631
 24 Sec. 500-105. Car rental limited line license for rental 1633
 25 companies.

26 (a) A rental company must obtain a producer license or 1635
 27 obtain a car rental limited line license before offering or 1637
 28 selling insurance in connection with and incidental to the 1638
 29 rental of vehicles. The sale of the insurance may occur at 1639
 30 the rental office or by preselection of coverage in a master, 1641
 31 corporate, group rental, or individual agreement. The
 32 following general categories of coverage may be offered or 1643
 33 sold:

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1 (1) personal accident insurance covering the risks 1646
2 of travel including, but not limited to, accident and 1647
3 health insurance that provides coverage, as applicable, 1648
4 to renters and other rental vehicle occupants for 1649
5 accidental death or dismemberment and reimbursement for 1650
6 medical expenses resulting from an accident that occurs 1651
7 during the rental period; 1652
8 (2) liability insurance, including uninsured and 1654
9 underinsured motorist coverage, that provides coverage, 1655
10 as applicable, to renters and other authorized drivers 1656
11 of rental vehicles for liability arising from the 1657
12 operation of the rental vehicle;
13 (3) personal effects insurance that provides 1659
14 coverage, as applicable, to renters and other vehicle 1661
15 occupants for the loss of, or damage to, personal effects
16 that occurs during the rental period; 1663
17 (4) roadside assistance and emergency sickness 1665
18 protection programs; and
19 (5) any other travel or auto-related coverage that 1667
20 a rental company offers in connection with and incidental 1669
21 to the rental of vehicles.
22 (b) Insurance may not be offered by a car rental limited 1671
23 line producer pursuant to this Section unless: 1673
24 (1) the rental company has applied for and obtained 1675
25 a car rental limited line license; 1677
26 (2) the rental period of the rental agreement does 1679
27 not exceed 30 consecutive days; 1681
28 (3) at every rental location where rental 1683
29 agreements are executed, brochures or other written 1686
30 materials are readily available to the prospective renter
31 that:
32 (A) summarize clearly and correctly, the 1688
33 material terms of coverage offered to renters, 1689
34 including the identity of the insurer;

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1 (B) disclose that the coverage offered by the 1691
2 rental company may provide a duplication of coverage 1692
3 already provided by a renter's personal automobile 1693
4 insurance policy, homeowner's insurance policy,
5 personal liability insurance policy, or other source 1694
6 of coverage;
7 (C) state that the purchase by the renter of 1696
8 the kinds of coverage specified in this Section is 1697
9 not required in order to rent a vehicle; and
10 (D) describe the process for filing a claim in 1699
11 the event the renter elects to purchase coverage and 1701
12 in the event of a claim; and
13 (4) evidence of coverage in the rental agreement is 1703
14 disclosed to every renter who elects to purchase such 1705
15 coverage.
16 (c) Car rental company franchisees must apply for a car 1707
17 rental limited line license independent of the franchisor if 1709
18 insurance provided pursuant to this Section is offered by the 1710
19 franchisee. 1711
20 (d) A car rental limited line license issued under this 1713
21 Section shall also authorize any employee of the car rental 1715
22 limited line licensee to act individually on behalf and under 1717
23 the supervision of the car rental limited line licensee with 1718
24 respect to the kinds of coverage specified in this Section. 1720
25 (e) A rental company licensed pursuant to this Section 1722
26 must conduct a training program in which employees being 1724
27 trained shall receive basic instruction about the kinds of 1725
28 coverage specified in this Section and offered for purchase 1726
29 by prospective renters of rental vehicles. 1728
30 (f) Notwithstanding any other provision of this Section 1730
31 or any rule adopted by the Director, a car rental limited 1732
32 line producer pursuant to this Section is not required to 1733
33 treat moneys collected from renters purchasing insurance when 1734
34 renting vehicles as funds received in a fiduciary capacity. 1736

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1 provided that the charges for coverage shall be itemized and 1737
2 be ancillary to a rental transaction. 1738
3 (g) The sale of insurance not in conjunction with a 1740
4 rental transaction shall not be permitted. 1742
5 (h) A car rental limited line producer under this 1744
6 Section may not advertise, represent, or otherwise hold 1746
7 itself or any of its employees out as licensed insurers,
8 insurance producers, insurance agents, or insurance brokers. 1748
9 (i) Direct commissions may not be paid to rental car 1750
10 company employees by the insurer or the customer purchasing 1752
11 insurance products. The rental car company may include 1753
12 insurance products in an overall employee performance 1754
13 compensation incentive program. 1755
14 (j) An application for a car rental limited line license 1757
15 must be made on a form specified by the Director. 1759

16 (215 ILCS 5/500-110 new) 1762
17 Sec. 500-110. Regulatory examinations. 1764
18 (a) The Director may examine any applicant for or holder 1766
19 of an insurance producer license, limited line producer 1768
20 license or temporary insurance producer license or any 1769
21 business entity. 1770
22 (b) All persons being examined, as well as their 1773
23 officers, directors, insurance producers, limited lines 1774
24 producers, and temporary insurance producers must provide to 1775
25 the Director convenient and free access, at all reasonable 1776
26 hours at their offices, to all books, records, documents, and 1778
27 other papers relating to the persons' insurance business
28 affairs. The officers, directors, insurance producers, 1780
29 limited lines producers, temporary insurance producers, and 1781
30 employees must facilitate and aid the Director in the 1783
31 examinations as much as it is in their power to do so. 1784
32 (c) The Director may designate an examiner or examiners 1786
33 to conduct any examination under this Section. The Director 1787

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1 or his or her designee may administer oaths and examine 1789
2 under oath any individual relative to the business of the
3 person being examined. 1790

4 (d) The examiners designated by the Director under this 1792
5 Section may make reports to the Director. A report alleging 1794
6 substantive violations of this Article or any rules 1795
7 prescribed by the Director must be in writing and be based 1796
8 upon facts ascertained from the books, records, documents, 1798
9 papers, and other evidence obtained by the examiners or from 1799
10 sworn or affirmed testimony of or written affidavits from 1800
11 the person's officers, directors, insurance producers, 1801
12 limited lines producer, temporary insurance producers, or 1803
13 employees or other individuals, as given to the examiners. 1804
14 The report of an examination must be verified by the 1805
15 examiners.

16 (e) If a report is made, the Director must either 1807
17 deliver a duplicate of the report to the person being 1809
18 examined or send the duplicate by certified or registered 1810
19 mail to the person's address of record. The Director shall 1811
20 afford the person an opportunity to demand a hearing with 1812
21 reference to the facts and other evidence contained in the 1814
22 report. The person may request a hearing within 14 calendar 1815
23 days after he or she receives the duplicate of the 1816
24 examination report by giving the Director written notice of 1817
25 that request, together with a written statement of the 1818
26 person's objections to the report. The Director must, if 1820
27 requested to do so, conduct a hearing in accordance with 1821
28 Sections 402 and 403 of this Code. The Director must issue 1822
29 a written order based upon the examination report and upon 1823
30 the hearing, if a hearing is held, within 90 days after the 1825
31 report is filed, or within 90 days after the hearing if a 1826
32 hearing is held. If the report is refused or otherwise 1827
33 undeliverable, or a hearing is not requested in a timely 1828
34 fashion, the right to a hearing is waived. After the hearing 1829

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1 or the expiration of the time period in which a person may 1830
2 request a hearing, if the examination reveals that the person 1831
3 is operating in violation of any law, rule, or prior order, 1833
4 the Director in the written order may require the person to 1834
5 take any action the Director considers necessary or 1835
6 appropriate in accordance with the report or examination 1836
7 hearing. The order is subject to review under the 1837
8 Administrative Review Law. 1838

9 (f) The Director may adopt reasonable rules to further 1841
10 the purposes of this Section.

11 (g) A person who violates or aids and abets any 1844
12 violation of a written order issued under this Section shall 1846
13 be guilty of a business offense and his or her license may be 1848
14 revoked or suspended pursuant to Section 500-70 of this 1849
15 Article and he or she may be subjected to a civil penalty of 1850
16 not more than \$10,000. 1852

17 (215 ILCS 5/500-115 new) 1855
18 Sec. 500-115. Financial responsibilities. 1857

19 (a) Any money that an insurance producer, limited line 1859
20 producer, temporary insurance producer, business entity, or 1860
21 surplus line producer receives for soliciting, negotiating, 1861
22 effecting, procuring, renewing, continuing, or binding 1863
23 policies of insurance shall be held in a fiduciary capacity 1864
24 and shall not be misappropriated, converted, or improperly 1865
25 withheld. An insurance company that delivers to any 1867
26 insurance producer in this State a policy or contract for
27 insurance pursuant to the application or request of an 1869
28 insurance producer, authorizes the producer to collect or 1870
29 receive on its behalf payment of any premium that is due on 1871
30 the policy or contract for insurance at the time of its 1872
31 issuance or delivery and any premium that becomes due on the 1873
32 policy or contract not more than 90 days thereafter. 1874
33 (b) An insurer that issues a policy of insurance shall 1876

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1 be deemed to have received payment of the premium if the 1879
2 insured paid any insurance producer requesting the coverage.
3 The insurer shall be responsible to the insured for any 1881
4 return premium.
5 (c) In the case of open accounts receivable with the 1884
6 balance payable to an insurance producer within a specified 1885
7 period of 90 days or less, where the balance is not fully 1886
8 paid within that period, a late charge not exceeding 1.5% per 1888
9 month may be added by the insurance producer to the unpaid 1889
10 balance to induce payment of the premium. 1890
11 (d) If an insurance producer or surplus line producer 1892
12 knowingly misappropriates or converts to his or her own use 1893
13 or illegally withholds fiduciary moneys in the amount of \$150 1894
14 or less, he or she is guilty of a Class A misdemeanor for a 1895
15 first offense and a Class 4 felony for subsequent
16 conversions, misappropriations, and withholdings of that 1896
17 nature. If an insurance producer or surplus line producer 1897
18 knowingly misappropriates or converts to his or her own use 1898
19 or illegally withholds premiums in excess of \$150, he or she 1899
20 is guilty of a Class 3 felony.
21 (215 ILCS 5/500-120 new) 1902
22 Sec. 500-120. Conflicts of interest; inactive status. 1904
23 (a) A person, partnership, association, or corporation 1907
24 licensed by the Department who, due to employment with any 1909
25 unit of government that would cause a conflict of interest 1911
26 with the holding of that license, notifies the Director in 1913
27 writing on forms prescribed by the Department and, subject to 1915
28 rules of the Department, makes payment of applicable 1916
29 licensing renewal fees, may elect to place the license on an 1918
30 inactive status.
31 (b) A licensee whose license is on inactive status may 1921
32 have the license restored by making application to the 1923
33 Department on such form as may be prescribed by the 1924

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1 Department. The application must be accompanied with a fee of 1926
 2 \$50 plus the current applicable license fee. 1928

3 (c) A license may be placed on inactive status for a 1930
 4 2-year period, and upon request, the inactive status may be 1932
 5 extended for a successive 2-year period not to exceed a 1933
 6 cumulative 4-year inactive period. After a license has been
 7 on inactive status for 4 years or more, the licensee must 1935
 8 meet all of the standards required of a new applicant before
 9 the license may be restored to active status. 1937

10 (d) If requests for inactive status are not renewed as 1940
 11 set forth in subsection (c), the license will be taken off 1942
 12 the inactive status and the license will lapse immediately. 1943

13 (215 ILCS 5/500-125 new) 1946
 14 Sec. 500-125. Controlled business. 1948

15 (a) An insurance producer license may not be granted or 1950
 16 extended to any person if the Director has reasonable cause 1952
 17 to believe:

18 (1) that during either of the 2 calendar years 1954
 19 immediately preceding the extension date of the license 1955
 20 the aggregate amount of premiums on insurance represented 1957
 21 by controlled business exceeded the aggregate amount of
 22 premiums on all other insurance business of the licensee; 1959
 23 or

24 (2) that during the 12-month period immediately 1961
 25 following the issuance or extension of the license, if so 1963
 26 issued or extended, the aggregate amount of premiums on 1964
 27 controlled business would exceed the aggregate amount of 1965
 28 premiums on all other insurance business of the applicant 1966
 29 or licensee.

30 (b) Controlled business means insurance procured or to 1968
 31 be procured by or through the person upon: 1970

32 (1) his own life, person, property or risks, or 1972
 33 those of his spouse; or

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1 (2) the life, person, property, or risks of his 1974
2 employer or his own business. 1975

3 (215 ILCS 5/500-130 new) 1978
4 Sec. 500-130. Bond required of insurance producers. 1980

5 (a) An insurance producer who places insurance either 1982
6 directly or indirectly with an insurer with which the 1984
7 insurance producer does not have an agent contact must
8 maintain in force while licensed a bond in favor of the 1986
9 people of the State of Illinois executed by an authorized 1987
10 surety company and payable to any party injured under the 1989
11 terms of the bond. The bond shall be continuous in form and 1990
12 in the amount of \$2,500 or 5% of the premiums brokered in the 1991
13 previous calendar year, whichever is greater, but not to 1992
14 exceed \$50,000 total aggregate liability. The bond shall be 1994
15 conditioned upon full accounting and due payment to the 1995
16 person or company entitled thereto, of funds coming into the 1996
17 insurance producer's possession as an incident to insurance 1997
18 transactions under the license or surplus line insurance 1998
19 transactions under the license as a surplus line producer. 2000

20 (b) Authorized insurance producers of a business entity 2002
21 may meet the requirements of this Section with a bond in the 2004
22 name of the business entity, continuous in form, and in the 2005
23 amounts set forth in subsection (a) of this Section. 2006
24 Insurance producers may meet the requirements of this Section 2008
25 with a bond in the name of an association. An individual 2009
26 producer remains responsible for assuring that a producer 2010
27 bond is in effect and is for the correct amount. The 2011
28 association must have been in existence for 5 years, have 2012
29 common membership, and been formed for a purpose other than 2014
30 obtaining a bond.

31 (c) The surety may cancel the bond and be released from 2016
32 further liability thereunder upon 30 days' written notice in 2018
33 advance to the principal. The cancellation does not affect 2019

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1 any liability incurred or accrued under the bond before the 2020
2 termination of the 30-day period. 2021

3 (d) The producer's license may be revoked if the 2023
4 producer acts without a bond that is required under this 2025
5 Section.

6 (e) If a party injured under the terms of the bond 2027
7 requests the producer to provide the name of the surety and 2029
8 the bond number, the producer must provide the information 2030
9 within 3 working days after receiving the request. 2031

10 (f) An association may meet the requirements of this 2033
11 Section for all of its members with a bond in the name of the 2035
12 association that is continuous in form and in the amounts set 2036
13 forth in subsection (a) of this Section. 2037

14 (215 ILCS 5/500-135 new) 2040
15 Sec. 500-135. Fees. 2042

16 (a) The fees required by this Article are as follows: 2044

17 (1) a fee of \$150 payable once every 2 years for an 2046
18 insurance producer license; 2047

19 (2) a fee of \$25 for the issuance of a temporary 2049
20 insurance producer license; 2050

21 (3) a fee of \$50 payable once every 2 years for a 2052
22 business entity;

23 (4) an annual \$25 fee for a limited line producer 2055
24 license issued under items (1) through (7) of subsection 2056
25 (a) of Section 500-100;

26 (5) a \$25 application fee for the processing of a 2058
27 request to take the written examination for an insurance 2060
28 producer license;

29 (6) an annual registration fee of \$500 for 2062
30 registration of an education provider; 2063

31 (7) a certification fee of \$25 for each certified 2065
32 pre-licensing or continuing education course and an 2067
33 annual fee of \$10 for renewing the certification of each 2068

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1 such course; 2069

2 (8) a fee of \$50 payable once every 2 years for a 2071

3 car rental limited line license; 2072

4 (9) a fee of \$150 payable once every 2 years for a 2074

5 limited lines license other than the licenses issued 2076

6 under items (1) through (7) of subsection (a) of Section 2077

7 500-100 or a car rental limited line license. 2079

8 (b) Except as otherwise provided, all fees paid to and 2082

9 collected by the Director under this Section shall be paid 2083

10 promptly after receipt thereof, together with a detailed 2084

11 statement of such fees, into a special fund in the State 2085

12 Treasury to be known as the Insurance Producer Administration 2087

13 Fund. The moneys deposited into the Insurance Producer

14 Administration Fund may be used only for payment of the 2089

15 expenses of the Department in the execution, administration, 2091

16 and enforcement of the insurance laws of this State, and

17 shall be appropriated as otherwise provided by law for the 2093

18 payment of those expenses with first priority being any 2094

19 expenses incident to or associated with the administration 2095

20 and enforcement of this Article. 2096

21 (215 ILCS 5/500-140 new) 2099

22 Sec. 500-140. Injunctive relief. A person required to be 2101

23 licensed under this Article but failing to obtain a valid and 2103

24 current license under this Article constitutes a public

25 nuisance. The Director may report the failure to obtain a 2105

26 license to the Attorney General, whose duty it is to apply 2106

27 forthwith by complaint on relation of the Director in the 2107

28 name of the people of the State of Illinois, for injunctive 2109

29 relief in the circuit court of the county where the failure 2110

30 to obtain a license occurred to enjoin that person from 2111

31 failing to obtain a license. Upon the filing of a verified 2112

32 petition in the court, the court, if satisfied by affidavit 2113

33 or otherwise that the person is required to have a license 2115

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1 and does not have a valid and current license, may enter a 2116
2 temporary restraining order without notice or bond, enjoining 2118
3 the defendant from acting in any capacity that requires such
4 license. A copy of the verified complaint shall be served 2120
5 upon the defendant, and the proceedings shall thereafter be 2121
6 conducted as in other civil cases. If it is established that 2122
7 the defendant has been, or is engaged in any unlawful 2124
8 practice, the court may enter an order or judgment 2125
9 perpetually enjoining the defendant from further engaging in 2126
10 such practice. In all proceedings brought under this 2127
11 Section, the court, in its discretion, may apportion the 2128
12 costs among the parties, including the cost of filing the 2130
13 complaint, service of process, witness fees and expenses, 2131
14 court reporter charges, and reasonable attorney fees. In 2132
15 case of the violation of any injunctive order entered under 2133
16 the provisions of this Section, the court may summarily try 2134
17 and punish the offender for contempt of court. The 2135
18 injunctive relief available under this Section is in addition 2138
19 to and not in lieu of all other penalties and remedies
20 provided in this Code. 2139

21 (215 ILCS 5/500-145 new) 2142
22 Sec. 500-145. Rules. The Director may, in accordance 2144
23 with Section 401 of this Code, promulgate reasonable rules as 2147
24 are necessary or proper to carry out the purposes of this
25 Article. 2148

26 (215 ILCS 5/500-150 new) 2151
27 Sec. 500-150. Severability. The provisions of this 2153
28 Article are severable under Section 1.31 of the Statute on 2155
29 Statutes.

30 (215 ILCS 5/490.1 rep.) 2158
31 (215 ILCS 5/491.1 rep.) 2160

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1	(215 ILCS 5/492.2 rep.)	2162
2	(215 ILCS 5/493.2 rep.)	2164
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7	(215 ILCS 5/496.2 rep.)	2174
8	(215 ILCS 5/497.1 rep.)	2176
9	(215 ILCS 5/498.1 rep.)	2178
10	(215 ILCS 5/499.1 rep.)	2180
11	(215 ILCS 5/500.1 rep.)	2182
12	(215 ILCS 5/501.2 rep.)	2184
13	(215 ILCS 5/502.2 rep.)	2186
14	(215 ILCS 5/503.1 rep.)	2188
15	(215 ILCS 5/504 rep.)	2190
16	(215 ILCS 5/504.1 rep.)	2192
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18	(215 ILCS 5/505.2 rep.)	2196
19	(215 ILCS 5/506.1 rep.)	2198
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21	(215 ILCS 5/508.1 rep.)	2202
22	(215 ILCS 5/508.2 rep.)	2204
23	(215 ILCS 5/509.1 rep.)	2206
24	(215 ILCS 5/510.2 rep.)	2208
25	(215 ILCS 5/511.1 rep.)	2210
26	Section 10. The Illinois Insurance Code is amended by	2212
27	repealing Sections 490.1, 491.1, 492.2, 493.2, 494.1, 494.2,	2215
28	495.1, 495.2, 496.2, 497.1, 498.1, 499.1, 500.1, 501.2,	2216
29	502.2, 503.1, 504, 504.1, 505.1, 505.2, 506.1, 507.1, 508.1,	2217
30	508.2, 509.1, 510.2, and 511.1.	

31 Section 99. Effective date. This Act takes effect 2220

32 APPROVED

this 16th day of August 2001 A.D.

Gregory H. Ryan

Michael J. Madigan
Speaker, House of Representatives

(Signature)

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