Laws & Regulations

Illinois Surplus Line Law, Related Laws & Appendices

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Surplus Line Law

Sec. 143.19. Cancellation of automobile insurance policy; grounds.

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

Sec. 445. Surplus line.

(1) Definitions.

For the purposes of this Section:

"**Affiliate**" means, with respect to an insured, any entity that controls, is controlled by, or is under common control with the insured. For the purpose of this definition, an entity has control over another entity if:

(A) the entity directly or indirectly or acting through one or more other persons owns, controls, or has the power to vote 25% or more of any class of voting securities of the other entity; or

(B) the entity controls in any manner the election of a majority of the directors or trustees of the other entity.

"**Affiliated group**" means any group of entities that are all affiliated.

"**Authorized insurer**" means an insurer that holds a certificate of authority issued by the Director but, for the purposes of this Section, does not include a domestic surplus line insurer as defined in Section 445a or any residual market mechanism.

"**Exempt commercial purchaser**" means any person purchasing commercial insurance that, at the time of placement, meets the following requirements:

(A) The person employs or retains a qualified risk manager to negotiate insurance coverage.

(B) The person has paid aggregate nationwide commercial property and casualty insurance premiums in excess of $100,000 in the immediately preceding 12 months.

(C) The person meets at least one of the following criteria:

(I) The person possesses a net worth in excess of $20,000,000 [effective 1/1/20, this amount is $23,781,160], as such amount is adjusted pursuant to the provision in this definition concerning percentage change.

(II) The person generates annual revenues in excess of $50,000,000 [effective 1/1/20, this amount is $59,452,900], as such amount is adjusted pursuant to the provision in this definition concerning percentage change.

(III) The person employs more than 500 full-time or full-time equivalent employees per individual insured or is a member of an affiliated group employing more than 1,000 employees in the aggregate.

(IV) The person is a not-for-profit organization or public entity generating annual budgeted expenditures of at least $30,000,000 [effective 1/1/20, this amount is $35,671,740], as such amount is adjusted pursuant to the provision in this definition concerning percentage change.

(V) The person is a municipality with a population in excess of 50,000 persons.

Effective on January 1, 2015 and each fifth January 1 occurring thereafter, the amounts in subitems (I), (II), and (IV) of item (C) of this definition shall be adjusted to reflect the percentage change for such 5-year period in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.

"**Home state**" means the following:

(A) With respect to an insured, except as provided in item (B) of this definition:

(I) the state in which an insured maintains its principal place of business or, in the case of an individual, the individual's principal residence; or

(II) if 100% of the insured risk is located out of the state referred to in subitem (I), the state to which the greatest percentage of the insured's taxable premium for that insurance contract is allocated.

(B) If more than one insured from an affiliated group are named insureds on a single surplus line insurance contract, then "home state" means the home state, as determined pursuant to item (A) of this definition, of the member of the affiliated group that has the largest percentage of premium attributed to it under such insurance contract.

If more than one insured from a group that is not affiliated are named insureds on a single surplus line insurance contract, then:

(I) if individual group members pay 100% of the premium for the insurance from their own funds, "home state" means the home state, as determined pursuant to item (A) of this definition, of each individual group member; each individual group member's coverage under the surplus line insurance contract shall be treated as a separate surplus line contract for the purposes of this Section;

(II) otherwise, "home state" means the home state, as determined pursuant to item (A) of this definition, of the group.

Nothing in this definition shall be construed to alter the terms of the surplus line insurance contract.

"**Master policy**" means a surplus line insurance contract with a single set of general contractual terms that are designed to apply on a group basis to multiple insureds who may or may not be affiliated and who may be added to or removed from the contract throughout the course of the contract period. A master policy may include certain provisions that vary for each insured depending on the insured's characteristics and the coverage sought.

"**Multi-State risk**" means a risk with insured exposures in more than one State.

"**NAIC**" means the National Association of Insurance Commissioners or any successor entity.

"**Personal lines insurance**" means insurance as defined in subsection (a), (b), or (c) of Section 143.13 of this Code.

"**Premium**" means any amount designated as premium on the declarations page or elsewhere in a policy and on any endorsement, but does not include taxes, the Surplus Line Association of Illinois recording fee, or any other fee.

"**Program business**" means a clearly defined group of insurance contracts procured by a licensed surplus line producer from an unauthorized insurer, under a single

agreement between the producer and insurer, for insureds with the same or similar characteristics and containing the same or similar contract terms.

"**Qualified risk manager**" means, with respect to a policyholder of commercial insurance, a person who meets all of the following requirements:

(A) The person is an employee of, or third-party consultant retained by, the commercial policyholder.

(B) The person provides skilled services in loss prevention, loss reduction, or risk and insurance coverage analysis, and purchase of insurance.

(C) With regard to the person:

(I) the person has:

(a) a bachelor's degree or higher from an accredited college or university in risk management, business administration, finance, economics, or any other field determined by the Director or his designee to demonstrate minimum competence in risk management; and

(b) the following:

(i) three years of experience in risk financing, claims administration, loss prevention, risk and insurance analysis, or purchasing commercial lines of insurance; or

(ii) alternatively has:

(AA) a designation as a Chartered Property and Casualty Underwriter (in this subparagraph (ii) referred to as "CPCU") issued by the American Institute for CPCU/Insurance Institute of America;

(BB) a designation as an Associate in Risk Management (ARM) issued by the American Institute for CPCU/Insurance Institute of America;

(CC) a designation as Certified Risk Manager (CRM) issued by the National Alliance for Insurance Education & Research;

(DD) a designation as a RIMS Fellow (RF) issued by the Global Risk Management Institute; or

(EE) any other designation, certification, or license determined by the Director or his designee to demonstrate minimum competency in risk management;

(II) the person has:

(a) at least 7 years of experience in risk financing, claims administration, loss prevention, risk and insurance coverage analysis, or purchasing commercial lines of insurance; and

(b) has any one of the designations specified in subparagraph (ii) of paragraph (b);

(III) the person has at least 10 years of experience in risk financing, claims administration, loss prevention, risk and insurance coverage analysis, or purchasing commercial lines of insurance; or

(IV) the person has a graduate degree from an accredited college or university in risk management, business administration, finance, economics, or any other field determined by the Director or his or her designee to demonstrate minimum competence in risk management.

"**Residual market mechanism**" means an association, organization, or other entity described in Article XXXIII of this Code or Section 7-501 of the Illinois Vehicle Code or any similar association, organization, or other entity.

"**State**" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa.

"**Surplus line insurance**" means insurance on a risk:

(A) of the kinds specified in Classes 2 and 3 of Section 4 of this Code; and

(B) that is procured from an unauthorized insurer after the insurance producer representing the insured or the surplus line producer is unable, after diligent effort, to procure the insurance from authorized insurers; and

(C) where Illinois is the home state of the insured, for policies effective, renewed or extended on July 21, 2011 or later and for multiyear policies upon the policy anniversary that falls on or after July 21, 2011; and

(D) that is located in Illinois, for policies effective prior to July 21, 2011.

"**Taxable premium**" means a premium for any risk that is located in or attributed to any state.

"**Unauthorized insurer**" means an insurer that does not hold a valid certificate of authority issued by the Director but, for the purposes of this Section, shall also include a domestic surplus line insurer as defined in Section 445a.

(1.5) Procuring surplus line insurance; surplus line insurer requirements.

(a) **License required**. Insurance producers may procure surplus line insurance only if licensed as a surplus line producer under this Section.

(b) **Domestic and foreign insurer eligibility**. Licensed surplus line producers may procure surplus line insurance from an unauthorized insurer domiciled in any state only if the insurer:

(i) is permitted in its domiciliary jurisdiction to write the type of insurance involved; and

(ii) has, based upon information available to the surplus line producer, a policyholders surplus of not less than $15,000,000 determined in accordance with the laws of its domiciliary jurisdiction; and

(iii) has standards of solvency and management that are adequate for the protection of policyholders.

Where an unauthorized insurer does not meet the standards set forth in (ii) and (iii) above, a surplus line producer may, if necessary, procure insurance from that insurer only if prior written warning of such fact or condition is given to the insured by the insurance producer or surplus line producer.

(c) **Alien insurer eligibility**. Licensed surplus line producers may procure surplus line insurance from an unauthorized insurer not domiciled in any state only if the insurer meets the standards for unauthorized insurers domiciled in any state in paragraph (b) of this subsection (1.5) or is listed on the Quarterly Listing of Alien Insurers maintained by the International Insurers Department of the NAIC at the time of procurement. The Director shall make the Quarterly Listing of Alien Insurers available to surplus line producers without charge.

(d) **Prohibited transactions**. Insurance producers shall not procure from an unauthorized insurer an insurance policy:

(i) that is designed to satisfy the proof of financial responsibility and insurance requirements in any Illinois law where the law requires that the proof of insurance is issued by an authorized insurer or residual market mechanism;

(ii) that covers the risk of accidental injury to employees arising out of and in the course of employment according to the provisions of the Workers' Compensation Act; or

(iii) that insures any Illinois personal lines risk that is eligible for residual market mechanism coverage, unless the insured or prospective insured requests limits of liability greater than the limits provided by the residual market mechanism. In the course of making a diligent effort to procure insurance from authorized insurers, an insurance producer shall not be required to submit a risk to a residual market mechanism when the risk is not eligible for coverage or exceeds the limits available in the residual market mechanism.

Where there is an insurance policy issued by an authorized insurer or residual market mechanism insuring a risk described in item (i), (ii), or (iii) above, nothing in this paragraph shall be construed to prohibit a surplus line producer from procuring from an unauthorized insurer a policy insuring the risk on an excess or umbrella basis where the excess or umbrella policy is written over one or more underlying policies.

(e) **Exempt commercial purchaser diligent effort**. Licensed surplus line producers may procure surplus line insurance from an unauthorized insurer for an exempt commercial purchaser without making the required diligent effort to procure the insurance from authorized insurers if:

(i) the producer has disclosed to the exempt commercial purchaser that such insurance may or may not be available from authorized insurers that may provide greater protection with more regulatory oversight; and

(ii) the exempt commercial purchaser has subsequently in writing requested the producer to procure such insurance from an unauthorized insurer.

(f) **Commercial wholesale transaction diligent effort**. A licensed surplus line producer may procure a surplus line insurance contract, other than a personal lines insurance contract, from an unauthorized insurer without making the required diligent effort to procure the insurance from authorized insurers if the risk was referred to the surplus line producer by an Illinois-licensed insurance producer who is not affiliated with the surplus line producer.

(g) **Master policy diligent effort**. For a master policy insurance contract, a licensed surplus line producer may make the required diligent effort to procure the insurance from authorized insurers annually for the master policy rather than individually for each insured that is added during the policy period. The diligent effort shall include all variable provisions of the master policy.

(h) **Program business diligent effort**. For program business, a licensed surplus line producer may make the required diligent effort to procure the insurance from authorized insurers annually for the program rather than individually for each contract. The diligent effort shall include all variable provisions of the master policy.

(2) Surplus line producer; license.

Any licensed producer who is a resident of this State, or any nonresident who qualifies under Section 500-40, may be licensed as a surplus line producer upon payment of an annual license fee of $400.

A surplus line producer so licensed shall keep a separate account of the business transacted thereunder for 7 years from the policy effective date which shall be open at all times to the inspection of the Director or his representative.

No later than July 21, 2012, the State of Illinois shall participate in the national insurance producer database of the NAIC, or any other equivalent uniform national database, for the licensure of surplus line producers and the renewal of such licenses.

(3) Taxes and reports.

(a) **Surplus line tax and penalty for late payment**. The surplus line tax rate for a surplus line insurance policy or contract is determined as follows:

(i) 3% for policies or contracts with an effective date prior to July 1, 2003;

(ii) 3.5% for policies or contracts with an effective date of July 1, 2003 or later.

A surplus line producer shall file with the Director on or before February 1 and August 1 of each year a report in the form prescribed by the Director on all surplus line insurance procured from unauthorized insurers and submitted to the Surplus Line Association of Illinois during the preceding 6 month period ending December 31 or June 30 respectively, and on the filing of such report shall pay to the Director for the use and benefit of the State a sum equal to the surplus line

tax rate multiplied by the gross taxable premiums less returned taxable premiums upon all surplus line insurance submitted to the Surplus Line Association of Illinois during the preceding 6 months.

Any surplus line producer who fails to pay the full amount due under this subsection is liable, in addition to the amount due, for such late fee, penalty, and interest charges as are provided for under Section 412 of this Code. The Director, through the Attorney General, may institute an action in the name of the People of the State of Illinois, in any court of competent jurisdiction, for the recovery of the amount of such taxes, late fees, interest, and penalties due, and prosecute the same to final judgment, and take such steps as are necessary to collect the same.

(b) **Fire Marshal Tax**. Each surplus line producer shall file with the Director on or before February 1 of each year a report in the form prescribed by the Director on all fire insurance procured from unauthorized insurers and submitted to the Surplus Line Association of Illinois during the previous year that is subject to tax under Section 12 of the Fire Investigation Act and shall pay to the Director the fire marshal tax required thereunder.

(c) **Taxes and fees charged to insured**. The taxes imposed under this subsection and the recording fees charged by the Surplus Line Association of Illinois may be charged to and collected from surplus line insureds.

(4) (Blank).

(5) Submission of documents to Surplus Line Association of Illinois.

A surplus line producer shall submit every insurance contract and premium-bearing endorsement issued under his or her license to the Surplus Line Association of Illinois for recording. The submission and recording may be effected through electronic means. The submission shall set forth:

(a) the name of the insured;

(b) the description and location of the insured property or risk;

(c) (blank);

(d) the gross premiums charged or returned;

(e) the name of the unauthorized insurer from whom coverage has been procured;

(f) the kind or kinds of insurance procured; and

(g) amount of premium subject to tax required by Section 12 of the Fire Investigation Act.

Proposals, endorsements, and other documents which are incidental to the insurance but which do not affect the premium charged are exempted from the submission and recording requirements.

The submission of insuring contracts to the Surplus Line Association of Illinois constitutes a certification by the surplus line producer or by the insurance producer who presented the risk to the surplus line producer for placement as a surplus line risk that after diligent effort, where required, the required insurance could not be procured from authorized insurers and that such procurement was otherwise in accordance with the surplus line law.

(6) Evidence of recording required.

It shall be unlawful for an insurance producer to deliver any unauthorized insurer contract or premium-bearing endorsement unless it contains evidence of recording by the Surplus Line Association of Illinois.

(7) Inspection of records.

A surplus line producer shall maintain separate records of the business transacted under his or her license for 7 years from the policy effective date, including complete copies of surplus line insurance contracts maintained on paper or by electronic means, which records shall be open at all times for inspection by the Director and by the Surplus Line Association of Illinois.

(8) Violations and penalties.

The Director may suspend or revoke or refuse to renew a surplus line producer license for any violation of this Code. In addition to or in lieu of suspension or revocation, the Director may subject a surplus line producer to a civil penalty of up to $2,000 for each cause for suspension or revocation. Such penalty is enforceable under subsection (5) of Section 403A of this Code.

Whenever it appears to the satisfaction of the Director that a surplus line producer has made a documented good faith determination of the home state for a surplus line insurance contract and has paid the surplus line taxes to a state other than Illinois, and the Director determines that the producer's good faith determination was incorrect and the home state is Illinois, the surplus line producer may, at the discretion of the Director, be required to submit the contract to the Surplus Line Association of Illinois and pay applicable taxes and recording fees, but there shall be no penalty, interest, or late fee assessed.

(9) Director may declare insurer ineligible.

If the Director determines that the further assumption of risks might be hazardous to the policyholders of an unauthorized insurer, the Director may order the Surplus Line Association of Illinois not to accept and record insurance contracts evidencing insurance in such insurer and order surplus line producers to cease procuring insurance from such insurer.

(10) Service of process upon Director.

Insurance contracts delivered under this Section from unauthorized insurers, other than domestic surplus line insurers as defined in Section 445a, shall contain a provision designating the Director and his successors in office the true and lawful attorney of the insurer upon whom may be served all lawful process in any action, suit or proceeding arising out of such insurance. Service of process made upon the Director to be valid hereunder must state the name of the insured, the name of the unauthorized insurer and identify the contract of insurance. The Director at his option is authorized to forward a copy of the process to the Surplus Line Association of Illinois for delivery to the unauthorized insurer or the Director may deliver the process to the unauthorized insurer by other means which he considers to be reasonably prompt and certain.

(10.5) Required notice to policyholder.

Insurance contracts delivered under this Section from unauthorized insurers, other than domestic surplus line insurers as defined in Section 445a, shall have stamped or imprinted on the first page thereof in not less than 12-pt. bold face type the following legend: "Notice to Policyholder: This contract is issued, pursuant to Section 445 of the Illinois Insurance Code, by a company not authorized and licensed to transact business in Illinois and as such is not covered by the Illinois Insurance Guaranty Fund." Insurance contracts delivered under this Section from domestic surplus line insurers as defined in Section 445a shall have stamped or imprinted on the first page thereof in not less than 12-pt. bold face type the following legend: "Notice to Policyholder: This contract is issued by a domestic surplus line insurer, as defined in Section 445a of the Illinois Insurance Code, pursuant to Section 445, and as such is not covered by the Illinois Insurance Guaranty Fund."

(11) Marine, aviation, and transportation.

The Illinois Surplus Line law does not apply to insurance of property and operations of railroads or aircraft engaged in interstate or foreign commerce, insurance of vessels, crafts or hulls, cargoes, marine builder's risks, marine protection and indemnity, or other risks including strikes and war risks insured under ocean or wet marine forms of policies.

(12) Applicability of Illinois Insurance Code.

Surplus line insurance procured under this Section, including insurance procured from a domestic surplus line insurer, is not subject to the provisions of the Illinois Insurance Code other than Sections 123, 123.1, 401, 401.1, 402, 403, 403A, 408, 412, 445, 445a, 445.1, 445.2, 445.3, 445.4, and all of the provisions of Article XXXI to the extent that the provisions of Article XXXI are not inconsistent with the terms of this Act.

(Source: P.A. 102-224, eff. 1-1-22.)

(215 ILCS 5/445a)

Sec. 445a. Domestic surplus line insurer.

(a) A domestic insurer possessing policyholder surplus of at least $15,000,000 may pursuant to a resolution by its board of directors, and with the written approval of the Director, be designated as a "domestic surplus line insurer".

(b) A domestic surplus line insurer may insure in this State an Illinois risk only if procured from a surplus line producer pursuant to Section 445 of this Code.

(c) A domestic surplus line insurer must agree not to issue a policy designed to satisfy the financial responsibility requirements of the Illinois Vehicle Code, the Workers' Compensation Act, or the Workers' Occupational Diseases Act. A domestic surplus line insurer is not subject to the provisions of Articles XXXIII, XXXIII 1/2, XXXIV, XXXVIIIA, Section 468, or Section 478.1 of this Code.

(d) For the purposes of the federal Nonadmitted and Reinsurance Reform Act of 2010 (15 USC 8201 et seq.), a domestic surplus line insurer shall be considered a nonadmitted insurer, as the term is defined in the Act, with respect to risks insured in this State.

(Source: P.A. 97-955, eff. 8-14-12.)

(215 ILCS 5/445.1) (from Ch. 73, par. 1057.1)

Sec. 445.1. Surplus Line Association of Illinois.

There is hereby created a non-profit association to be known as the Surplus Line Association of Illinois. All surplus line producers shall be and must remain individual members of the Association as a condition of their holding a license as a surplus line producer in this State. The Association must perform its functions under the plan of operation established and approved under Section 445.3 and must exercise its powers through a board of directors established under Section 445.2 of this Code. The Association shall be supervised by the Director and is subject to the applicable provisions of the Illinois Insurance Code. The Association shall be authorized and have the duty to:

(1) receive and record all surplus line insurance contracts that surplus line producers are required to file with the Association under subsection (5) of Section 445;

(2) prepare monthly reports for the Director on surplus line insurance procured by its members during the preceding month in such form and providing such information as the Director may prescribe;

(3) prepare and deliver to the Director and, at the discretion of the Director, to each licensee the reports of surplus line business prescribed in subsection (3) of Section 445;

(4) assess its members for costs of operations in accordance with a schedule adopted by the Board of Directors of the Association and approved by the Director;

(5) employ and retain such persons as are necessary to carry out the duties of the Association;

(6) borrow money as necessary to effect the purposes of the Association;

(7) enter contracts as necessary to effect the purposes of the Association;

(8) perform such other acts as will facilitate and encourage compliance by its members with the surplus line law of this State and rules promulgated thereunder; and

(9) provide such other services to its members as are incidental or related to the purposes of the Association.

Nothing in this Act shall be construed as giving the Association any discretionary authority to enforce this Act or to withhold or decline acceptance and recording of insurance contracts that meet the requirements of subsection (5) of Section 445.

(Source: P.A. 102-224, eff. 1-1-22.)

(215 ILCS 5/445.2) (from Ch. 73, par. 1057.2)

Sec. 445.2. Board of Directors.

The Association shall function through a Board of Directors elected by the Association members, and officers who shall be elected by the Board of Directors.

The Board of Directors of the Association shall consist of not less than 5 nor more than 9 persons serving terms as established in the plan of operation. The plan of operation shall provide for the election of a Board of Directors by the members of the Association from its membership. The plan of operation shall fix the manner of voting and may weigh each member's vote to reflect the annual surplus line insurance premium written by the member. Members employed by the same or affiliated employers may consolidate their premiums written and delegate an individual officer or partner to represent the member in the exercise of Association affairs, including service on the Association Board of Directors. The Director shall appoint an interim Board of Directors for the sole purpose of conducting an election of Directors. If no Board of Directors is elected within 90 days after the effective date of this amendatory Act of 1984, the Director shall appoint the initial members of the Board of Directors.

The Board of Directors shall elect such officers as may be provided in the plan of operation.

(Source: P.A. 83-1300.)

(215 ILCS 5/445.3) (from Ch. 73, par. 1057.3)

Sec. 445.3. Plan of Operation.

(1) The Association shall submit to the Director a plan of operation and any amendments thereto to provide operating procedures for the administration of the Association. The plan of operation and any amendments thereto shall become effective upon approval in writing by the Director.

(2) If the Association fails to submit a suitable plan of operation within 180 days following the effective date of this amendatory Act of 1984, or if at any time thereafter

the Association fails to submit required amendments to the plan of operation, the Director shall, after notice and hearing pursuant to Sections 401, 402 and 403 of this Code, adopt and promulgate such rules as are necessary or advisable to effectuate the provisions of this Act. Such rules shall continue in force until modified by the Director or superseded by a plan of operation submitted by the Association and approved by the Director.

(3) All Association members must comply with the plan of operation.

(Source: P.A. 83-1300.)

(215 ILCS 5/445.4) (from Ch. 73, par. 1057.4)

Sec. 445.4. Examination.

The Director shall, at such times as he deems necessary, make or cause to be made an examination of the Association. The reasonable cost of any such examination shall be paid by the Association upon presentation to it by the Director of a detailed account of such cost. During the course of such examination, the directors, officers, members, agents and employees of the Association may be examined under oath regarding the operation of the Association and shall make available all books, records, accounts, documents and agreements pertaining thereto. The Director shall furnish a copy of the examination report to the Association. Within 20 days after receipt of the report, the Association may request a hearing on the report or any facts or recommendations therein. If the Director finds the Association or any of its members to be in violation of this Act, he may issue an order requiring discontinuance of such violation. The Association shall annually provide for an independent financial audit of the books and records of the Association by a certified public accountant and shall provide a copy of the audit report to the Director.

(Source: P.A. 98-978, eff. 1-1-15.)

(215 ILCS 5/445.5) (from Ch. 73, par. 1057.5)

Sec. 445.5. Immunity.

There shall be no liability on the part of and no causes of action of any nature shall arise against the Association, its directors, officers, agents or employees, or the Director of Insurance or his representatives for any action taken or omitted by them in the performance of their powers and duties under this Act.

(Source: P.A. 83-1300.)

(215 ILCS 5/446) (from Ch. 73, par. 1058)

Sec. 446. Penalties.

Any person who violates any of the provisions of this Code, or fails to comply with any duty imposed upon him or it by any provision of this law, for which violation or failure

no penalty is elsewhere provided by the laws of this State, shall be guilty of a petty offense.

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

Appendix 1: Classes of Insurance

(215 ILCS 5/4) (from Ch. 73, par. 616)

Sec. 4. Classes of insurance.

Insurance and insurance business shall be classified as follows:

Class 1. Life, Accident and Health.

(a) Life. Insurance on the lives of persons and every insurance appertaining thereto or connected therewith and granting, purchasing or disposing of annuities. Policies of life or endowment insurance or annuity contracts or contracts supplemental thereto which contain provisions for additional benefits in case of death by accidental means and provisions operating to safeguard such policies or contracts against lapse, to give a special surrender value, or special benefit, or an annuity, in the event, that the insured or annuitant shall become a person with a total and permanent disability as defined by the policy or contract, or which contain benefits providing acceleration of life or endowment or annuity benefits in advance of the time they would otherwise be payable, as an indemnity for long term care which is certified or ordered by a physician, including but not limited to, professional nursing care, medical care expenses, custodial nursing care, non-nursing custodial care provided in a nursing home or at a residence of the insured, or which contain benefits providing acceleration of life or endowment or annuity benefits in advance of the time they would otherwise be payable, at any time during the insured's lifetime, as an indemnity for a terminal illness shall be deemed to be policies of life or endowment insurance or annuity contracts within the intent of this clause.

Also to be deemed as policies of life or endowment insurance or annuity contracts within the intent of this clause shall be those policies or riders that provide for the payment of up to 75% of the face amount of benefits in advance of the time they would otherwise be payable upon a diagnosis by a physician licensed to practice medicine in all of its branches that the insured has incurred a covered condition listed in the policy or rider.

"Covered condition", as used in this clause, means: heart attack, stroke, coronary artery surgery, life threatening cancer, renal failure, Alzheimer's disease, paraplegia, major organ transplantation, total and permanent disability, and any other medical condition that the Department may approve for any particular filing.

The Director may issue rules that specify prohibited policy provisions, not otherwise specifically prohibited by law, which in the opinion of the Director are unjust, unfair, or

unfairly discriminatory to the policyholder, any person insured under the policy, or beneficiary.

(b) Accident and health. Insurance against bodily injury, disablement or death by accident and against disablement resulting from sickness or old age and every insurance appertaining thereto, including stop-loss insurance. Stop-loss insurance is insurance against the risk of economic loss issued to a single employer self-funded employee disability benefit plan or an employee welfare benefit plan as described in 29 U.S.C. 100 et seq. The insurance laws of this State, including this Code, do not apply to arrangements between a religious organization and the organization's members or participants when the arrangement and organization meet all of the following criteria:

(i) the organization is described in Section 501(c)(3) of the Internal Revenue Code and is exempt from taxation under Section 501(a) of the Internal Revenue Code;

(ii) members of the organization share a common set of ethical or religious beliefs and share medical expenses among members in accordance with those beliefs and without regard to the state in which a member resides or is employed;

(iii) no funds that have been given for the purpose of the sharing of medical expenses among members described in paragraph (ii) of this subsection (b) are held by the organization in an off-shore trust or bank account;

(iv) the organization provides at least monthly to all of its members a written statement listing the dollar amount of qualified medical expenses that members have submitted for sharing, as well as the amount of expenses actually shared among the members;

(v) members of the organization retain membership even after they develop a medical condition;

(vi) the organization or a predecessor organization has been in existence at all times since December 31, 1999, and medical expenses of its members have been shared continuously and without interruption since at least December 31, 1999;

(vii) the organization conducts an annual audit that is performed by an independent certified public accounting firm in accordance with generally accepted accounting principles and is made available to the public upon request;

(viii) the organization includes the following statement, in writing, on or accompanying all applications and guideline materials:

"Notice: The organization facilitating the sharing of medical expenses is not an insurance company, and neither its guidelines nor plan of operation constitute or create an insurance policy. Any assistance you receive with your medical bills will be totally voluntary. As such, participation in the organization or a subscription to any of its documents should never be considered to be insurance. Whether or not you receive any payments for medical expenses and whether or not this organization continues to operate, you are always personally responsible for the payment of your own medical bills.";

(ix) any membership card or similar document issued by the organization and any written communication sent by the organization to a hospital, physician, or other health care provider shall include a statement that the organization does not issue health insurance and that the member or participant is personally liable for payment of his or her medical bills;

(x) the organization provides to a participant, within 30 days after the participant joins, a complete set of its rules for the sharing of medical expenses, appeals of decisions made by the organization, and the filing of complaints;

(xi) the organization does not offer any other services that are regulated under any provision of the Illinois Insurance Code or other insurance laws of this State; and

(xii) the organization does not amass funds as reserves intended for payment of medical services, rather the organization facilitates the payments provided for in this subsection (b) through payments made directly from one participant to another.

(c) Legal Expense Insurance. Insurance which involves the assumption of a contractual obligation to reimburse the beneficiary against or pay on behalf of the beneficiary, all or a portion of his fees, costs, or expenses related to or arising out of services performed by or under the supervision of an attorney licensed to practice in the jurisdiction wherein the services are performed, regardless of whether the payment is made by the beneficiaries individually or by a third person for them, but does not include the provision of or reimbursement for legal services incidental to other insurance coverages. The insurance laws of this State, including this Act do not apply to:

(i) retainer contracts made by attorneys at law with individual clients with fees based on estimates of the nature and amount of services to be provided to the specific client, and similar contracts made with a group of clients involved in the same or closely related legal matters;

(ii) plans owned or operated by attorneys who are the providers of legal services to the plan;

(iii) plans providing legal service benefits to groups where such plans are owned or operated by authority of a state, county, local or other bar association;

(iv) any lawyer referral service authorized or operated by a state, county, local or other bar association;

(v) the furnishing of legal assistance by labor unions and other employee organizations to their members in matters relating to employment or occupation;

(vi) the furnishing of legal assistance to members or dependents, by churches, consumer organizations, cooperatives, educational institutions, credit unions, or organizations of employees, where such organizations contract directly with lawyers or law firms for the provision of legal services, and the administration and marketing of such legal services is wholly conducted by the organization or its subsidiary;

(vii) legal services provided by an employee welfare benefit plan defined by the Employee Retirement Income Security Act of 1974;

(viii) any collectively bargained plan for legal services between a labor union and an employer negotiated pursuant to Section 302 of the Labor Management Relations Act as now or hereafter amended, under which plan legal services will be provided for employees of the employer whether or not payments for such services are funded to or through an insurance company.

Class 2. Casualty, Fidelity and Surety.

(a) Accident and health. Insurance against bodily injury, disablement or death by accident and against disablement resulting from sickness or old age and every insurance appertaining thereto, including stop-loss insurance. Stop-loss insurance is insurance against the risk of economic loss issued to a single employer self-funded employee disability benefit plan or an employee welfare benefit plan as described in 29 U.S.C. 1001 et seq.

(b) Vehicle. Insurance against any loss or liability resulting from or incident to the ownership, maintenance or use of any vehicle (motor or otherwise), draft animal or aircraft. Any policy insuring against any loss or liability on account of the bodily injury or death of any person may contain a provision for payment of disability benefits to injured persons and death benefits to dependents, beneficiaries or personal representatives of persons who are killed, including the named insured, irrespective of legal liability of the insured, if the injury or death for which benefits are provided is caused by accident and sustained while in or upon or while entering into or alighting from or through being struck by a vehicle (motor or otherwise), draft animal or aircraft, and such provision shall not be deemed to be accident insurance.

(c) Liability. Insurance against the liability of the insured for the death, injury or disability of an employee or other person, and insurance against the liability of the insured for damage to or destruction of another person's property.

(d) Workers' compensation. Insurance of the obligations accepted by or imposed upon employers under laws for workers' compensation.

(e) Burglary and forgery. Insurance against loss or damage by burglary, theft, larceny, robbery, forgery, fraud or otherwise; including all householders' personal property floater risks.

(f) Glass. Insurance against loss or damage to glass including lettering, ornamentation and fittings from any cause.

(g) Fidelity and surety. Become surety or guarantor for any person, copartnership or corporation in any position or place of trust or as custodian of money or property, public or private; or, becoming a surety or guarantor for the performance of any person, copartnership or corporation of any lawful obligation, undertaking, agreement or contract of any kind, except contracts or policies of insurance; and underwriting blanket bonds. Such obligations shall be known and treated as suretyship obligations and such business shall be known as surety business.

(h) Miscellaneous. Insurance against loss or damage to property and any liability of the insured caused by accidents to boilers, pipes, pressure containers, machinery and apparatus of any kind and any apparatus connected thereto, or used for creating, transmitting or applying power, light, heat, steam or refrigeration, making inspection of and issuing certificates of inspection upon elevators, boilers, machinery and apparatus of any kind and all mechanical apparatus and appliances appertaining thereto; insurance against loss or damage by water entering through leaks or openings in buildings, or from the breakage or leakage of a sprinkler, pumps, water pipes, plumbing and all tanks, apparatus, conduits and containers designed to bring water into buildings or for its storage or utilization therein, or caused by the falling of a tank, tank platform or supports, or against loss or damage from any cause (other than causes specifically enumerated under Class 3 of this Section) to such sprinkler, pumps, water pipes, plumbing, tanks, apparatus, conduits or containers; insurance against loss or damage which may result from the failure of debtors to pay their obligations to the insured; and insurance of the payment of money for personal services under contracts of hiring.

(i) Other casualty risks. Insurance against any other casualty risk not otherwise specified under Classes 1 or 3, which may lawfully be the subject of insurance and may properly be classified under Class 2.

(j) Contingent losses. Contingent, consequential and indirect coverages wherein the proximate cause of the loss is attributable to any one of the causes enumerated under Class 2. Such coverages shall, for the purpose of classification, be included in the specific grouping of the kinds of insurance wherein such cause is specified.

(k) Livestock and domestic animals. Insurance against mortality, accident and health of livestock and domestic animals.

(l) Legal expense insurance. Insurance against risk resulting from the cost of legal services as defined under Class 1(c).

Class 3. Fire and Marine, etc.

(a) Fire. Insurance against loss or damage by fire, smoke and smudge, lightning or other electrical disturbances.

(b) Elements. Insurance against loss or damage by earthquake, windstorms, cyclone, tornado, tempests, hail, frost, snow, ice, sleet, flood, rain, drought or other weather or climatic conditions including excess or deficiency of moisture, rising of the waters of the ocean or its tributaries.

(c) War, riot and explosion. Insurance against loss or damage by bombardment, invasion, insurrection, riot, strikes, civil war or commotion, military or usurped power, or explosion (other than explosion of steam boilers and the breaking of fly wheels on premises owned, controlled, managed, or maintained by the insured).

(d) Marine and transportation. Insurance against loss or damage to vessels, craft, aircraft, vehicles of every kind, (excluding vehicles operating under their own power or while in storage not incidental to transportation) as well as all goods, freights, cargoes, merchandise, effects, disbursements, profits, moneys, bullion, precious stones,

securities, choses in action, evidences of debt, valuable papers, bottomry and respondentia interests and all other kinds of property and interests therein, in respect to, appertaining to or in connection with any or all risks or perils of navigation, transit, or transportation, including war risks, on or under any seas or other waters, on land or in the air, or while being assembled, packed, crated, baled, compressed or similarly prepared for shipment or while awaiting the same or during any delays, storage, transshipment, or reshipment incident thereto, including marine builder's risks and all personal property floater risks; and for loss or damage to persons or property in connection with or appertaining to marine, inland marine, transit or transportation insurance, including liability for loss of or damage to either arising out of or in connection with the construction, repair, operation, maintenance, or use of the subject matter of such insurance, (but not including life insurance or surety bonds); but, except as herein specified, shall not mean insurances against loss by reason of bodily injury to the person; and insurance against loss or damage to precious stones, jewels, jewelry, gold, silver and other precious metals whether used in business or trade or otherwise and whether the same be in course of transportation or otherwise, which shall include jewelers' block insurance; and insurance against loss or damage to bridges, tunnels and other instrumentalities of transportation and communication (excluding buildings, their furniture and furnishings, fixed contents and supplies held in storage) unless fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and civil commotion are the only hazards to be covered; and to piers, wharves, docks and slips, excluding the risks of fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and civil commotion; and to other aids to navigation and transportation, including dry docks and marine railways, against all risk.

(e) Vehicle. Insurance against loss or liability resulting from or incident to the ownership, maintenance or use of any vehicle (motor or otherwise), draft animal or aircraft, excluding the liability of the insured for the death, injury or disability of another person.

(f) Property damage, sprinkler leakage and crop. Insurance against the liability of the insured for loss or damage to another person's property or property interests from any cause enumerated in this class; insurance against loss or damage by water entering through leaks or openings in buildings, or from the breakage or leakage of a sprinkler, pumps, water pipes, plumbing and all tanks, apparatus, conduits and containers designed to bring water into buildings or for its storage or utilization therein, or caused by the falling of a tank, tank platform or supports or against loss or damage from any cause to such sprinklers, pumps, water pipes, plumbing, tanks, apparatus, conduits or containers; insurance against loss or damage from insects, diseases or other causes to trees, crops or other products of the soil.

(g) Other fire and marine risks. Insurance against any other property risk not otherwise specified under Classes 1 or 2, which may lawfully be the subject of insurance and may properly be classified under Class 3.

(h) Contingent losses. Contingent, consequential and indirect coverages wherein the proximate cause of the loss is attributable to any of the causes enumerated under

Class 3. Such coverages shall, for the purpose of classification, be included in the specific grouping of the kinds of insurance wherein such cause is specified.

(i) Legal expense insurance. Insurance against risk resulting from the cost of legal services as defined under Class 1(c).

(Source: P.A. 101-81, eff. 7-12-19.)

Appendix 2: Fees, Charges & Taxes

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

Sec. 408. Fees and charges.

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

(a) For filing all documents submitted for the incorporation or organization or certification of a domestic company, except for a fraternal benefit society, $2,000.

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

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

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

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

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

(g) For filing agreement of merger or consolidation:

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

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

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

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

(i) For filing all documents submitted by a foreign or alien company to be admitted to transact business or accredited as a reinsurer in this State, except for a fraternal benefit society, $5,000.

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

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

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

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

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

(o) For issuing a certificate of authority or renewal thereof except to a foreign fraternal benefit society, $400.

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

(q) For issuing an amended certificate of authority, 50

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

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

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

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

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

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

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

(ii) in any other case, $100.

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

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

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

(aa) For filing an agreement to purchase the business of an organization authorized under the Dental Service Plan Act or the Voluntary Health Services Plans Act or of a health maintenance organization or a limited health service organization, $2,000.

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

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

(dd) For filing an application for licensing of:

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

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

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

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

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

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

(gg) For filing articles of incorporation for a limited syndicate to join with other subscribers or limited syndicates to do business through the Illinois Insurance Exchange, $1,000.

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

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

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

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

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

(iii) Fees charged for a policy filed as it will be issued regardless of the number of forms comprising that policy shall not exceed $1,500. For advisory or rating organizations, fees charged for a policy filed as it will be issued regardless of the number of forms comprising that policy shall not exceed $2,500.

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

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

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

(2) When printed copies or numerous copies of the same paper or records are furnished or certified, the Director may reduce such fees for copies if he finds them

excessive. He may, when he considers it in the public interest, furnish without charge to state insurance departments and persons other than companies, copies or certified copies of reports of examinations and of other papers and records.

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

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

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

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

(c) The Director shall make the assessment of costs incurred as part of the final order or decision arising out of the proceeding; provided, however, that such order or decision shall include findings and conclusions in support of the assessment of costs. This subsection (5) shall not be construed as permitting the payment of travel expenses unless calculated in accordance with the applicable travel regulations of the Department of Central Management Services, as approved by the Governor's Travel Control Board. The Director as part of such order or decision shall require all

assessments for hearing officer fees and court reporter fees, if any, to be paid directly to the hearing officer or court reporter by the party(s) assessed for such costs. The assessments for travel expenses of Department officers and employees shall be reimbursable to the Director of Insurance for deposit to the fund out of which those expenses had been paid.

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

(6) The Director shall charge and collect an annual financial regulation fee from every domestic company for examination and analysis of its financial condition and to fund the internal costs and expenses of the Interstate Insurance Receivership Commission as may be allocated to the State of Illinois and companies doing an insurance business in this State pursuant to Article X of the Interstate Insurance Receivership Compact. The fee shall be the greater fixed amount based upon the combination of nationwide direct premium income and nationwide reinsurance assumed premium income or upon admitted assets calculated under this subsection as follows:

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

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

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

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

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

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

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

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

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

(b) Admitted assets.

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

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

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

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

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

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

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

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

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

(7) The Director shall charge and collect an annual financial regulation fee from every foreign or alien company, except fraternal benefit societies, for the examination and analysis of its financial condition and to fund the internal costs and expenses of the Interstate Insurance Receivership Commission as may be allocated to the State of Illinois and companies doing an insurance business in this State pursuant to Article X of the Interstate Insurance Receivership Compact. The fee shall be a fixed amount based upon Illinois direct premium income and nationwide reinsurance assumed premium income in accordance with the following schedule:

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

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

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

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

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

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

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

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

The sum of financial regulation fees under this subsection (7) charged to the foreign or alien companies within the same affiliated group shall not exceed $250,000 in the aggregate in any single year and shall be billed by the Director to the member company designated by the group.

(8) Beginning January 1, 1992, the financial regulation fees imposed under subsections (6) and (7) of this Section shall be paid by each company or domestic affiliated group annually. After January 1, 1994, the fee shall be billed by Department invoice based upon the company's premium income or admitted assets as shown in its annual

statement for the preceding calendar year. The invoice is due upon receipt and must be paid no later than June 30 of each calendar year. All financial regulation fees collected by the Department shall be paid to the Insurance Financial Regulation Fund. The Department may not collect financial examiner per diem charges from companies subject to subsections (6) and (7) of this Section undergoing financial examination after June 30, 1992.

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

Electronic data processing costs incurred by the Department in the performance of any examination shall be billed directly to the company undergoing examination for payment to the Technology Management Revolving Fund. Except for direct reimbursements authorized by the Director or direct payments made under Section 131.21 or subsection (d) of Section 132.4 of this Code, all financial regulation fees and all financial examination charges collected by the Department shall be paid to the Insurance Financial Regulation Fund.

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

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

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

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

(12) For purposes of this Section:

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

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

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

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

(e) "Mutual benefit association" means a company, association or corporation authorized by the Director to do business in this State under the provisions of Article XVIII of this Code.

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

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

(Source: P.A. 100-23, eff. 7-6-17.)

(215 ILCS 5/408.1) (from Ch. 73, par. 1020.1)

Sec. 408.1. Fee for valuation of life insurance policies.

Upon the effective date of this amendatory Act of 1998, all actions to collect life insurance policy valuation fees or to transfer such fees to the General Revenue Fund from any protest account established under the State Officers and Employees Money Disposition Act shall cease and any such protested life insurance policy valuation fee payments shall be returned to the taxpayer who initiated the protest.

(Source: P.A. 90-583, eff. 5-29-98.)

(215 ILCS 5/408.2) (from Ch. 73, par. 1020.2)

Sec. 408.2. Statistical services.

Any public record, or any data obtained by the Department of Insurance, which is subject to public inspection or copying and which is maintained on a computer processible medium, may be furnished in a computer processed or computer processible medium upon the written request of any applicant and the payment of a reasonable fee established by the Director sufficient to cover the total cost of the Department for processing, maintaining and generating such computer processible records or data, except to the extent of any salaries or compensation of Department officers or employees.

The Director of Insurance is specifically authorized to contract with members of the public at large, enter waiver agreements, or otherwise enter written agreements for the purpose of assuring public access to the Department's computer processible records or data, or for the purpose of restricting, controlling or limiting such access where necessary to protect the confidentiality of individuals, companies or other entities identified by such documents.

All fees collected by the Director under this Section 408.2 shall be deposited in the Technology Management Revolving Fund and credited to the account of the Department of Insurance. Any surplus funds remaining in such account at the close of any fiscal year shall be delivered to the State Treasurer for deposit in the Insurance Financial Regulation Fund.

(Source: P.A. 100-23, eff. 7-6-17.)

(215 ILCS 5/408.3) (from Ch. 73, par. 1020.3)

Sec. 408.3. Insurance Financial Regulation Fund; uses.

The monies deposited into the Insurance Financial Regulation Fund shall be used only for (i) payment of the expenses of the Department, including related administrative expenses, incurred in analyzing, investigating and examining the financial condition or control of insurance companies and other entities licensed or seeking to be licensed by the Department, including the collection, analysis and distribution of information on insurance premiums, other income, costs and expenses, and (ii) to pay internal costs and expenses of the Interstate Insurance Receivership Commission allocated to this State and authorized and admitted companies doing an insurance business in this State under Article X of the Interstate Receivership Compact. All distributions and payments from the Insurance Financial Regulation Fund shall be subject to appropriation as otherwise provided by law for payment of such expenses.

Sums appropriated under clause (ii) of the preceding paragraph shall be deemed to satisfy, pro tanto, the obligations of insurers doing business in this State under Article X of the Interstate Insurance Receivership Compact.

Nothing in this Code shall prohibit the General Assembly from appropriating funds from the General Revenue Fund to the Department for the purpose of administering this Code.

No fees collected pursuant to Section 408 of this Code shall be used for the regulation of pension funds or activities by the Department in the performance of its duties under Article 22 of the Illinois Pension Code.

If at the end of a fiscal year the balance in the Insurance Financial Regulation Fund which remains unexpended or unobligated exceeds the amount of funds that the Director may certify is needed for the purposes enumerated in this Section, then the General Assembly may appropriate that excess amount for purposes other than those enumerated in this Section.

(Source: P.A. 98-609, eff. 1-1-14.)

(215 ILCS 5/408.4)

Sec. 408.4. Receipt and use grants.

(a) The Department is authorized to accept, receive, and use, for and in behalf of the State, any grant of money given to further the purposes of the insurance laws of this State by the federal government as may be offered unconditionally or under conditions, agreements, covenants, or terms that, in the judgment of the Department, are proper and consistent with the provisions of subsection (b). All moneys so received shall be deposited into the Insurance Producer Administration Fund.

(b) The moneys deposited into the Insurance Producer Administration Fund under this Section shall be accounted for separately and shall be expended, pursuant to appropriation, only in accordance with the conditions, agreements, covenants, or terms, if any, under which they were accepted and must be used to disseminate and provide insurance related information or assistance to senior citizens.

(Source: P.A. 88-313.)

(215 ILCS 5/409) (from Ch. 73, par. 1021)

Sec. 409. Annual privilege tax payable by companies.

(1) As of January 1, 1999 for all health maintenance organization premiums written; as of July 1, 1998 for all premiums written as accident and health business, voluntary health service plan business, dental service plan business, or limited health service organization business; and as of January 1, 1998 for all other types of insurance premiums written, every company doing any form of insurance business in this State, including, but not limited to, every risk retention group, and excluding all fraternal benefit societies, all farm mutual companies, all religious charitable risk pooling trusts, and excluding all statutory residual market and special purpose entities in which companies are statutorily required to participate, whether incorporated or otherwise, shall pay, for the privilege of doing business in this State, to the Director for the State treasury a State tax equal to 0.5% of the net taxable premium written, together with any amounts due under Section 444 of this Code, except that the tax to be paid on any premium derived from any accident and health insurance or on any insurance business written by any company operating as a health maintenance organization, voluntary health service plan, dental service plan, or limited health service organization shall be equal to 0.4% of such net taxable premium written, together with any amounts due under Section 444. Upon the failure of any company to pay any such tax due, the Director may, by order, revoke or suspend the company's certificate of authority after giving 20 days written notice to the company, or commence proceedings for the suspension of business in this State under the procedures set forth by Section 401.1 of this Code. The gross taxable premium written shall be the gross amount of premiums received on direct business during the calendar year on contracts covering risks in this State, except premiums on annuities, premiums on which State premium taxes are

prohibited by federal law, premiums paid by the State for health care coverage for Medicaid eligible insureds as described in Section 5-2 of the Illinois Public Aid Code, premiums paid for health care services included as an element of tuition charges at any university or college owned and operated by the State of Illinois, premiums on group insurance contracts under the State Employees Group Insurance Act of 1971, and except premiums for deferred compensation plans for employees of the State, units of local government, or school districts. The net taxable premium shall be the gross taxable premium written reduced only by the following:

(a) the amount of premiums returned thereon which shall be limited to premiums returned during the same preceding calendar year and shall not include the return of cash surrender values or death benefits on life policies including annuities;

(b) dividends on such direct business that have been paid in cash, applied in reduction of premiums or left to accumulate to the credit of policyholders or annuitants. In the case of life insurance, no deduction shall be made for the payment of deferred dividends paid in cash to policyholders on maturing policies; dividends left to accumulate to the credit of policyholders or annuitants shall be included as gross taxable premium written when such dividend accumulations are applied to purchase paid-up insurance or to shorten the endowment or premium paying period.

(2) The annual privilege tax payment due from a company under subsection (4) of this Section may be reduced by: (a) the excess amount, if any, by which the aggregate income taxes paid by the company, on a cash basis, for the preceding calendar year under Sections 601 and 803 of the Illinois Income Tax Act exceed 1.5% of the company's net taxable premium written for that prior calendar year, as determined under subsection (1) of this Section; and (b) the amount of any fire department taxes paid by the company during the preceding calendar year under Section 11-10-1 of the Illinois Municipal Code. Any deductible amount or offset allowed under items (a) and (b) of this subsection for any calendar year will not be allowed as a deduction or offset against the company's privilege tax liability for any other taxing period or calendar year.

(3) If a company survives or was formed by a merger, consolidation, reorganization, or reincorporation, the premiums received and amounts returned or paid by all companies party to the merger, consolidation, reorganization, or reincorporation shall, for purposes of determining the amount of the tax imposed by this Section, be regarded as received, returned, or paid by the surviving or new company.

(4)(a) All companies subject to the provisions of this Section shall make an annual return for the preceding calendar year on or before March 15 setting forth such information on such forms as the Director may reasonably require. Payments of quarterly installments of the taxpayer's total estimated tax for the current calendar year shall be due on or before April 15, June 15, September 15, and December 15 of such year, except that all companies transacting insurance in this State whose annual tax for the immediately preceding calendar year was less than $5,000 shall make only

an annual return. Failure of a company to make the annual payment, or to make the quarterly payments, if required, of at least 25% of either (i) the total tax paid during the previous calendar year or (ii) 80% of the actual tax for the current calendar year shall subject it to the penalty provisions set forth in Section 412 of this Code.

(b) Notwithstanding the foregoing provisions, no annual return shall be required or made on March 15, 1998, under this subsection. For the calendar year 1998:

(i) each health maintenance organization shall have no estimated tax installments;

(ii) all companies subject to the tax as of July 1, 1998 as set forth in subsection (1) shall have estimated tax installments due on September 15 and December 15 of 1998 which installments shall each amount to no less than one-half of 80% of the actual tax on its net taxable premium written during the period July 1, 1998, through December 31, 1998; and

(iii) all other companies shall have estimated tax installments due on June 15, September 15, and December 15 of 1998 which installments shall each amount to no less than one-third of 80% of the actual tax on its net taxable premium written during the calendar year 1998.

In the year 1999 and thereafter all companies shall make annual and quarterly installments of their estimated tax as provided by paragraph (a) of this subsection.

(5) In addition to the authority specifically granted under Article XXV of this Code, the Director shall have such authority to adopt rules and establish forms as may be reasonably necessary for purposes of determining the allocation of Illinois corporate income taxes paid under subsections (a) through (d) of Section 201 of the Illinois Income Tax Act amongst members of a business group that files an Illinois corporate income tax return on a unitary basis, for purposes of regulating the amendment of tax returns, for purposes of defining terms, and for purposes of enforcing the provisions of Article XXV of this Code. The Director shall also have authority to defer, waive, or abate the tax imposed by this Section if in his opinion the company's solvency and ability to meet its insured obligations would be immediately threatened by payment of the tax due.

(6) This Section is subject to the provisions of Section 10 of the New Markets Development Program Act.

(Source: P.A. 97-813, eff. 7-13-12; 98-1169, eff. 1-9-15.)

(215 ILCS 5/410) (from Ch. 73, par. 1022)

Sec. 410. Reports and statements for purpose of auditing retaliatory and privilege tax returns.

(1) For the purpose of enabling the Director to audit the retaliatory and privilege tax calculation of a company liable for such tax under the provisions of Sections 409, 444 and 444.1, every such company, in addition to all other statements and reports required by law, shall file a report in writing with the Director not later than March 1 of

each year, in the form prescribed by the Director, signed and sworn to by its president, vice president, secretary, treasurer or manager.

(2) In every such return the reporting of premiums for tax purposes shall be on a written basis or on a paid for basis, consistent with the basis required by the annual statement of the insurer filed with the Director pursuant to Section 136.

(3) The Director may require at any time verified supplemental statements with reference to any matter pertinent to the proper calculation of the tax.

(Source: P.A. 82-767.)

(215 ILCS 5/412) (from Ch. 73, par. 1024)

Sec. 412. Refunds; penalties; collection.

(1)(a) Whenever it appears to the satisfaction of the Director that because of some mistake of fact, error in calculation, or erroneous interpretation of a statute of this or any other state, any authorized company, surplus line producer, or industrial insured has paid to him, pursuant to any provision of law, taxes, fees, or other charges in excess of the amount legally chargeable against it, during the 6 year period immediately preceding the discovery of such overpayment, he shall have power to refund to such company, surplus line producer, or industrial insured the amount of the excess or excesses by applying the amount or amounts thereof toward the payment of taxes, fees, or other charges already due, or which may thereafter become due from that company until such excess or excesses have been fully refunded, or upon a written request from the authorized company, surplus line producer, or industrial insured, the Director shall provide a cash refund within 120 days after receipt of the written request if all necessary information has been filed with the Department in order for it to perform an audit of the tax report for the transaction or period or annual return for the year in which the overpayment occurred or within 120 days after the date the Department receives all the necessary information to perform such audit. The Director shall not provide a cash refund if there are insufficient funds in the Insurance Premium Tax Refund Fund to provide a cash refund, if the amount of the overpayment is less than $100, or if the amount of the overpayment can be fully offset against the taxpayer's estimated liability for the year following the year of the cash refund request. Any cash refund shall be paid from the Insurance Premium Tax Refund Fund, a special fund hereby created in the State treasury.

(b) Beginning January 1, 2000 and thereafter, the Department shall deposit a percentage of the amounts collected under Sections 409, 444, and 444.1 of this Code into the Insurance Premium Tax Refund Fund. The percentage deposited into the Insurance Premium Tax Refund Fund shall be the annual percentage. The annual percentage shall be calculated as a fraction, the numerator of which shall be the amount of cash refunds approved by the Director for payment and paid during the preceding calendar year as a result of overpayment of tax liability under Sections 121-2.08, 409, 444, 444.1, and 445 of this Code and the denominator of which shall be the amounts collected pursuant to Sections 121-2.08, 409, 444, 444.1, and 445 of this Code during the preceding calendar year. However, if there were no cash refunds paid

in a preceding calendar year, the Department shall deposit 5% of the amount collected in that preceding calendar year pursuant to Sections 121-2.08, 409, 444, 444.1, and 445 of this Code into the Insurance Premium Tax Refund Fund instead of an amount calculated by using the annual percentage.

(c) Beginning July 1, 1999, moneys in the Insurance Premium Tax Refund Fund shall be expended exclusively for the purpose of paying cash refunds resulting from overpayment of tax liability under Sections 121-2.08, 409, 444, 444.1, and 445 of this Code as determined by the Director pursuant to subsection 1(a) of this Section. Cash refunds made in accordance with this Section may be made from the Insurance Premium Tax Refund Fund only to the extent that amounts have been deposited and retained in the Insurance Premium Tax Refund Fund.

(d) This Section shall constitute an irrevocable and continuing appropriation from the Insurance Premium Tax Refund Fund for the purpose of paying cash refunds pursuant to the provisions of this Section.

(2)(a) When any insurance company fails to file any tax return required under Sections 408.1, 409, 444, and 444.1 of this Code or Section 12 of the Fire Investigation Act on the date prescribed, including any extensions, there shall be added as a penalty $400 or 10% of the amount of such tax, whichever is greater, for each month or part of a month of failure to file, the entire penalty not to exceed $2,000 or 50% of the tax due, whichever is greater.

(b) When any industrial insured or surplus line producer fails to file any tax return or report required under Sections 121-2.08 and 445 of this Code or Section 12 of the Fire Investigation Act on the date prescribed, including any extensions, there shall be added:

(i) as a late fee, if the return or report is received at least one day but not more than 7 days after the prescribed due date, $400 or 10% of the tax due, whichever is greater, the entire fee not to exceed $1,000;

(ii) as a late fee, if the return or report is received at least 8 days but not more than 14 days after the prescribed due date, $400 or 10% of the tax due, whichever is greater, the entire fee not to exceed $1,500;

(iii) as a late fee, if the return or report is received at least 15 days but not more than 21 days after the prescribed due date, $400 or 10% of the tax due, whichever is greater, the entire fee not to exceed $2,000; or

(iv) as a penalty, if the return or report is received more than 21 days after the prescribed due date, $400 or 10% of the tax due, whichever is greater, for each month or part of a month of failure to file, the entire penalty not to exceed $2,000 or 50% of the tax due, whichever is greater.

A tax return or report shall be deemed received as of the date mailed as evidenced by a postmark, proof of mailing on a recognized United States Postal Service form or a form acceptable to the United States Postal Service or other commercial mail delivery service, or other evidence acceptable to the Director.

(3)(a) When any insurance company fails to pay the full amount due under the provisions of this Section, Sections 408.1, 409, 444, or 444.1 of this Code, or Section 12 of the Fire Investigation Act, there shall be added to the amount due as a penalty an amount equal to 10% of the deficiency.

(a-5) When any industrial insured or surplus line producer fails to pay the full amount due under the provisions of this Section, Sections 121-2.08 or 445 of this Code, or Section 12 of the Fire Investigation Act on the date prescribed, there shall be added:

(i) as a late fee, if the payment is received at least one day but not more than 7 days after the prescribed due date, 10% of the tax due, the entire fee not to exceed $1,000;

(ii) as a late fee, if the payment is received at least 8 days but not more than 14 days after the prescribed due date, 10% of the tax due, the entire fee not to exceed $1,500;

(iii) as a late fee, if the payment is received at least 15 days but not more than 21 days after the prescribed due date, 10% of the tax due, the entire fee not to exceed $2,000; or

(iv) as a penalty, if the return or report is received more than 21 days after the prescribed due date, 10% of the tax due.

A tax payment shall be deemed received as of the date mailed as evidenced by a postmark, proof of mailing on a recognized United States Postal Service form or a form acceptable to the United States Postal Service or other commercial mail delivery service, or other evidence acceptable to the Director.

(b) If such failure to pay is determined by the Director to be wilful, after a hearing under Sections 402 and 403, there shall be added to the tax as a penalty an amount equal to the greater of 50% of the deficiency or 10% of the amount due and unpaid for each month or part of a month that the deficiency remains unpaid commencing with the date that the amount becomes due. Such amount shall be in lieu of any determined under paragraph (a) or (a-5).

(4) Any insurance company, industrial insured, or surplus line producer that fails to pay the full amount due under this Section or Sections 121-2.08, 408.1, 409, 444, 444.1, or 445 of this Code, or Section 12 of the Fire Investigation Act is liable, in addition to the tax and any late fees and penalties, for interest on such deficiency at the rate of 12% per annum, or at such higher adjusted rates as are or may be established under subsection (b) of Section 6621 of the Internal Revenue Code, from the date that payment of any such tax was due, determined without regard to any extensions, to the date of payment of such amount.

(5) The Director, through the Attorney General, may institute an action in the name of the People of the State of Illinois, in any court of competent jurisdiction, for the recovery of the amount of such taxes, fees, and penalties due, and prosecute the same to final judgment, and take such steps as are necessary to collect the same.

(6) In the event that the certificate of authority of a foreign or alien company is revoked for any cause or the company withdraws from this State prior to the renewal date of the certificate of authority as provided in Section 114, the company may recover the amount of any such tax paid in advance. Except as provided in this subsection, no revocation or withdrawal excuses payment of or constitutes grounds for the recovery of any taxes or penalties imposed by this Code.

(7) When an insurance company or domestic affiliated group fails to pay the full amount of any fee of $200 or more due under Section 408 of this Code, there shall be added to the amount due as a penalty the greater of $100 or an amount equal to 10% of the deficiency for each month or part of a month that the deficiency remains unpaid.

(8) The Department shall have a lien for the taxes, fees, charges, fines, penalties, interest, other charges, or any portion thereof, imposed or assessed pursuant to this Code, upon all the real and personal property of any company or person to whom the assessment or final order has been issued or whenever a tax return is filed without payment of the tax or penalty shown therein to be due, including all such property of the company or person acquired after receipt of the assessment, issuance of the order, or filing of the return. The company or person is liable for the filing fee incurred by the Department for filing the lien and the filing fee incurred by the Department to file the release of that lien. The filing fees shall be paid to the Department in addition to payment of the tax, fee, charge, fine, penalty, interest, other charges, or any portion thereof, included in the amount of the lien. However, where the lien arises because of the issuance of a final order of the Director or tax assessment by the Department, the lien shall not attach and the notice referred to in this Section shall not be filed until all administrative proceedings or proceedings in court for review of the final order or assessment have terminated or the time for the taking thereof has expired without such proceedings being instituted.

Upon the granting of Department review after a lien has attached, the lien shall remain in full force except to the extent to which the final assessment may be reduced by a revised final assessment following the rehearing or review. The lien created by the issuance of a final assessment shall terminate, unless a notice of lien is filed, within 3 years after the date all proceedings in court for the review of the final assessment have terminated or the time for the taking thereof has expired without such proceedings being instituted, or (in the case of a revised final assessment issued pursuant to a rehearing or review by the Department) within 3 years after the date all proceedings in court for the review of such revised final assessment have terminated or the time for the taking thereof has expired without such proceedings being instituted. Where the lien results from the filing of a tax return without payment of the tax or penalty shown therein to be due, the lien shall terminate, unless a notice of lien is filed, within 3 years after the date when the return is filed with the Department.

The time limitation period on the Department's right to file a notice of lien shall not run during any period of time in which the order of any court has the effect of enjoining or restraining the Department from filing such notice of lien. If the Department finds that a company or person is about to depart from the State, to conceal himself or his property, or to do any other act tending to prejudice or to render wholly or partly

ineffectual proceedings to collect the amount due and owing to the Department unless such proceedings are brought without delay, or if the Department finds that the collection of the amount due from any company or person will be jeopardized by delay, the Department shall give the company or person notice of such findings and shall make demand for immediate return and payment of the amount, whereupon the amount shall become immediately due and payable. If the company or person, within 5 days after the notice (or within such extension of time as the Department may grant), does not comply with the notice or show to the Department that the findings in the notice are erroneous, the Department may file a notice of jeopardy assessment lien in the office of the recorder of the county in which any property of the company or person may be located and shall notify the company or person of the filing. The jeopardy assessment lien shall have the same scope and effect as the statutory lien provided for in this Section. If the company or person believes that the company or person does not owe some or all of the tax for which the jeopardy assessment lien against the company or person has been filed, or that no jeopardy to the revenue in fact exists, the company or person may protest within 20 days after being notified by the Department of the filing of the jeopardy assessment lien and request a hearing, whereupon the Department shall hold a hearing in conformity with the provisions of this Code and, pursuant thereto, shall notify the company or person of its findings as to whether or not the jeopardy assessment lien will be released. If not, and if the company or person is aggrieved by this decision, the company or person may file an action for judicial review of the final determination of the Department in accordance with the Administrative Review Law. If, pursuant to such hearing (or after an independent determination of the facts by the Department without a hearing), the Department determines that some or all of the amount due covered by the jeopardy assessment lien is not owed by the company or person, or that no jeopardy to the revenue exists, or if on judicial review the final judgment of the court is that the company or person does not owe some or all of the amount due covered by the jeopardy assessment lien against them, or that no jeopardy to the revenue exists, the Department shall release its jeopardy assessment lien to the extent of such finding of nonliability for the amount, or to the extent of such finding of no jeopardy to the revenue. The Department shall also release its jeopardy assessment lien against the company or person whenever the amount due and owing covered by the lien, plus any interest which may be due, are paid and the company or person has paid the Department in cash or by guaranteed remittance an amount representing the filing fee for the lien and the filing fee for the release of that lien. The Department shall file that release of lien with the recorder of the county where that lien was filed.

Nothing in this Section shall be construed to give the Department a preference over the rights of any bona fide purchaser, holder of a security interest, mechanics lienholder, mortgagee, or judgment lien creditor arising prior to the filing of a regular notice of lien or a notice of jeopardy assessment lien in the office of the recorder in the county in which the property subject to the lien is located. For purposes of this Section, "bona fide" shall not include any mortgage of real or personal property or any other credit transaction that results in the mortgagee or the holder of the security acting as trustee for unsecured creditors of the company or person mentioned in the notice of lien who

executed such chattel or real property mortgage or the document evidencing such credit transaction. The lien shall be inferior to the lien of general taxes, special assessments, and special taxes levied by any political subdivision of this State. In case title to land to be affected by the notice of lien or notice of jeopardy assessment lien is registered under the provisions of the Registered Titles (Torrens) Act, such notice shall be filed in the office of the Registrar of Titles of the county within which the property subject to the lien is situated and shall be entered upon the register of titles as a memorial or charge upon each folium of the register of titles affected by such notice, and the Department shall not have a preference over the rights of any bona fide purchaser, mortgagee, judgment creditor, or other lienholder arising prior to the registration of such notice. The regular lien or jeopardy assessment lien shall not be effective against any purchaser with respect to any item in a retailer's stock in trade purchased from the retailer in the usual course of the retailer's business.

(Source: P.A. 98-158, eff. 8-2-13; 98-978, eff. 1-1-15.)

(215 ILCS 5/413) (from Ch. 73, par. 1025)

Sec. 413. Privilege Tax Payable on Admission of Foreign or Alien Company.

(1) Every foreign or alien company applying for a certificate of authority to transact business in this State shall pay to the Director a tax for the privilege of transacting business in this State in accordance with Section 409.

(2) If during all or any part of the 3 year period next preceding the date of application for a certificate of authority the company had a certificate of authority to transact business in this State, or if it survives or was formed by a merger, consolidation, reorganization or reincorporation, and one or more of the parties thereto was a foreign or alien company authorized to transact business in this State during all or any part of such 3 year period, then the tax shall be determined in accordance with Section 409 on the basis of the last entire calendar year during which the company or any one of the foreign or alien companies parties to the merger, consolidation, reorganization or reincorporation was authorized to transact business in this State, or if none was authorized during any entire calendar year, then on the basis of the last partial calendar year during which any of such companies were authorized to transact business in this State.

(Source: P.A. 77-2087.)

(215 ILCS 5/414a) (from Ch. 73, par. 1026a)

Sec. 414a.

Notwithstanding the provisions of this or any other Act, the tax authorized by Section 414 of this Act shall not be imposed after January 1, 1979; provided that this Section shall not prohibit the collection after January 1, 1979 of any taxes levied under Section 414 prior to January 1, 1979, on property subject to assessment and taxation under Section 414 of this Act prior to January 1, 1979. For the purpose of replacing the revenue lost by taxing districts, as defined in Section 1-150 of the Property Tax Code,

as a result of the abolition of ad valorem taxes on personal property after January 1, 1979, there shall be imposed the taxes described in Section 201(c) and (d) of the Illinois Income Tax Act, Section 2a.1 of the Messages Tax Act, Section 2a.1 of the Gas Revenue Tax Act, Section 2a.1 of the Public Utilities Revenue Act, and Section 1 of the Water Company Invested Capital Tax Act. Such replacement taxes owed within one year of the effective date of the taxes established by this amendatory Act of 1979 shall replace the personal property tax levies of 1979. The replacement taxes owed in each succeeding year shall replace the personal property tax that could have been levied in each succeeding year.

(Source: P.A. 88-670, eff. 12-2-94.)

(215 ILCS 5/415) (from Ch. 73, par. 1027)

Sec. 415. No taxes to be imposed by political subdivisions.

The fees, charges and taxes provided for by this Article shall be in lieu of all license fees or privilege or occupation taxes or other fees levied or assessed by any municipality, county or other political subdivision of this State, and no municipality, county or other political subdivision of this State shall impose any license fee or privilege or occupation tax or fee upon any domestic, foreign or alien company, or upon any of its agents, for the privilege of doing an insurance business therein, except the tax authorized by Division 10 of Article 11 of the Illinois Municipal Code, as heretofore and hereafter amended. This Section shall not be construed to prohibit the levy and collection of:

(a) State, county or municipal taxes upon the real and personal property of such a company, including the tax imposed by Section 414 of this Code, and

(b) taxes for the purpose of maintaining the Office of the State Fire Marshal and paying the expenses incident thereto.

(Source: P.A. 91-357, eff. 7-29-99.)

(215 ILCS 5/416)

Sec. 416. Illinois Workers' Compensation Commission Operations Fund Surcharge.

(a) As of July 30, 2004 (the effective date of Public Act 93-840), every company licensed or authorized by the Illinois Department of Insurance and insuring employers' liabilities arising under the Workers' Compensation Act or the Workers' Occupational Diseases Act shall remit to the Director a surcharge based upon the annual direct written premium, as reported under Section 136 of this Act, of the company in the manner provided in this Section. Such proceeds shall be deposited into the Illinois Workers' Compensation Commission Operations Fund as established in the Workers' Compensation Act. If a company survives or was formed by a merger, consolidation, reorganization, or reincorporation, the direct written premiums of all companies party to the merger, consolidation, reorganization, or reincorporation shall, for purposes of

determining the amount of the fee imposed by this Section, be regarded as those of the surviving or new company.

(b)(1) Except as provided in subsection (b)(2) of this Section, beginning on July 30, 2004 (the effective date of Public Act 93-840) and on July 1 of each year thereafter, the Director shall charge an annual Illinois Workers' Compensation Commission Operations Fund Surcharge from every company subject to subsection (a) of this Section equal to 1.01% of its direct written premium for insuring employers' liabilities arising under the Workers' Compensation Act or Workers' Occupational Diseases Act as reported in each company's annual statement filed for the previous year as required by Section 136. The Illinois Workers' Compensation Commission Operations Fund Surcharge shall be collected by companies subject to subsection (a) of this Section as a separately stated surcharge on insured employers at the rate of 1.01% of direct written premium. The Illinois Workers' Compensation Commission Operations Fund Surcharge shall not be collected by companies subject to subsection (a) of this Section from any employer that self-insures its liabilities arising under the Workers' Compensation Act or Workers' Occupational Diseases Act, provided that the employer has paid the Illinois Workers' Compensation Commission Operations Fund Fee pursuant to Section 4d of the Workers' Compensation Act. All sums collected by the Department of Insurance under the provisions of this Section shall be paid promptly after the receipt of the same, accompanied by a detailed statement thereof, into the Illinois Workers' Compensation Commission Operations Fund in the State treasury.

(b)(2) The surcharge due pursuant to Public Act 93-840 shall be collected instead of the surcharge due on July 1, 2004 under Public Act 93-32. Payment of the surcharge due under Public Act 93-840 shall discharge the employer's obligations due on July 1, 2004.

(c) In addition to the authority specifically granted under Article XXV of this Code, the Director shall have such authority to adopt rules or establish forms as may be reasonably necessary for purposes of enforcing this Section. The Director shall also have authority to defer, waive, or abate the surcharge or any penalties imposed by this Section if in the Director's opinion the company's solvency and ability to meet its insured obligations would be immediately threatened by payment of the surcharge due.

(d) When a company fails to pay the full amount of any annual Illinois Workers' Compensation Commission Operations Fund Surcharge of $100 or more due under this Section, there shall be added to the amount due as a penalty the greater of $1,000 or an amount equal to 5% of the deficiency for each month or part of a month that the deficiency remains unpaid.

(e) The Department of Insurance may enforce the collection of any delinquent payment, penalty, or portion thereof by legal action or in any other manner by which the collection of debts due the State of Illinois may be enforced under the laws of this State.

(f) Whenever it appears to the satisfaction of the Director that a company has paid pursuant to this Act an Illinois Workers' Compensation Commission Operations Fund Surcharge in an amount in excess of the amount legally collectable from the company,

the Director shall issue a credit memorandum for an amount equal to the amount of such overpayment. A credit memorandum may be applied for the 2-year period from the date of issuance, against the payment of any amount due during that period under the surcharge imposed by this Section or, subject to reasonable rule of the Department of Insurance including requirement of notification, may be assigned to any other company subject to regulation under this Act. Any application of credit memoranda after the period provided for in this Section is void.

(g) Annually, the Governor may direct a transfer of up to 2% of all moneys collected under this Section to the Insurance Financial Regulation Fund.

(Source: P.A. 95-331, eff. 8-21-07.)

Appendix 3: Fire Marshal Tax

(425 ILCS 25/12) (from Ch. 127 1/2, par. 16)

Sec. 12. Insurance assessment.

Every fire insurance company, whether upon the stock or mutual plan, and every other personal or business entity doing any form of fire insurance business in the State of Illinois, shall pay to the Department of Insurance in the month of March, such amount as may be assessed by the Department of Insurance, which may not exceed 1% of the gross fire, sprinkler leakage, riot, civil commotion, explosion and motor vehicle fire risk premium receipts of such company or other entity from such business done in the State of Illinois during the preceding year, and shall make an annual report or statement under oath to the Department specifying the amount of such premiums received during the preceding year. The Department of Insurance shall pay the money so received into the Fire Prevention Fund, to be used as specified in Section 13.1 of this Act.

(Source: P.A. 101-82, eff. 1-1-20.)

(425 ILCS 25/13) (from Ch. 127 1/2, par. 17)

Sec. 13. Insurance assessment penalties.

Every company, firm, co-partnership, association or aggregation of individuals, or body of persons insuring each other, or their agents, representatives, or attorneys in fact, who shall refuse or neglect to comply with the requirements of Section 12 of this Act, is liable, in addition to the amount due, for such penalty and interest charges as are provided for under Section 412 of the "Illinois Insurance Code". The Director through the Attorney General, may institute an action in the name of the People of the State of Illinois, in any court of competent jurisdiction for the recovery of the amount of such taxes and penalties due, and prosecute the same to final judgment, and take such steps as are necessary to collect the same. If such violation is by a company,

association, co-partnership or aggregation of individuals licensed to do business in the State of Illinois, such license may be revoked by the Department of Insurance.

(Source: P.A. 101-82, eff. 1-1-20.)

(425 ILCS 25/13.1) (from Ch. 127 1/2, par. 17.1)

Sec. 13.1. Fire Prevention Fund.

(a) There shall be a special fund in the State Treasury known as the Fire Prevention Fund.

(b) The following moneys shall be deposited into the Fund:

(1) Moneys received by the Department of Insurance under Section 12 of this Act.

(2) All fees and reimbursements received by the Office.

(3) All receipts from boiler and pressure vessel certification, as provided in Section 13 of the Boiler and Pressure Vessel Safety Act.

(4) Such other moneys as may be provided by law.

(c) The moneys in the Fire Prevention Fund shall be used, subject to appropriation, for the following purposes:

(1) Of the moneys deposited into the fund under Section 12 of this Act, 12.5% shall be available for the maintenance of the Illinois Fire Service Institute and the expenses, facilities, and structures incident thereto, and for making transfers into the General Obligation Bond Retirement and Interest Fund for debt service requirements on bonds issued by the State of Illinois after January 1, 1986 for the purpose of constructing a training facility for use by the Institute. An additional 2.5% of the moneys deposited into the Fire Prevention Fund shall be available to the Illinois Fire Service Institute for support of the Cornerstone Training Program.

(2) Of the moneys deposited into the Fund under Section 12 of this Act, 10% shall be available for the maintenance of the Chicago Fire Department Training Program and the expenses, facilities, and structures incident thereto, in addition to any moneys payable from the Fund to the City of Chicago pursuant to the Illinois Fire Protection Training Act.

(3) For making payments to local governmental agencies and individuals pursuant to Section 10 of the Illinois Fire Protection Training Act.

(4) For the maintenance and operation of the Office of the State Fire Marshal, and the expenses incident thereto.

(4.5) For the maintenance, operation, and capital expenses of the Mutual Aid Box Alarm System (MABAS).

(4.6) For grants awarded by the Small Fire-fighting and Ambulance Service Equipment Grant Program established by Section 2.7 of the State Fire Marshal Act.

(5) For any other purpose authorized by law.

(c-5) As soon as possible after April 8, 2008 (the effective date of Public Act 95-717), the Comptroller shall order the transfer and the Treasurer shall transfer $2,000,000 from the Fire Prevention Fund to the Fire Service and Small Equipment Fund, $9,000,000 from the Fire Prevention Fund to the Fire Truck Revolving Loan Fund, and $4,000,000 from the Fire Prevention Fund to the Ambulance Revolving Loan Fund. Beginning on July 1, 2008, each month, or as soon as practical thereafter, an amount equal to $2 from each fine received shall be transferred from the Fire Prevention Fund to the Fire Service and Small Equipment Fund, an amount equal to $1.50 from each fine received shall be transferred from the Fire Prevention Fund to the Fire Truck Revolving Loan Fund, and an amount equal to $4 from each fine received shall be transferred from the Fire Prevention Fund to the Ambulance Revolving Loan Fund. These moneys shall be transferred from the moneys deposited into the Fire Prevention Fund pursuant to Public Act 95-154, together with not more than 25% of any unspent appropriations from the prior fiscal year. These moneys may be allocated to the Fire Truck Revolving Loan Fund, Ambulance Revolving Loan Fund, and Fire Service and Small Equipment Fund at the discretion of the Office for the purpose of implementation of this Act.

(d) Any portion of the Fire Prevention Fund remaining unexpended at the end of any fiscal year which is not needed for the maintenance and expenses of the Office or the maintenance and expenses of the Illinois Fire Service Institute shall remain in the Fire Prevention Fund for the exclusive and restricted uses provided in subsections (c) and (c-5) of this Section.

(e) The Office shall keep on file an itemized statement of all expenses incurred which are payable from the Fund, other than expenses incurred by the Illinois Fire Service Institute, and shall approve all vouchers issued therefor before they are submitted to the State Comptroller for payment. Such vouchers shall be allowed and paid in the same manner as other claims against the State.

(Source: P.A. 101-82, eff. 1-1-20; 102-558, eff. 8-20-21.)

Appendix 4: Violations

(215 ILCS 5/403A) (from Ch. 73, par. 1015A)

Sec. 403A. Violations; Notice of Apparent Liability; Limitation of Forfeiture Liability.

(1) Any company or person, agent or broker, officer or director and any other person subject to this Code and as may be defined in Section 2 of this Code, who willfully or repeatedly fails to observe or who otherwise violates any of the provisions of this Code or any rule or regulation promulgated by the Director under authority of this Code or any final order of the Director entered under the authority of this Code shall by civil

penalty forfeit to the State of Illinois a sum not to exceed $2,000. Each day during which a violation occurs constitutes a separate offense. The civil penalty provided for in this Section shall apply only to those Sections of this Code or administrative regulations thereunder that do not otherwise provide for a monetary civil penalty.

(2) No forfeiture liability under paragraph (1) of this Section may attach unless a written notice of apparent liability has been issued by the Director and received by the respondent, or the Director sends written notice of apparent liability by registered or certified mail, return receipt requested, to the last known address of the respondent. Any respondent so notified must be granted an opportunity to request a hearing within 10 days from receipt of notice, or to show in writing, why he should not be held liable. A notice issued under this Section must set forth the date, facts and nature of the act or omission with which the respondent is charged and must specifically identify the particular provision of the Code, rule, regulation or order of which a violation is charged.

(3) No forfeiture liability under paragraph (1) of this Section may attach for any violation occurring more than 2 years prior to the date of issuance of the notice of apparent liability and in no event may the total civil penalty forfeiture imposed for the acts or omissions set forth in any one notice of apparent liability exceed $500,000.

(4) The civil penalty forfeitures provided for in this Section are payable to the General Revenue Fund of the State of Illinois, and may be recovered in a civil suit in the name of the State of Illinois brought in the Circuit Court in Sangamon County, or in the Circuit Court of the county where the respondent is domiciled or has its principal operating office.

(5) In any case where the Director issues a notice of apparent liability looking toward the imposition of a civil penalty forfeiture under this Section, that fact may not be used in any other proceeding before the Director to the prejudice of the respondent to whom the notice was issued, unless (a) the civil penalty forfeiture has been paid, or (b) a court has ordered payment of the civil penalty forfeiture and that order has become final.

(Source: P.A. 93-32, eff. 7-1-03.)

Appendix 5: Service of Process

(215 ILCS 5/123) (from Ch. 73, par. 735)

Sec. 123. Service of process upon an unauthorized foreign or alien company.

(1) The purpose of this Section is to subject unauthorized foreign and alien companies to the jurisdiction of courts of this State in actions by or on behalf of insureds, reinsureds, or beneficiaries under insurance or reinsurance contracts. The Legislature declares that it is a subject of concern that many residents of this State or corporations authorized to do business in this State hold policies of insurance or reinsurance issued

by companies not authorized to do business in this State, thus presenting to such residents or corporations authorized to do business in this State the often insuperable obstacle of resorting to distant forums for the purpose of asserting legal rights under such policies. In furtherance of such State interest, the Legislature herein provides a method of substituted service of process upon such companies and declares that in so doing it exercises its power to protect its residents and corporations authorized to do business in this State and to define, for the purpose of this statute, what constitutes doing business in this State, and also exercises powers and privileges available to the State by virtue of Public Law 15, 79th Congress of the United States, Chapter 20, 1st. Sess., S. 340, as amended, which declares that the business of insurance and every person engaged therein shall be subject to the laws of the several states.

(2) Any of the following acts in this State, effected by mail or otherwise, by an unauthorized foreign or alien company: (a) the issuance or delivery of contracts of insurance or reinsurance to residents of this State or to corporations authorized to do business therein, (b) the solicitation of applications for such contracts, (c) the collection of premiums, membership fees, assessments or other considerations for such contracts, or (d) any other transaction of business, is equivalent to and shall constitute an appointment by such company, of the Director and his or her successor or successors in office, to be its true and lawful attorney upon whom may be served all lawful process in any action or proceeding against it, arising out of such policy or contract of insurance or reinsurance, and the acts shall be a signification of its agreement that any such process against it which is so served shall be of the same legal force and validity as if served upon the company.

(3) Service of such process shall be made by delivering and leaving with the Director a copy thereof and the payment to the Director of the fee prescribed by this Code. The Director shall keep a record of all process so served upon him or her. Such process shall be sufficient service upon such foreign or alien company provided notice of such service and a copy of the process are, within 10 days thereafter, sent by certified or registered mail by the plaintiff's attorney of record to the defendant at the last known principal place of business of the defendant, and the defendant's receipt and the plaintiff's attorney's affidavit of compliance herewith are filed with the Clerk of the Court in which such action is pending on or before the return date of the process or within such further time as the court may allow.

(4) Service of process in any such action against any such company shall in addition to the mode hereinabove described be valid and legal if served upon any person within this State who, in this State on behalf of such company, is

(a) soliciting insurance or reinsurance, or

(b) making, issuing, or delivering any policies or contracts of insurance or reinsurance, or

(c) collecting or receiving any premium, membership fee, assessment or other consideration for insurance or reinsurance, or

(d) in any manner aiding or assisting in doing any of the things enumerated in clauses (a), (b), or (c) of this subsection; and a copy of such process is within 10 days thereafter sent by certified or registered mail by the plaintiff's attorney of record to the defendant at the last known principal place of business of the defendant and the defendant's receipt and the plaintiff's attorney's affidavit of compliance herewith are filed with the clerk of the court in which such action is pending on or before the return date of the process or within such further time as the court may allow.

(5) Before any unauthorized foreign or alien company shall file or cause to be filed any pleading in any action or proceeding, including any arbitration, instituted against it, such unauthorized company shall either (1) deposit with the clerk of the court in which such action or proceeding is pending or with the clerk of the court in the jurisdiction in which the arbitration is pending cash or securities or file with such clerk a bond with good and sufficient sureties, to be approved by the court, in an amount to be fixed by the court sufficient to secure the payment of any final judgment which may be rendered in such action, proceeding, or arbitration; or (2) where the unauthorized company continues to transact the business of insurance by issuing new contracts of insurance or reinsurance, procure a certificate of authority to transact the business of insurance in this State.

The court in any action or proceeding, in which service is made in the manner provided in subsections (3) or (4) may, in its discretion, order such postponement as may be necessary to afford the defendant reasonable opportunity to comply with the provisions of this subsection and to defend such action.

Nothing in this Section is to be construed to prevent an unauthorized foreign or alien company from filing a motion to quash process or to set aside service thereof made in the manner provided in subsections (3) or (4) on the ground either (a) that such unauthorized company has not done any of the acts enumerated in subsection (2) or (b) that the person on whom service was made pursuant to subsection (4) was not doing any of the acts therein enumerated.

(6) In any action against an unauthorized foreign or alien company upon a contract of insurance or reinsurance issued or delivered in this State to a resident thereof or to a corporation authorized to do business therein, if the company has failed for 30 days after demand prior to the commencement of the action to make payment in accordance with the terms of the contract, and it appears to the court that such refusal was vexatious and without reasonable cause, the court may allow to the plaintiff a reasonable attorney fee and include such fee in any judgment that may be rendered in such action. Such fee shall not exceed 12-1/2 per cent of the amount which the court or jury finds the plaintiff is entitled to recover against the insurer, but in no event shall such fee be less than $25. Failure of a company to defend any such action shall be deemed prima facie evidence that its failure to make payment was vexatious and without reasonable cause.

(7) No plaintiff shall be entitled to a judgment by default under this Section until the expiration of 30 days from the date of the filing of the affidavit of compliance.

(8) The provisions of this Section shall not apply to any action or proceeding against any unauthorized foreign or alien company arising out of any contract of direct insurance

(a) effected in accordance with Section 445, or

(b) covering ocean marine, aircraft, railway insurance risks, or

(c) against legal liability arising out of the ownership, operation or maintenance of any property having a permanent situs outside this State, or

(d) against loss of or damage to any property having a permanent situs outside this State,

where such contract of insurance contains a provision designating the Director and his or her successor or successors in office or a bona fide resident of Illinois to be the true and lawful attorney of such non-admitted insurer upon whom may be served all lawful process in any action or proceeding arising out of any such contract of insurance or where the insurer enters a general appearance in any such action or proceeding.

(9) Nothing in this Section contained shall limit or affect the right to serve any process, notice or demand required or permitted by law to be served upon any company in any other manner now or hereafter permitted by law.

(Source: P.A. 90-53, eff. 7-3-97.)

(215 ILCS 5/123.1) (from Ch. 73, par. 735.1)

Sec. 123.1. Service of process upon unauthorized insurers for false advertising.

(1) (a) The purpose of this Act is to subject to the jurisdiction of the Director of Insurance of this State and to the jurisdiction of the courts of this State insurers not authorized to transact business in this State which place in or send into this State any false advertising designed to induce residents of this State to purchase insurance from insurers not authorized to transact business in this State. The Legislature declares it is in the interest of the citizens of this State who purchase insurance from insurers which solicit insurance business in this State in the manner set forth in the preceding sentence that such insurers be subject to the provisions of this Act. In furtherance of such state interest, the Legislature herein provides a method of substituted service of process upon such insurers and declares that in so doing, it exercises its power to protect its residents and also exercises powers and privileges available to the State by virtue of Public Law 15, 79th Congress of the United States, Chapter 20, 1st Session, S. 340, which declares that the business of insurance and every person engaged therein shall be subject to the laws of the several states; the authority provided herein to be in addition to any existing powers of this State.

(b) The provisions of this Section shall be liberally construed.

(2) No unauthorized foreign or alien insurer of the kind described in subsection (1) shall make, issue, circulate or cause to be made, issued or circulated, to residents of this State any estimate, illustration, circular, pamphlet, or letter, or cause to be made in any newspaper, magazine or other publication or over any radio or television station,

any announcement or statement to such residents misrepresenting its financial condition or the terms of any contracts issued or to be issued or the benefits or advantages promised thereby, or the dividends or share of the surplus to be received thereon in violation of Article XXVI, and whenever the Director shall have reason to believe that any such insurer is engaging in such unlawful advertising, it shall be his duty to give notice of such fact by certified or registered mail to such insurer and to the insurance supervisory official of the domiciliary state of such insurer. For the purpose of this Section the domiciliary state of an alien insurer shall be deemed to be the state of entry or the state of the principal office in the United States.

(3) If after thirty days following the giving of the notice mentioned in subsection (2) such insurer has failed to cease making, issuing, or circulating such false misrepresentations or causing the same to be made, issued or circulated in this State, and if the Director has reason to believe that a proceeding by him in respect to such matters would be to the interest of the public, and that such insurer is issuing or delivering contracts of insurance to residents of this State or collecting premiums on such contracts or doing any of the acts enumerated in subsection (4), he shall take action against such insurer under Article XXVI.

(4) (a) Any of the following acts in this State, effected by mail or otherwise, by any such unauthorized foreign or alien insurer:

(i) the issuance or delivery of contracts or insurance to residents of this State; or

(ii) the solicitation of applications for such contracts; or

(iii) the collection of premiums, membership fees, assessments or other considerations for such contracts; or

(iv) any other transaction of insurance business;

is equivalent to and shall constitute an appointment by such insurer of the Director and his successor or successors in office, to be its true and lawful attorney, upon whom may be served all statements of charges, notices and lawful process in any proceeding instituted in respect to the misrepresentations set forth in subsection (2) hereof under the provisions of Article XXVI, or in any action, suit or proceeding for the recovery of any penalty therein provided, and any such act shall be signification of its agreement that such service of statement of charges, notices or process is of the same legal force and validity as personal service of such statement of charges, notices or process in this State, upon such insurer.

(b) Service of a statement of charges and notices under Article XXVI shall be made by any deputy or employee of the Department of Insurance delivering to and leaving with the Director or some person in apparent charge of his office, two copies thereof. Service of process issued by any court in any action, suit or proceeding to collect any penalty under Article XXVI provided, shall be made by delivering and leaving with the Director, or some person in apparent charge of his office, two copies thereof. The Director shall forthwith cause to be mailed by certified or registered mail one of the copies of such statement of charges, notices or process to the defendant at its last known principal place of business, and shall keep a record of all statements of charges,

notices and process so served. Such service of statement of charges, notices or process shall be sufficient provided they shall have been so mailed and the defendant's receipt or receipt issued by the post office with which the letter is certified or registered, showing the name of the sender of the letter and the name and address of the person to whom the letter is addressed, and the affidavit of the person mailing such letter showing a compliance herewith are filed with the Director in the case of any statement of charges or notices, or with the clerk of the court in which such action is pending in the case of any process, on or before the date the defendant is required to appear or within such further time as may be allowed.

(c) Service of statement of charges, notices and process in any such proceeding, action or suit shall in addition to the manner provided in paragraph (b) of this subsection be valid if served upon any person within this State who on behalf of such insurer is

(i) soliciting insurance; or

(ii) making, issuing or delivering any policies or contracts of insurance; or

(iii) collecting or receiving in this State any premium, membership fee, assessment or other consideration for insurance; or

(iv) in any manner aiding or assisting in doing any of the things enumerated in clauses (i), (ii) or (iii) of this paragraph;

and a copy of such statement of charges, notices or process is sent within ten days thereafter by certified or registered mail by or on behalf of the Director to the defendant at the last known principal place of business of the defendant, and the defendant's receipt, or the receipt issued by the post office with which the letter is certified or registered, showing the name of the sender of the letter, the name and address of the person to whom the letter is addressed, and the affidavit of the person mailing the same showing a compliance herewith, are filed with the Director in the case of any statement of charges or notices, or with the clerk of the court in which such action is pending in the case of any process, on or before the date the defendant is required to appear or within such further time as the court may allow.

(d) No cease or desist order or judgment by default under this section shall be entered until the expiration of thirty days from the date of the filing of the affidavit of compliance.

(e) Service of process and notice under the provisions of this section shall be in addition to all other methods of service provided by law, and nothing in this section shall limit or prohibit the right to serve any statement of charges, notices or process upon any insurer in any other manner now or hereafter permitted by law.

(5) When used in this Act, "residents" shall mean and include person, partnership or corporation, domestic, alien or foreign.

(Source: P.A. 83-598.)

Appendix 6: Director of Insurance - Hearings and Review

(215 ILCS 5/401) (from Ch. 73, par. 1013)

Sec. 401. General powers of the director.

The Director is charged with the rights, powers and duties appertaining to the enforcement and execution of all the insurance laws of this State. He shall have the power

(a) to make reasonable rules and regulations as may be necessary for making effective such laws;

(b) to conduct such investigations as may be necessary to determine whether any person has violated any provision of such insurance laws;

(c) to conduct such examinations, investigations and hearings in addition to those specifically provided for, as may be necessary and proper for the efficient administration of the insurance laws of this State; and

(d) to institute such actions or other lawful proceedings as he may deem necessary for the enforcement of the Illinois Insurance Code or of any Order or action made or taken by him under this Code. The Attorney General, upon request of the Director, may proceed in the courts of this State to enforce an Order or decision in any court proceeding or in any administrative proceeding before the Director.

Whenever the Director is authorized or required by law to consider some aspect of criminal history record information for the purpose of carrying out his statutory powers and responsibilities, then, upon request and payment of fees in conformance with the requirements of Section 2605-400 of the Illinois State Police Law, the Illinois State Police is authorized to furnish, pursuant to positive identification, such information contained in State files as is necessary to meet the requirements of such authorization or statutes.

(Source: P.A. 102-538, eff. 8-20-21.)

(215 ILCS 5/401.1) (from Ch. 73, par. 1013.1)

Sec. 401.1.

(1) This Section applies to all companies and persons subject to examination by the Director, or purporting to do insurance business in this State, or in the process of organization with intent to do such business therein, or for whom a Certificate of Authority is required for the transaction of business, or whose Certificate of Authority is revoked or suspended.

(2) Whenever it appears to the Director that any person or company subject to this Code is conducting its business and affairs in such a manner as to threaten to render it insolvent, or that it is in a hazardous condition, or is conducting its business and affairs in a manner which is hazardous to its policyholders, creditors or the public, or that it

has committed or engaged in, or is committing or engaging in, any unlawful act, or any act, practice or transaction which under any provision of this Code would constitute ground rendering the person subject to conservation, liquidation or rehabilitation proceedings and that irreparable loss and injury to the property and business of a person or company has occurred or may occur unless the Director acts immediately, the Director may, without notice, and before hearing, issue and cause to be served upon such person or company an order requiring such person or company to forthwith cease and desist from engaging further in the acts, practices or transactions which are causing such conduct, condition or ground to exist.

(3) At the same time an order is served pursuant to paragraph (2) of this Section, the Director must issue and also serve upon the person or company a notice of hearing to be held at a time and place fixed therein which may not be less than 20 or more than 30 days after the service thereof. The notice must contain a statement of the conduct, condition or ground which the Director deems violative of the provisions of this Section.

(4) If, after hearing as provided by paragraph (3) of this Section, any of the statements as to conduct, conditions or grounds in the notice are found to be true, the Director may make such order or orders as may be reasonably necessary to correct, eliminate or remedy such conduct, conditions or grounds.

(5) Any person or company subject to an order pursuant to this Article is entitled to judicial review of the order in accordance with the provisions of the Administrative Review Law.

(6) If any person or company violates or fails to comply with any order of the Director or any part thereof which as to such person has become final and is still in effect, the Director may, after a hearing and notice at which it is determined that a violation of such order has been committed, further order that:

(a) Such person shall forfeit and pay to the State of Illinois a sum not to exceed $100 per day for each and every day that such violation or failure to comply shall continue, but in no event to exceed a maximum amount of $5,000. Such liability shall be enforced in an action brought in any court of competent jurisdiction by the Director in the name of the people of the State of Illinois; and

(b) Proceedings be commenced to revoke or suspend any license or Certificate of Authority held by such person under this Code, in accordance with the procedures provided therefor.

(7) The powers vested in the Director by this Section are additional to any and all other powers and remedies vested in the Director by law, and nothing herein shall be construed as requiring that the Director shall employ the powers conferred herein instead of or as a condition precedent to the exercise of any other power or remedy vested in the Director.

(8) Any order or notice of the Director hereunder may be served on any person, in the same manner and with the same effect as provided for in civil actions in a Circuit Court of this State.

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

(215 ILCS 5/401.3)

Sec. 401.3. Advisory council; powers and duties.

There is created within the Department an advisory council to review and make recommendations to the Department regarding rules to be adopted with respect to continuing education courses for which the approval of the Department is required under the provisions of this Code. In addition, the advisory council shall make recommendations to the Department regarding rules with respect to course materials, curriculum, and credentials of instructors.

The advisory council shall be comprised of 7 members appointed by the Director. One member shall be an educational instructor who has regularly provided educational offerings for more than 5 out of the last 10 years to individuals licensed under this Code. Three members shall be recommended by the leadership of 3 statewide trade organizations whose memberships are primarily composed of individuals licensed under this Code, none of which may come from the same organization. Three members shall represent a domestic company.

The members' terms shall be 3 years or until their successors are appointed, and the expiration of their terms shall be staggered. No individual may serve more than 3 consecutive terms.

The Director shall appoint an employee of the Department to serve as the chairperson of the advisory council, ex officio, without a vote.

Four voting advisory council members shall constitute a quorum. A quorum is necessary for all advisory council decisions and recommendations.

(Source: P.A. 100-876, eff. 8-14-18.)

(215 ILCS 5/401.5)

Sec. 401.5. Investigation of insurance law violations.

(a) If the Director of Insurance has cause to believe that a person has engaged in, or is engaging in, an act, activity, or practice that constitutes a business offense, misdemeanor, or felony violation of the Illinois Insurance Code or related insurance laws, he or she shall designate appropriate investigators or agents to investigate the violations. For purposes of carrying out investigations under this Section, the Department of Insurance is deemed a criminal justice agency under all federal and State laws and regulations, and as such shall have access to any information that concerns or relates to a violation of the Illinois Insurance Code or related insurance laws and that is available to criminal justice agencies.

(b) The Director of Insurance may transmit or receive written or oral information relating to possible violations of the insurance laws of this State received by or from any other criminal justice agencies, whether federal, State, or local, if, in the opinion of

the Director, the transmittal is appropriate and may further the effective prevention of criminal activities.

(c) The Department of Insurance's papers, documents, reports, or evidence relevant to the subject of an investigation under this Section is not subject to public inspection for so long as the Department deems reasonably necessary to complete the investigation, to protect the person investigated from unwarranted injury, or to be in the public interest. Further, the papers, documents, reports, or evidence relevant to the subject of an investigation under this Section is not subject to subpoena until opened for public inspection by the Department, unless the Department consents, or until, after notice to the Department and a hearing, the court determines the Department would not be unnecessarily hindered by the subpoena. No officer, agent, or employee of the Department is subject to subpoena in civil actions by a court of this State to testify concerning a matter of which they have knowledge under a pending insurance fraud investigation by the Department.

(d) No insurer, or employees or agents of an insurer, are subject to civil liability for libel or otherwise by virtue of furnishing information required by the insurance laws of this State or required by the Department of Insurance as a result of its investigation. No cause of action exists and no liability may be imposed, either civil or criminal, against the State, the Director, any officer, agent, or employee of the Department of Insurance, or individuals employed or retained by the Director, for an act or omission by them in the performance of a power or duty authorized by this Section, unless the act or omission was performed in bad faith and with intent to injure a particular person.

(e) The powers vested in the Director by this Section are additional to other powers and remedies vested in the Director by law, and nothing in this Section shall be construed as requiring that the Director shall employ the powers conferred in this Section instead of or as a condition precedent to the exercise of any other power or remedy vested in the Director. The Director may establish systems and procedures for carrying out investigations under this Section as are necessary to avoid the impairment or compromise of his or her authority under this Section or any other law relating to the regulation of insurance.

(Source: P.A. 89-234, eff. 1-1-96.)

(215 ILCS 5/402) (from Ch. 73, par. 1014)

Sec. 402. Examinations, investigations and hearings.

(1) All examinations, investigations and hearings provided for by this Code may be conducted either by the Director personally, or by one or more of the actuaries, technical advisors, deputies, supervisors or examiners employed or retained by the Department and designated by the Director for such purpose. When necessary to supplement its examination procedures, the Department may retain independent actuaries deemed competent by the Director, independent certified public accountants, or qualified examiners of insurance companies deemed competent by the Director, or any combination of the foregoing, the cost of which shall be borne by the company or

person being examined. The Director may compensate independent actuaries, certified public accountants and qualified examiners retained for supplementing examination procedures in amounts not to exceed the reasonable and customary charges for such services. The Director may also accept as a part of the Department's examination of any company or person (a) a report by an independent actuary deemed competent by the Director or (b) a report of an audit made by an independent certified public accountant. Neither those persons so designated nor any members of their immediate families shall be officers of, connected with, or financially interested in any company other than as policyholders, nor shall they be financially interested in any other corporation or person affected by the examination, investigation or hearing.

(2) All hearings provided for in this Code shall, unless otherwise specially provided, be held at such time and place as shall be designated in a notice which shall be given by the Director in writing to the person or company whose interests are affected, at least 10 days before the date designated therein. The notice shall state the subject of inquiry and the specific charges, if any. The hearings shall be held in the City of Springfield, the City of Chicago, or in the county where the principal business address of the person or company affected is located.

(Source: P.A. 87-757.)

(215 ILCS 5/403) (from Ch. 73, par. 1015)

Sec. 403. Power to subpoena and examine witnesses.

(1) In the conduct of any examination, investigation or hearing provided for by this Code, the Director or other officer designated by him or her to conduct the same, shall have power to compel the attendance of any person by subpoena, to administer oaths and to examine any person under oath concerning the business, conduct or affairs of any company or person subject to the provisions of this Code, and in connection therewith to require the production of any books, records or papers relevant to the inquiry.

(2) If a person subpoenaed to attend such inquiry fails to obey the command of the subpoena without reasonable excuse, or if a person in attendance upon such inquiry shall, without reasonable cause, refuse to be sworn or to be examined or to answer a question or to produce a book or paper when ordered to do so by any officer conducting such inquiry, or if any person fails to perform any act required hereunder to be performed, he or she shall be required to pay a penalty of not more than $2,000 to be recovered in the name of the People of the State of Illinois by the State's Attorney of the county in which the violation occurs, and the penalty so recovered shall be paid into the county treasury.

(3) When any person neglects or refuses without reasonable cause to obey a subpoena issued by the Director, or refuses without reasonable cause to testify, to be sworn or to produce any book or paper described in the subpoena, the Director may file a petition against such person in the circuit court of the county in which the testimony is desired to be or has been taken or has been attempted to be taken, briefly setting forth the fact of such refusal or neglect and attaching a copy of the subpoena and the return of

service thereon and applying for an order requiring such person to attend, testify or produce the books or papers before the Director or his or her actuary, supervisor, deputy or examiner, at such time or place as may be specified in such order. Any circuit court of this State, upon the filing of such petition, either before or after notice to such person, may, in the judicial discretion of such court, order the attendance of such person, the production of books and papers and the giving of testimony before the Director or any of his or her actuaries, supervisors, deputies or examiners. If such person shall fail or refuse to obey the order of the court and it shall appear to the court that the failure or refusal of such person to obey its order is wilful, and without lawful excuse, the court shall punish such person by fine or imprisonment in the county jail, or both, as the nature of the case may require, as is now, or as may hereafter be lawful for the court to do in cases of contempt of court.

(4) The fees of witnesses for attendance and travel shall be the same as the fees of witnesses before the circuit courts of this State. When a witness is subpoenaed by or testifies at the instance of the Director or other officer designated by him or her, such fees shall be paid in the same manner as other expenses of the Department. When a witness is subpoenaed or testifies at the instance of any other party to any such proceeding, the cost of the subpoena or subpoenas duces tecum and the fee of the witness shall be borne by the party at whose instance a witness is summoned. In such case, the Department in its discretion, may require a deposit to cover the cost of such service and witness fees.

(Source: P.A. 93-32, eff. 7-1-03.)

(215 ILCS 5/403A) (from Ch. 73, par. 1015A)

Sec. 403A. Violations; Notice of Apparent Liability; Limitation of Forfeiture Liability.

(1) Any company or person, agent or broker, officer or director and any other person subject to this Code and as may be defined in Section 2 of this Code, who willfully or repeatedly fails to observe or who otherwise violates any of the provisions of this Code or any rule or regulation promulgated by the Director under authority of this Code or any final order of the Director entered under the authority of this Code shall by civil penalty forfeit to the State of Illinois a sum not to exceed $2,000. Each day during which a violation occurs constitutes a separate offense. The civil penalty provided for in this Section shall apply only to those Sections of this Code or administrative regulations thereunder that do not otherwise provide for a monetary civil penalty.

(2) No forfeiture liability under paragraph (1) of this Section may attach unless a written notice of apparent liability has been issued by the Director and received by the respondent, or the Director sends written notice of apparent liability by registered or certified mail, return receipt requested, to the last known address of the respondent. Any respondent so notified must be granted an opportunity to request a hearing within 10 days from receipt of notice, or to show in writing, why he should not be held liable. A notice issued under this Section must set forth the date, facts and nature of the act or omission with which the respondent is charged and must specifically identify the

particular provision of the Code, rule, regulation or order of which a violation is charged.

(3) No forfeiture liability under paragraph (1) of this Section may attach for any violation occurring more than 2 years prior to the date of issuance of the notice of apparent liability and in no event may the total civil penalty forfeiture imposed for the acts or omissions set forth in any one notice of apparent liability exceed $500,000.

(4) The civil penalty forfeitures provided for in this Section are payable to the General Revenue Fund of the State of Illinois, and may be recovered in a civil suit in the name of the State of Illinois brought in the Circuit Court in Sangamon County, or in the Circuit Court of the county where the respondent is domiciled or has its principal operating office.

(5) In any case where the Director issues a notice of apparent liability looking toward the imposition of a civil penalty forfeiture under this Section, that fact may not be used in any other proceeding before the Director to the prejudice of the respondent to whom the notice was issued, unless (a) the civil penalty forfeiture has been paid, or (b) a court has ordered payment of the civil penalty forfeiture and that order has become final.

(Source: P.A. 93-32, eff. 7-1-03.)

Appendix 7: Article XXXI - Insurance Producers

(215 ILCS 5/500-5)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-5. Scope of Article.

This Article applies to all persons and insurance companies as defined in this Code. This Article does not apply to surplus lines producers licensed pursuant to Section 445 except as provided in Section 500-40 and subsection (b) of Section 500-90 of this Article.

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-10)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-10. Definitions.

In addition to the definitions in Section 2 of the Code, the following definitions apply to this Article:

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

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

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

"Insurance" means any of the lines of authority in Section 500-35, any health care plan under the Health Maintenance Organization Act, or any limited health care plan under the Limited Health Service Organization Act.

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

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

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

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

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

"Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers.

"Person" means an individual or a business entity.

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

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

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

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

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

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

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

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

"Travel insurance" has the meaning provided in Section 1630.

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

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

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

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

(Source: P.A. 102-212, eff. 10-28-21.)

(215 ILCS 5/500-15)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-15. License required.

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

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

(1) engaged or employed as an attorney licensed to practice law and performing duties incidental to that position;

(2) a licensed insurance producer, limited insurance representative, or temporary insurance producer offering advice concerning a class of insurance as to which he or she is licensed to transact business;

(3) a trust officer of a bank performing duties incidental to his or her position;

(4) an actuary or a certified public accountant engaged or employed in a consulting capacity, performing duties incidental to that position; or

(5) a licensed public adjuster acting within the scope of his or her license.

(c) In addition to any other penalty set forth in this Article, an individual who knowingly violates subsection (a) is guilty of a Class A misdemeanor.

(d) In addition to any other penalty set forth in this Article, any individual violating subsection (a) or (b) and misappropriating or converting any moneys collected in conjunction with the violation is guilty of a Class 4 felony.

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-20)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-20. Exceptions to licensing.

(a) Nothing in this Article shall be construed to require an insurer to obtain an insurance producer license. In this Section, the term "insurer" does not include an insurer's officers, directors, employees, subsidiaries, or affiliates.

(b) A license as an insurance producer shall not be required of the following:

(1) an officer, director, or employee of an insurer or of an insurance producer, provided that the officer, director, or employee does not receive any commission on policies written or sold to insure risks residing, located, or to be performed in this State and:

(A) the officer's, director's, or employee's activities are executive, administrative, managerial, clerical, or a combination of these, and are only indirectly related to the sale, solicitation, or negotiation of insurance;

(B) the officer's, director's, or employee's function relates to underwriting, loss control, inspection, or the processing, adjusting, investigating, or settling of a claim on a contract of insurance; or

(C) the officer, director, or employee is acting in the capacity of a special agent or agency supervisor assisting insurance producers if the person's activities are limited to providing technical advice and assistance to licensed insurance producers and do not include the sale, solicitation, or negotiation of insurance;

(2) a person who secures and furnishes information for the purpose of group life insurance, group property and casualty insurance, group annuities, or group or blanket accident and health insurance or for the purpose of enrolling individuals

under plans, issuing certificates under plans or otherwise assisting in administering plans or who performs administrative services related to mass marketed property and casualty insurance, if no commission is paid to the person for the service;

(3) an employer or association or its officers, directors, employees, or the trustees of an employee trust plan, to the extent that the employers, officers, employees, directors, or trustees are engaged in the administration or operation of a program of employee benefits for the employer's or association's own employees or the employees of its subsidiaries or affiliates, which program involves the use of insurance issued by an insurer, as long as the employers, associations, officers, directors, employees, or trustees are not in any manner compensated, directly or indirectly, by the company issuing the contracts;

(4) employees of insurers or organizations employed by insurers who are engaging in the inspection, rating, or classification of risks or in the supervision of the training of insurance producers and who are not individually engaged in the sale, solicitation, or negotiation of insurance;

(5) a person whose activities in this State are limited to advertising without the intent to solicit insurance in this State through communications in printed publications or forms of electronic mass media whose distribution is not limited to residents of this State, provided that the person does not sell, solicit, or negotiate insurance that would insure risks residing, located, or to be performed in this State;

(6) a person who is not a resident of this State who sells, solicits, or negotiates a contract of insurance for commercial property and casualty risks to an insured with risks located in more than one state insured under that contract, provided that the person is otherwise licensed as an insurance producer to sell, solicit, or negotiate that insurance in the state where the insured maintains its principal place of business and the contract of insurance insures risks located in that state; or

(7) a salaried, full-time employee who counsels or advises his or her employer relative to the insurance interests of the employer or of the subsidiaries or business affiliates of the employer provided that the employee does not sell or solicit insurance or receive a commission.

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-25)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-25. Application for examination.

(a) A resident individual applying for an insurance producer license must pass a written examination unless exempt pursuant to Section 500-45. Both part one and part 2 of the examination must be passed within 90 days of each other. The examination shall test the knowledge of the individual concerning the lines of authority for which

application is made, the duties and responsibilities of an insurance producer, and the insurance laws and rules of this State. Examinations required by this Section must be developed and conducted under rules prescribed by the Director.

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

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

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

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-30)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-30. Application for license.

(a) An individual applying for a resident insurance producer license must make application on a form specified by the Director and declare under penalty of refusal, suspension, or revocation of the license that the statements made in the application are true, correct, and complete to the best of the individual's knowledge and belief. Before approving the application, the Director must find that the individual:

(1) is at least 18 years of age;

(2) is sufficiently rehabilitated in cases in which the applicant has committed any act that is a ground for denial, suspension, or revocation set forth in Section 500-70, other than convictions set forth in paragraph (6) of subsection (a) of Section 500-70; with respect to applicants with convictions set forth in paragraph (6) of subsection (a) of Section 500-70, the Director shall determine in accordance with Section 500-76 that the conviction will not impair the ability of the applicant to engage in the position for which a license is sought;

(3) has completed, if required by the Director, a pre-licensing course of study before the insurance exam for the lines of authority for which the individual has applied (an individual who successfully completes the Fire and Casualty pre-licensing courses also meets the requirements for Personal Lines-Property and Casualty);

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

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

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

Class of Insurance Hours

Life (Class 1(a))

Accident and Health (Class 1(b) or 2(a))

Fire (Class 3)

Casualty (Class 2)

Personal Lines-Property Casualty

Motor Vehicle (Class 2(b) or 3(e))

7.5 hours of each pre-licensing course must be completed in a classroom or webinar setting, except Motor Vehicle, which would require 5 hours in a classroom or webinar setting.

(c) A business entity acting as an insurance producer must obtain an insurance producer license. Application must be made using the Uniform Business Entity Application. Before approving the application, the Director must find that:

(1) the business entity has paid the fees set forth in Section 500-135; and

(2) the business entity has designated a licensed producer responsible for the business entity's compliance with the insurance laws and rules of this State.

(d) The Director may require any documents reasonably necessary to verify the information contained in an application.

(Source: P.A. 102-135, eff. 7-23-21.)

(215 ILCS 5/500-35)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-35. License.

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

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

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

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

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

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

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

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

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

(1) Before each license renewal, an insurance producer must satisfactorily complete at least 24 hours of course study in accordance with rules prescribed by the Director. Three of the 24 hours of course study must consist of classroom or webinar ethics instruction. The Director may not approve a course of study unless the course provides for classroom, seminar, webinar, or self-study instruction methods. A course given in a combination instruction method of classroom, seminar, webinar, or self-study shall be deemed to be a self-study course unless the classroom, seminar, or webinar certified hours meets or exceeds two-thirds of total hours certified for the course. The self-study material used in the combination course must be directly related to and complement the classroom portion of the course in order to be considered for credit. An instruction method other than classroom or seminar shall be considered as self-study methodology. Self-study credit hours require the successful completion of an examination covering the self-study material. The examination may not be self-evaluated. However, if the self-study material is completed through the use of an approved computerized interactive format whereby the computer validates the successful completion of the self-study material, no additional examination is required. The self-study credit hours contained in a certified course shall be considered classroom hours when at least two-thirds of the hours are given as classroom or seminar instruction.

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

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

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

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

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

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

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

(Source: P.A. 100-876, eff. 8-14-18.)

(215 ILCS 5/500-40)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-40. Nonresident licensing.

(a) Unless denied a license pursuant to Section 500-70, a nonresident person shall receive a nonresident producer license if:

(1) the person is currently licensed as a resident and in good standing in his or her home state;

(2) the person has submitted the proper request for a license and has paid the fees required by Section 500-135;

(3) the person has submitted or transmitted to the Director the application for a license that the person submitted to his or her home state or, instead of that application, a completed Uniform Application; and

(4) the person's home state awards nonresident producer licenses to residents of this State on the same basis.

(b) The Director may verify the producer's licensing status through the Producer Database maintained by the National Association of Insurance Commissioners or its affiliates or subsidiaries or by obtaining certification from the public official having supervision of insurance in the applicant's state of residence that the applicant has passed the written examination for the class of insurance applied for.

(c) A nonresident producer who moves from one state to another state or a resident producer who moves from this State to another state must file a change of address and provide certification from the new resident state within 30 days after the change of legal residence. No fee or license application is required.

(d) Notwithstanding any other provision of this Article, a person licensed as a surplus lines producer in his or her home state shall receive a nonresident surplus lines producer license pursuant to subsection (a) of this Section. Except as provided in subsection (a), nothing in this Section supersedes any provision of Section 445 of this Code.

(e) Notwithstanding any other provision of this Article, a person licensed as a limited lines producer in his or her home state shall receive a nonresident limited lines producer license, pursuant to subsection (a) of this Section, granting the same scope of authority as granted under the license issued by the producer's home state. For the purposes of this subsection, limited line insurance is any authority granted by the home state that restricts the authority of the license to less than the total authority prescribed in the associated major lines pursuant to items (1) through (5) of subsection (a) of Section 500-35.

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-45)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-45. Exemption from examination.

(a) An individual who applies for an insurance producer license in this State who was previously licensed for the same lines of authority in another state shall not be required to complete any pre-licensing education or examination. This exemption is only available if the person is currently licensed in that state or if the application is received within 90 days after the cancellation of the applicant's previous license and if the prior state issues a certification that, at the time of cancellation, the applicant was in good standing in that state or the state's Producer Database records, maintained by the National Association of Insurance Commissioners, its affiliates, or subsidiaries indicate that the producer is or was licensed in good standing for the line of authority requested.

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

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-50)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-50. Insurance producers; examination statistics.

(a) The use of examinations for the purpose of determining qualifications of persons to be licensed as insurance producers has a direct and far-reaching effect on persons seeking those licenses, on insurance companies, and on the public. It is in the public

interest and it will further the public welfare to insure that examinations for licensing do not have the effect of unlawfully discriminating against applicants for licensing as insurance producers on the basis of race, color, national origin, or sex.

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

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

Examinee. "Examinee" means a person who takes an examination.

Part. "Part" means a portion of an examination for which a score is calculated.

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

Test form. "Test form" means the test booklet or instrument used for a part of an examination.

Pretest item. "Pretest item" means a prospective test question that is included in a test form in order to assess its performance, but is not considered in determining an examinee's score.

Minority group or examinees. "Minority group" or "minority examinees" means examinees who are American Indian or Alaska Native, Asian, Black or African American, Hispanic or Latino, or Native Hawaiian or Other Pacific Islander.

Correct-answer rate. "Correct-answer rate" for an item means the number of examinees who provided the correct answer on an item divided by the number of examinees who answered the item.

Correlation. "Correlation" means a statistical measure of the relationship between performance on an item and performance on a part of the examination.

(c) The Director shall ask each examinee to self-report on a voluntary basis on the answer sheet, application form, or by other appropriate means, the following information:

(1) race or ethnicity (American Indian or Alaska Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, or White);

(2) education (8th grade or less; less than 12th grade; high school diploma or high school equivalency certificate; some college, but no 4-year degree; or 4-year degree or more); and

(3) gender (male or female).

The Director must advise all examinees that they are not required to provide this information, that they will not be penalized for not doing so, and that the Director will use the information provided exclusively for research and statistical purposes and to improve the quality and fairness of the examinations.

(d) No later than May 1 of each year, the Director must prepare, publicly announce, and publish an Examination Report of summary statistical information relating to each examination administered during the preceding calendar year. Each Examination Report shall show with respect to each examination:

(1) For all examinees combined and separately by race or ethnicity, by educational level, by gender, by educational level within race or ethnicity, by education level within gender, and by race or ethnicity within gender:

(A) number of examinees;

(B) percentage and number of examinees who passed each part;

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

(D) mean scaled scores on each part; and

(E) standard deviation of scaled scores on each part.

(2) For male examinees, female examinees, Black or African American examinees, white examinees, American Indian or Alaska Native examinees, Asian examinees, Hispanic or Latino examinees, and Native Hawaiian or Other Pacific Islander, respectively, with a high school diploma or high school equivalency certificate, the distribution of scaled scores on each part.

No later than May 1 of each year, the Director must prepare and make available on request an Item Report of summary statistical information relating to each operational item on each test form administered during the preceding calendar year. The Item Report shall show, for each operational item, for all examinees combined and separately for Black or African American examinees, white examinees, American Indian or Alaska Native examinees, Asian examinees, Hispanic or Latino examinees, and Native Hawaiian or Other Pacific Islander, the correct-answer rates and correlations.

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

(e) The Director must obtain a regular analysis of the data collected under this Section, and any other relevant information, for purposes of the development of new test forms. The analysis shall continue the implementation of the item selection methodology as recommended in the Final Report of the Illinois Insurance Producer's Licensing Examination Advisory Committee dated November 19, 1991, and filed with the Department unless some other methodology is determined by the Director to be as effective in minimizing differences between white and minority examinee pass-fail rates.

(f) The Director has the discretion to set cutoff scores for the examinations, provided that scaled scores on test forms administered after July 1, 1993, shall be made comparable to scaled scores on test forms administered in 1991 by use of professionally acceptable methods so as to minimize changes in passing rates related to the presence or absence of or changes in equating or scaling equations or methods or content outlines. Each calendar year, the scaled cutoff score for each part of each

examination shall fluctuate by no more than the standard error of measurement from the scaled cutoff score employed during the preceding year.

(g) No later than May 1, 2003 and no later than May 1 of every fourth year thereafter, the Director must release to the public and make generally available one representative test form and set of answer keys for each part of each examination.

(h) The Director must maintain, for a period of 3 years after they are prepared or used, all registration forms, test forms, answer sheets, operational items and pretest items, item analyses, and other statistical analyses relating to the examinations. All personal identifying information regarding examinees and the content of test items must be maintained confidentially as necessary for purposes of protecting the personal privacy of examinees and the maintenance of test security.

(i) In administering the examinations, the Director must make such accommodations for examinees with disabilities as are reasonably warranted by the particular disability involved, including the provision of additional time if necessary to complete an examination or special assistance in taking an examination.

(j) For the purposes of this Section:

(1) "American Indian or Alaska Native" means a person having origins in any of the original peoples of North and South America, including Central America, and who maintains tribal affiliation or community attachment.

(2) "Asian" means a person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent, including, but not limited to, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.

(3) "Black or African American" means a person having origins in any of the black racial groups of Africa.

(4) "Hispanic or Latino" means a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

(5) "Native Hawaiian or Other Pacific Islander" means a person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

(6) "White" means a person having origins in any of the original peoples of Europe, the Middle East, or North Africa.

(Source: P.A. 102-465, eff. 1-1-22.)

(215 ILCS 5/500-55)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-55. Assumed names.

An insurance producer doing business under any name other than the producer's legal name must notify the Director before using the assumed name.

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-60)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-60. Temporary licensing.

(a) The Director may issue a temporary insurance producer license for a period not to exceed 180 days and, at the discretion of the Director, may renew the temporary producer license for an additional 180 days without requiring an examination if the Director deems that the temporary license is necessary for the servicing of an insurance business in the following cases:

(1) to the surviving spouse or court-appointed personal representative of a licensed insurance producer who dies or becomes a person with a mental or physical disability to allow adequate time for the sale of the insurance business owned by the producer or for the recovery or return of the producer to the business or to provide for the training and licensing of new personnel to operate the producer's business;

(2) to a member or employee of a business entity licensed as an insurance producer, upon the death or disability of an individual designated in the business entity application or the license; or

(3) to the designee of a licensed insurance producer entering active service in the armed forces of the United States of America.

(b) The Director may by order limit the authority of any temporary licensee in any way deemed necessary to protect insureds and the public. The Director may require the temporary licensee to have a suitable sponsor who is a licensed producer or insurer and who assumes responsibility for all acts of the temporary licensee and may impose other similar requirements designed to protect insureds and the public. The Director may by order revoke a temporary license if the interest of insureds or the public are endangered. A temporary license may not continue after the owner or the personal representative disposes of the business.

(c) Before any temporary insurance producer license is issued, there must be filed with the Director a written application by the person desiring the license in the form, with the supplements, and containing the information that the Director requires. License fees, as provided for in Section 500-135, must be paid upon the issuance of the original temporary insurance producer license, but not for any renewal thereof.

(Source: P.A. 99-143, eff. 7-27-15.)

(215 ILCS 5/500-65)

(Section scheduled to be repealed on January 1, 2027)

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

(a) The Director may grant a temporary insurance producer license to an applicant for an insurance producer license, without requiring an examination, for a period of 90 days, when the applicant otherwise meets the requirements of this Article. During that 90-day period, the applicant must be enrolled in a training course or training program conducted by or on behalf of the appointing insurance company and be in the process of fulfilling the pre-licensing requirements of Sections 500-25 and 500-30.

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

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

(d) Before the Director approves any temporary insurance producer license, the insurance company requesting the license must file with the Director an application and the fee required by Section 500-135. The application must be made on the form and in the manner the Director requires.

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-70)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-70. License denial, nonrenewal, or revocation.

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

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

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

(3) obtaining or attempting to obtain a license through misrepresentation or fraud;

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

(5) intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance;

(6) having been convicted of a felony, unless the individual demonstrates to the Director sufficient rehabilitation to warrant the public trust; consideration of such conviction of an applicant shall be in accordance with Section 500-76;

(7) having admitted or been found to have committed any insurance unfair trade practice or fraud;

(8) using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this State or elsewhere;

(9) having an insurance producer license, or its equivalent, denied, suspended, or revoked in any other state, province, district or territory;

(10) forging a name to an application for insurance or to a document related to an insurance transaction;

(11) improperly using notes or any other reference material to complete an examination for an insurance license;

(12) knowingly accepting insurance business from an individual who is not licensed;

(13) failing to comply with an administrative or court order imposing a child support obligation;

(14) failing to pay state income tax or penalty or interest or comply with any administrative or court order directing payment of state income tax or failed to file a return or to pay any final assessment of any tax due to the Department of Revenue;

(15) (blank); or

(16) failing to comply with any provision of the Viatical Settlements Act of 2009.

(b) If the action by the Director is to nonrenew, suspend, or revoke a license or to deny an application for a license, the Director shall notify the applicant or licensee and advise, in writing, the applicant or licensee of the reason for the suspension, revocation, denial or nonrenewal of the applicant's or licensee's license. The applicant or licensee may make written demand upon the Director within 30 days after the date of mailing for a hearing before the Director to determine the reasonableness of the Director's action. The hearing must be held within not fewer than 20 days nor more than 30 days after the mailing of the notice of hearing and shall be held pursuant to 50 Ill. Adm. Code 2402.

(c) The license of a business entity may be suspended, revoked, or refused if the Director finds, after hearing, that an individual licensee's violation was known or should have been known by one or more of the partners, officers, or managers acting on behalf of the partnership, corporation, limited liability company, or limited liability partnership and the violation was neither reported to the Director nor corrective action taken.

(d) In addition to or instead of any applicable denial, suspension, or revocation of a license, a person may, after hearing, be subject to a civil penalty of up to $10,000 for each cause for denial, suspension, or revocation, however, the civil penalty may total no more than $100,000.

(e) The Director has the authority to enforce the provisions of and impose any penalty or remedy authorized by this Article against any person who is under investigation for or charged with a violation of this Code or rules even if the person's license or registration has been surrendered or has lapsed by operation of law.

(f) Upon the suspension, denial, or revocation of a license, the licensee or other person having possession or custody of the license shall promptly deliver it to the Director in person or by mail. The Director shall publish all suspensions, denials, or revocations after the suspensions, denials, or revocations become final in a manner designed to notify interested insurance companies and other persons.

(g) A person whose license is revoked or whose application is denied pursuant to this Section is ineligible to apply for any license for 3 years after the revocation or denial. A person whose license as an insurance producer has been revoked, suspended, or denied may not be employed, contracted, or engaged in any insurance related capacity during the time the revocation, suspension, or denial is in effect.

(Source: P.A. 100-286, eff. 1-1-18; 100-872, eff. 8-14-18.)

(215 ILCS 5/500-75)

Sec. 500-75. (Repealed).

(Source: P.A. 92-386, eff. 1-1-02. Repealed by P.A. 96-1332, eff. 1-1-11.)

(215 ILCS 5/500-76)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-76. Applicant convictions.

(a) The Director and the Department shall not require applicants to report the following information and shall not collect and consider the following criminal history records in connection with an insurance producer license application:

(1) Juvenile adjudications of delinquent minors as defined in Section 5-105 of the Juvenile Court Act of 1987, subject to the restrictions set forth in Section 5-130 of that Act.

(2) Law enforcement records, court records, and conviction records of an individual who was 17 years old at the time of the offense and before January 1, 2014, unless the nature of the offense required the individual to be tried as an adult.

(3) Records of arrest not followed by a charge or conviction.

(4) Records of arrest where charges were dismissed unless related to the duties and responsibilities of an insurance producer. However, applicants shall not be asked to report any arrests, and any arrest not followed by a conviction shall not be the basis of a denial and may be used only to assess an applicant's rehabilitation.

(5) Convictions overturned by a higher court.

(6) Convictions or arrests that have been sealed or expunged.

(b) The Director, upon a finding that an applicant for a license under this Act was previously convicted of a felony, shall consider any mitigating factors and evidence of rehabilitation contained in the applicant's record, including any of the following factors and evidence, to determine if a license may be denied because the prior conviction will impair the ability of the applicant to engage in the position for which a license is sought:

(1) the bearing, if any, of the offense for which the applicant was previously convicted on the duties and functions of the position for which a license is sought;

(2) whether the conviction suggests a future propensity to endanger the safety and property of others while performing the duties and responsibilities for which a license is sought;

(3) whether 5 years since a felony conviction or 3 years since release from confinement for the conviction, whichever is later, have passed without a subsequent conviction;

(4) if the applicant was previously licensed or employed in this State or other states or jurisdictions, then the lack of prior misconduct arising from or related to the licensed position or position of employment;

(5) the age of the person at the time of the criminal offense;

(6) successful completion of sentence and, for applicants serving a term of parole or probation, a progress report provided by the applicant's probation or parole officer that documents the applicant's compliance with conditions of supervision;

(7) evidence of the applicant's present fitness and professional character;

(8) evidence of rehabilitation or rehabilitative effort during or after incarceration or during or after a term of supervision, including, but not limited to, a certificate of good conduct under Section 5-5.5-25 of the Unified Code of Corrections or certificate of relief from disabilities under Section 5-5.5-10 of the Unified Code of Corrections; and

(9) any other mitigating factors that contribute to the person's potential and current ability to perform the duties and responsibilities of an insurance producer.

(c) If a nonresident licensee meets the standards set forth in items (1) through (4) of subsection (a) of Section 500-40 and has received consent pursuant to 18 U.S.C. 1033(e)(2) from his or her home state, the Director shall grant the nonresident licensee a license.

(d) If the Director refuses to issue a license to an applicant based upon a conviction or convictions in whole or in part, then the Director shall notify the applicant of the denial in writing with the following included in the notice of denial:

(1) a statement about the decision to refuse to issue a license;

(2) a list of convictions that the Director determined will impair the applicant's ability to engage in the position for which a license is sought;

(3) a list of the convictions that were the sole or partial basis for the refusal to issue a license; and

(4) a summary of the appeal process or the earliest the applicant may reapply for a license, whichever is applicable.

(Source: P.A. 100-286, eff. 1-1-18.)

(215 ILCS 5/500-77)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-77. Policyholder information and exclusive ownership of expirations.

(a) As used in this Section, "expirations" means all information relative to an insurance policy including, but not limited to, the name and address of the insured, the location and description of the property insured, the value of the insurance policy, the inception date, the renewal date, and the expiration date of the insurance policy, the premiums, the limits and a description of the terms and coverage of the insurance policy, and any other personal and privileged information, as defined by Section 1003 of this Code, compiled by a business entity or furnished by the insured to the insurer or any agent, contractor, or representative of the insurer.

For purposes of this Section only, a business entity also includes a sole proprietorship that transacts the business of insurance as an insurance agency.

(b) All "expirations" as defined in subsection (a) of this Section shall be mutually and exclusively owned by the insured and the business entity. The limitations on the use of expirations as provided in subsections (c) and (d) of this Section shall be for mutual benefit of the insured and the business entity.

(c) Except as otherwise provided in this Section, for purposes of soliciting, selling, or negotiating the renewal or sale of insurance coverage, insurance products, or insurance services or for any other marketing purpose, a business entity shall own and have the exclusive use of expirations, records, and other written or electronically stored information directly related to an insurance application submitted by, or an insurance policy written through, the business entity. No insurance company, managing general agent, surplus lines insurance broker, wholesale broker, group self-insurance fund, third-party administrator, or any other entity, other than a financial institution as defined in Section 1402 of this Code, shall use such expirations, records, or other written or electronically stored information to solicit, sell, or negotiate the renewal or sale of insurance coverage, insurance products, or insurance services to the insured or for any other marketing purposes, either directly or by providing such information to others, without, separate from the general agency contract, the written consent of the business entity. However, such expirations, records, or other written or electronically stored information may be used for any purpose necessary for placing such business through the insurance producer including reviewing an application and issuing or renewing a policy and for loss control services.

(d) With respect to a business entity, this Section shall not apply:

(1) when the insured requests either orally or in writing that another business entity obtain quotes for insurance from another insurance company or when the insured requests in writing individually or through another business entity, that the insurance company renew the policy;

(2) to policies in the Illinois Fair Plan, the Illinois Automobile Insurance Plan, or the Illinois Assigned Risk Plan for coverage under the Workers' Compensation Act and the Workers' Occupational Diseases Act;

(3) when the insurance producer is employed by or has agreed to act exclusively or primarily for one company or group of affiliated insurance companies or to a producer who submits to the company or group of affiliated companies that are organized to transact business in this State as a reciprocal company, as defined in Article IV of this Code, every request or application for insurance for the classes and lines underwritten by the company or group of affiliated companies;

(4) to policies providing life and accident and health insurance;

(5) when the business entity is in default for nonpayment of premiums under the contract with the insurer or is guilty of conversion of the insured's or insurer's premiums or its license is revoked by or surrendered to the Department;

(6) to any insurance company's obligations under Sections 143.17 and 143.17a of this Code; or

(7) to any insurer that, separate from a producer or business entity, creates, develops, compiles, and assembles its own, identifiable expirations as defined in subsection (a).

For purposes of this Section, an insurance producer shall be deemed to have agreed to act primarily for one company or a group of affiliated insurance companies if the producer (i) receives 75% or more of his or her insurance related commissions from one company or a group of affiliated companies or (ii) places 75% or more of his or her policies with one company or a group of affiliated companies.

Nothing in this Section prohibits an insurance company, with respect to any items herein, from conveying to the insured or the business entity any additional benefits or ownership rights including, but not limited to, the ownership of expirations on any policy issued or the imposition of further restrictions on the insurance company's use of the insured's personal information.

(e) Nothing in this Section prevents a financial institution, as defined in Section 1402 of this Code, from obtaining from the insured, the insurer, or the business entity the expiration dates of an insurance policy placed on collateral or otherwise used as security in connection with a loan made or serviced by the financial institution when the financial institution requires the expiration dates for evidence of insurance.

(f) For purposes of this Section, "financial institution" does not include an insurance company, business entity, managing general agent, surplus lines broker, wholesale broker, group self-funded insurance fund, or third-party administrator.

(g) The Director may adopt rules in accordance with Section 401 of this Code for the enforcement of this Section.

(h) This Section applies to the expirations relative to all policies of insurance bound, applied for, sold, renewed, or otherwise taking effect on or after June 1, 2001.

(Source: P.A. 94-248, eff. 7-19-05.)

(215 ILCS 5/500-80)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-80. Commissions.

(a) An insurer or insurance producer may not pay a commission, service fee, brokerage, or other valuable consideration to a person for selling, soliciting, or negotiating insurance in this State if that person is required to be licensed under this Article and is not so licensed at the time of selling, soliciting, or negotiating the insurance.

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

(c) Renewal or other deferred commissions may be paid to a person for selling, soliciting, or negotiating insurance in this State if the person was required to be licensed under this Article at the time of the sale, solicitation, or negotiation and was so licensed at that time.

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

(e) When an insurance producer or business entity charges any fee or compensation separate from commissions deductible from, or directly attributable to, premiums on insurance policies or contracts, it must comply with all of the following:

(1) It must provide written disclosure to the consumer or contracting party that clearly specifies the amount or extent of the compensation or fee prior to the delivery of the corresponding policy. A copy of the written disclosure must be maintained by the producer or business entity that collects the compensation or fee for a period of 7 years.

(2) If the combined compensation or fee exceeds 10% of a directly attributable premium amount of a corresponding contract or policy, the disclosure must also include the signature of the consumer or contracting party acknowledging the compensation or fee.

(3) If an insurance policy or contract is cancelled for any reason within 90 days following the inception date, the producer or business entity shall refund to the consumer a prorated portion of the fee or compensation within 30 days after the

producer or business entity receives proper documentation that the corresponding insurance policy or contract has been cancelled. At no time shall a producer or business entity charge the consumer a fee or compensation for cancellation of any insurance policy or contract.

(4) If the policy file contains documentation that the producer performed a service corresponding to the applicable coverage or policy and the written disclosure stated that the fees were fully earned, then those fees shall be fully earned at inception of the disclosure's execution.

(Source: P.A. 92-386, eff. 1-1-02; 92-587, eff. 6-26-02.)

(215 ILCS 5/500-85)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-85. Notification of termination; immunity; confidentiality.

(a) An insurer or authorized representative of an insurer that terminates the appointment, employment, contract, or other insurance business relationship with a producer must notify the Director within 30 days following the effective date of the termination, using a format prescribed by the Director, if the reason for termination is one of the reasons set forth in Section 500-70 or the insurer has knowledge the producer was found by a court, government body, or self-regulatory organization authorized by law to have engaged in any of the activities in Section 500-70. Upon written request by the Director, the insurer must provide additional information, documents, records, or other data pertaining to the termination or activity of the producer.

(b) The insurer or the authorized representative of the insurer must promptly notify the Director in a format acceptable to the Director if, upon further review or investigation, the insurer discovers additional information that would have been reportable to the Director in accordance with subsection (a) had the insurer then known of its existence.

(c) Within 15 days after making the notification required by subsections (a) and (b), the insurer must mail a copy of the notification to the producer at his or her last known address. If the producer is terminated for cause for any of the reasons listed in Section 500-70, the insurer must provide a copy of the notification to the producer at his or her last known address by certified mail, return receipt requested, postage prepaid or by overnight delivery using a nationally recognized carrier.

Within 30 days after the producer has received the original or additional notification, the producer may file written comments concerning the substance of the notification with the Director. The producer must, by the same means, simultaneously send a copy of the comments to the reporting insurer, and the comments shall become a part of the Director's file and accompany every copy of a report distributed or disclosed for any reason about the producer as permitted under this Code.

(d) There shall be no liability on the part of, nor shall a cause of action of any nature arise against, an insurer, the authorized representative of the insurer, a producer, the

Director, or an organization of which the Director is a member for any information, documents, records, or statements provided pursuant to this Section.

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

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-90)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-90. Reciprocity.

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

(b) A nonresident producer's satisfaction of his or her home state's continuing education requirements for licensed insurance producers shall constitute satisfaction of this State's continuing education requirements if the non-resident producer's home state recognizes the satisfaction of its continuing education requirements imposed upon producers from this State on the same basis.

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-95)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-95. Reporting of actions.

An individual who, while licensed as an insurance producer, is convicted of a felony, must report the conviction to the Director within 30 days after the entry date of the judgment. Within that 30-day period, the individual must also provide the Director with a copy of the judgment, the probation or commitment order, and any other relevant documents.

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-100)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-100. Limited lines producer license.

(a) An individual who is at least 18 years of age and whom the Director considers to be competent, trustworthy, and of good business reputation may obtain a limited lines producer license for one or more of the following classes:

(1) travel insurance, as defined in Section 500-10 of this Article;

(2) industrial life insurance, as defined in Section 228 of this Code;

(3) industrial accident and health insurance, as defined in Section 368 of this Code;

(4) insurance issued by a company organized under the Farm Mutual Insurance Company Act of 1986;

(5) legal expense insurance;

(6) enrollment of recipients of public aid or medicare in a health maintenance organization;

(7) a limited health care plan issued by an organization having a certificate of authority under the Limited Health Service Organization Act;

(8) credit life and credit accident and health insurance and other credit insurance policies approved or permitted by the Director; a credit insurance company must conduct a training program in which an applicant shall receive basic instruction about the credit insurance products that he or she will be selling.

(b) The application for a limited lines producer license must be submitted on a form prescribed by the Director by a designee of the insurance company, health maintenance organization, or limited health service organization appointing the limited insurance representative. The insurance company, health maintenance organization, or limited health service organization must pay the fee required by Section 500-135.

(c) A limited lines producer may represent more than one insurance company, health maintenance organization, or limited health service organization.

(d) An applicant who has met the requirements of this Section shall be issued a perpetual limited lines producer license.

(e) A limited lines producer license shall remain in effect as long as the appointing insurance company pays the respective fee required by Section 500-135 prior to January 1 of each year, unless the license is revoked or suspended pursuant to Section 500-70. Failure of the insurance company to pay the license fee or to submit the required documents shall cause immediate termination of the limited line insurance producer license with respect to which the failure occurs.

(f) A limited lines producer license may be terminated by the insurance company or the licensee.

(g) A person whom the Director considers to be competent, trustworthy, and of good business reputation may be issued a car rental limited line license. A car rental limited line license for a rental company shall remain in effect as long as the car rental limited line licensee pays the respective fee required by Section 500-135 prior to the next fee date unless the car rental license is revoked or suspended pursuant to Section 500-70. Failure of the car rental limited line licensee to pay the license fee or to submit the required documents shall cause immediate suspension of the car rental limited line license. A car rental limited line license for rental companies may be voluntarily terminated by the car rental limited line licensee. The license fee shall not be refunded

upon termination of the car rental limited line license by the car rental limited line licensee.

(g-5) A business entity may be issued a limited lines producer license for credit life and credit accident and health insurance and other credit insurance policies approved or permitted by the Director, provided that:

(1) application for the limited lines producer license for credit insurance is made on a form specified by the Director;

(2) the appointing insurance company has paid the application fee amount required by the Director for the business entity's application; and

(3) the business entity has designated an individual with an in force limited license producer license issued under paragraph (8) of subsection (a) of this Section to be responsible for the business entity's compliance with the insurance laws and regulations of this State related to credit life and credit accident and health insurance and other credit insurance policies approved or permitted by the Director that are offered or sold by that business entity.

Except as specifically authorized by paragraph (8) of subsection (a) of this Section or this subsection (g-5), a business entity holding a limited lines license under this subsection (g-5) may not advertise, represent, or otherwise hold itself or any of its employees out as licensed insurers, insurance producers, insurance agents, or insurance brokers.

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

(i) A limited lines producer license must contain the name, address and personal identification number of the licensee, the date the license was issued, general conditions relative to the license's expiration or termination, and any other information the Director considers proper. A limited line producer license, if applicable, must also contain the name and address of the appointing insurance company.

(Source: P.A. 98-159, eff. 8-2-13; 98-756, eff. 7-16-14; 98-1165, eff. 6-1-15; 99-161, eff. 1-1-16.)

(215 ILCS 5/500-105)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-105. Car rental limited line license for rental companies.

(a) A rental company must obtain a producer license or obtain a car rental limited line license before offering or selling insurance in connection with and incidental to the rental of vehicles. The sale of the insurance may occur at the rental office or by preselection of coverage in a master, corporate, group rental, or individual agreement. The following general categories of coverage may be offered or sold:

(1) personal accident insurance covering the risks of travel including, but not limited to, accident and health insurance that provides coverage, as applicable, to renters and other rental vehicle occupants for accidental death or dismemberment and

reimbursement for medical expenses resulting from an accident that occurs during the rental period;

(2) liability insurance, including uninsured and underinsured motorist coverage, that provides coverage, as applicable, to renters and other authorized drivers of rental vehicles for liability arising from the operation of the rental vehicle;

(3) personal effects insurance that provides coverage, as applicable, to renters and other vehicle occupants for the loss of, or damage to, personal effects that occurs during the rental period;

(4) roadside assistance and emergency sickness protection programs; and

(5) any other travel or auto-related coverage that a rental company offers in connection with and incidental to the rental of vehicles.

(b) Insurance may not be offered by a car rental limited line producer pursuant to this Section unless:

(1) the rental company has applied for and obtained a car rental limited line license;

(2) the rental period of the rental agreement does not exceed 30 consecutive days;

(3) at every rental location where rental agreements are executed, brochures or other written materials are readily available to the prospective renter that:

(A) summarize clearly and correctly, the material terms of coverage offered to renters, including the identity of the insurer;

(B) disclose that the coverage offered by the rental company may provide a duplication of coverage already provided by a renter's personal automobile insurance policy, homeowner's insurance policy, personal liability insurance policy, or other source of coverage;

(C) state that the purchase by the renter of the kinds of coverage specified in this Section is not required in order to rent a vehicle; and

(D) describe the process for filing a claim in the event the renter elects to purchase coverage and in the event of a claim; and

(4) evidence of coverage in the rental agreement is disclosed to every renter who elects to purchase such coverage.

(c) Car rental company franchisees must apply for a car rental limited line license independent of the franchisor if insurance provided pursuant to this Section is offered by the franchisee.

(d) A car rental limited line license issued under this Section shall also authorize any employee of the car rental limited line licensee to act individually on behalf and under the supervision of the car rental limited line licensee with respect to the kinds of coverage specified in this Section.

(e) A rental company licensed pursuant to this Section must conduct a training program in which employees being trained shall receive basic instruction about the

kinds of coverage specified in this Section and offered for purchase by prospective renters of rental vehicles.

(f) Notwithstanding any other provision of this Section or any rule adopted by the Director, a car rental limited line producer pursuant to this Section is not required to treat moneys collected from renters purchasing insurance when renting vehicles as funds received in a fiduciary capacity, provided that the charges for coverage shall be itemized and be ancillary to a rental transaction.

(g) The sale of insurance not in conjunction with a rental transaction shall not be permitted.

(h) A car rental limited line producer under this Section may not advertise, represent, or otherwise hold itself or any of its employees out as licensed insurers, insurance producers, insurance agents, or insurance brokers.

(i) Direct commissions may not be paid to rental car company employees by the insurer or the customer purchasing insurance products. The rental car company may include insurance products in an overall employee performance compensation incentive program.

(j) An application for a car rental limited line license must be made on a form specified by the Director.

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-107)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-107. Self-service storage facility limited line license for self-storage facilities.

(a) Except as permitted by subsection (j) of this Section, a self-service storage facility must obtain a producer license or obtain a self-service storage facility limited line license before offering or selling insurance in connection with and incidental to the rental of storage space provided by a self-service storage facility. The sale of insurance may occur at the rental office or by preselection of coverage in a master, corporate, group rental, or individual agreement. The following general categories of coverage may be offered or sold:

(1) insurance that provides hazard insurance coverage to renters for the loss of, or damage to, tangible personal property in storage or in transit during the rental period; or

(2) any other coverage the Director may approve as meaningful and appropriate in connection with the rental of storage space.

(b) Insurance may not be offered by a self-service storage limited line producer pursuant to this Section unless:

(1) the self-service storage facility has applied for and obtained a self-service storage facility limited line license;

(2) at every rental location where rental agreements are executed, brochures or other written materials are readily available to the prospective renter that:

(A) summarize clearly and correctly the material terms of coverage offered to renters, including the identity of the insurer;

(B) disclose that the coverage offered by the self-service storage facility may provide a duplication of coverage already provided by the renter's personal homeowner's insurance policy, automobile insurance policy, personal liability insurance policy, or other source of coverage;

(C) state that the purchase by the renter of the kinds of coverage specified in this Section is not required in order to rent storage space; and

(D) describe the process for filing a claim in the event the consumer elects to purchase coverage and in the event of a claim; and

(3) evidence of coverage is provided to each renter who elects to purchase the coverage.

(c) A self-service storage facility limited line license issued under this Section shall also authorize any employee of the self-service storage facility limited line licensee to act individually on behalf and under the supervision of the self-service storage facility limited line licensee with respect to the kinds of coverage specified in this Section.

(d) A self-service storage facility licensed pursuant to this Section must conduct a training program in which employees being trained shall receive basic instruction about the kinds of coverage specified in this Section and offered for purchase by prospective renters of storage space.

(e) Notwithstanding any other provision of this Section or any rule adopted by the Director, a self-service storage facility limited line producer pursuant to this Section is not required to treat moneys collected from renters purchasing insurance when renting storage space as funds received in a fiduciary capacity, provided that the charges for coverage shall be itemized and ancillary to a rental transaction.

(f) The sale of insurance not in conjunction with a rental transaction shall not be permitted.

(g) A self-service storage facility limited line producer under this Section may not advertise, represent, or otherwise hold itself or any of its employees out as licensed insurers, insurance producers, insurance agents, or insurance brokers.

(h) Direct commissions may not be paid to self-service storage facility employees by the insurer or the customer purchasing insurance products. The self-service storage facility may include insurance products in an overall employee performance compensation incentive program.

(i) An application for a self-service storage facility limited line license must be made on a form specified by the Director.

(j) Nothing contained in this Section shall prohibit an unlicensed person from enrolling, issuing, or otherwise distributing certificates of insurance under a group master policy lawfully issued in this or another state when:

(1) the enrollment or distribution is by an employee of the group master policyholder;

(2) no commission is paid for such enrollment or distribution;

(3) the distribution is incidental and ancillary to the primary rental business of the group master policyholder; and

(4) the group master policy is sold to the group master policyholder by a licensed producer.

(k) Nothing in this Section applies to or affects common carriers regulated by the Illinois Commerce Commission.

(Source: P.A. 93-288, eff. 1-1-04.)

(215 ILCS 5/500-108)

Sec. 500-108. (Repealed).

(Source: P.A. 98-1165, eff. 6-1-15. Repealed by P.A. 102-212, eff. 10-28-21.)

(215 ILCS 5/500-110)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-110. Regulatory examinations.

(a) The Director may examine any applicant for or holder of an insurance producer license, limited line producer license or temporary insurance producer license or any business entity.

(b) All persons being examined, as well as their officers, directors, insurance producers, limited lines producers, and temporary insurance producers must provide to the Director convenient and free access, at all reasonable hours at their offices, to all books, records, documents, and other papers relating to the persons' insurance business affairs. The officers, directors, insurance producers, limited lines producers, temporary insurance producers, and employees must facilitate and aid the Director in the examinations as much as it is in their power to do so.

(c) The Director may designate an examiner or examiners to conduct any examination under this Section. The Director or his or her designee may administer oaths and examine under oath any individual relative to the business of the person being examined.

(d) The examiners designated by the Director under this Section may make reports to the Director. A report alleging substantive violations of this Article or any rules prescribed by the Director must be in writing and be based upon facts ascertained from the books, records, documents, papers, and other evidence obtained by the examiners

or from sworn or affirmed testimony of or written affidavits from the person's officers, directors, insurance producers, limited lines producer, temporary insurance producers, or employees or other individuals, as given to the examiners. The report of an examination must be verified by the examiners.

(e) If a report is made, the Director must either deliver a duplicate of the report to the person being examined or send the duplicate by certified or registered mail to the person's address of record. The Director shall afford the person an opportunity to demand a hearing with reference to the facts and other evidence contained in the report. The person may request a hearing within 14 calendar days after he or she receives the duplicate of the examination report by giving the Director written notice of that request, together with a written statement of the person's objections to the report. The Director must, if requested to do so, conduct a hearing in accordance with Sections 402 and 403 of this Code. The Director must issue a written order based upon the examination report and upon the hearing, if a hearing is held, within 90 days after the report is filed, or within 90 days after the hearing if a hearing is held. If the report is refused or otherwise undeliverable, or a hearing is not requested in a timely fashion, the right to a hearing is waived. After the hearing or the expiration of the time period in which a person may request a hearing, if the examination reveals that the person is operating in violation of any law, rule, or prior order, the Director in the written order may require the person to take any action the Director considers necessary or appropriate in accordance with the report or examination hearing. The order is subject to review under the Administrative Review Law.

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

(g) A person who violates or aids and abets any violation of a written order issued under this Section shall be guilty of a business offense and his or her license may be revoked or suspended pursuant to Section 500-70 of this Article and he or she may be subjected to a civil penalty of not more than $20,000.

(Source: P.A. 92-386, eff. 1-1-02; 93-32, eff. 7-1-03.)

(215 ILCS 5/500-115)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-115. Financial responsibilities.

(a) Any money that an insurance producer, limited line producer, temporary insurance producer, business entity, or surplus line producer receives for soliciting, negotiating, effecting, procuring, renewing, continuing, or binding policies of insurance shall be held in a fiduciary capacity and shall not be misappropriated, converted, or improperly withheld. An insurance company that delivers to any insurance producer in this State a policy or contract for insurance pursuant to the application or request of an insurance producer, authorizes the producer to collect or receive on its behalf payment of any premium that is due on the policy or contract for insurance at the time of its issuance or delivery and any premium that becomes due on the policy or contract not more than 90 days thereafter.

(b) An insurer that issues a policy of insurance shall be deemed to have received payment of the premium if the insured paid any insurance producer requesting the coverage. The insurer shall be responsible to the insured for any return premium.

(c) In the case of open accounts receivable with the balance payable to an insurance producer within a specified period of 90 days or less, where the balance is not fully paid within that period, a late charge not exceeding 1.5% per month may be added by the insurance producer to the unpaid balance to induce payment of the premium.

(d) If an insurance producer or surplus line producer knowingly misappropriates or converts to his or her own use or illegally withholds fiduciary moneys in the amount of $150 or less, he or she is guilty of a Class A misdemeanor for a first offense and a Class 4 felony for subsequent conversions, misappropriations, and withholdings of that nature. If an insurance producer or surplus line producer knowingly misappropriates or converts to his or her own use or illegally withholds premiums in excess of $150, he or she is guilty of a Class 3 felony.

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-120)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-120. Conflicts of interest; inactive status.

(a) A person, partnership, association, or corporation licensed by the Department who, due to employment with any unit of government that would cause a conflict of interest with the holding of that license, notifies the Director in writing on forms prescribed by the Department and, subject to rules of the Department, makes payment of applicable licensing renewal fees, may elect to place the license on an inactive status.

(b) A licensee whose license is on inactive status may have the license restored by making application to the Department on such form as may be prescribed by the Department. The application must be accompanied with a fee of $100 plus the current applicable license fee.

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

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

(Source: P.A. 92-386, eff. 1-1-02; 93-32, eff. 7-1-03.)

(215 ILCS 5/500-125)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-125. Controlled business.

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

(1) that during either of the 2 calendar years immediately preceding the extension date of the license the aggregate amount of premiums on insurance represented by controlled business exceeded the aggregate amount of premiums on all other insurance business of the licensee; or

(2) that during the 12-month period immediately following the issuance or extension of the license, if so issued or extended, the aggregate amount of premiums on controlled business would exceed the aggregate amount of premiums on all other insurance business of the applicant or licensee.

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

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

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

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-130)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-130. Bond required of insurance producers.

(a) An insurance producer who places insurance either directly or indirectly with an insurer with which the insurance producer does not have an agency contract must maintain in force while licensed a bond in favor of the people of the State of Illinois executed by an authorized surety company and payable to any party injured under the terms of the bond. The bond shall be continuous in form and in the amount of $2,500 or 5% of the premiums brokered in the previous calendar year, whichever is greater, but not to exceed $50,000 total aggregate liability. The bond shall be conditioned upon full accounting and due payment to the person or company entitled thereto, of funds coming into the insurance producer's possession as an incident to insurance transactions under the license or surplus line insurance transactions under the license as a surplus line producer.

(b) Authorized insurance producers of a business entity may meet the requirements of this Section with a bond in the name of the business entity, continuous in form, and in the amounts set forth in subsection (a) of this Section. Insurance producers may meet the requirements of this Section with a bond in the name of an association. An individual producer remains responsible for assuring that a producer bond is in effect and is for the correct amount. The association must have been in existence for 5 years, have common membership, and been formed for a purpose other than obtaining a bond.

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

affect any liability incurred or accrued under the bond before the termination of the 30-day period.

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

(e) If a party injured under the terms of the bond requests the producer to provide the name of the surety and the bond number, the producer must provide the information within 3 working days after receiving the request.

(f) An association may meet the requirements of this Section for all of its members with a bond in the name of the association that is continuous in form and in the amounts set forth in subsection (a) of this Section.

(Source: P.A. 102-135, eff. 7-23-21.)

(215 ILCS 5/500-135)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-135. Fees.

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

(1) a fee of $215 for a person who is a resident of Illinois, and $380 for a person who is not a resident of Illinois, payable once every 2 years for an insurance producer license;

(2) a fee of $50 for the issuance of a temporary insurance producer license;

(3) a fee of $150 payable once every 2 years for a business entity;

(4) an annual $50 fee for a limited line producer license issued under items (1) through (8) of subsection (a) of Section 500-100;

(5) a $50 application fee for the processing of a request to take the written examination for an insurance producer license;

(6) an annual registration fee of $1,000 for registration of an education provider;

(7) a certification fee of $50 for each certified pre-licensing or continuing education course and an annual fee of $20 for renewing the certification of each such course;

(8) a fee of $215 for a person who is a resident of Illinois, and $380 for a person who is not a resident of Illinois, payable once every 2 years for a car rental limited line license;

(9) a fee of $200 payable once every 2 years for a limited lines license other than the licenses issued under items (1) through (8) of subsection (a) of Section 500-100, a car rental limited line license, or a self-service storage facility limited line license;

(10) a fee of $50 payable once every 2 years for a self-service storage facility limited line license.

(a-5) Beginning on July 1, 2021, an amount equal to the additional amount of revenue collected under paragraphs (1) and (8) of subsection (a) as a result of the increase in the fees under this amendatory Act of the 102nd General Assembly shall be transferred annually, with 10% of that amount paid into the State Police Training and Academy Fund and 90% of that amount paid into the Law Enforcement Training Fund.

(b) Except as otherwise provided, all fees paid to and collected by the Director under this Section shall be paid promptly after receipt thereof, together with a detailed statement of such fees, into a special fund in the State Treasury to be known as the Insurance Producer Administration Fund. The moneys deposited into the Insurance Producer Administration Fund may be used only for payment of the expenses of the Department in the execution, administration, and enforcement of the insurance laws of this State, and shall be appropriated as otherwise provided by law for the payment of those expenses with first priority being any expenses incident to or associated with the administration and enforcement of this Article.

(Source: P.A. 102-16, eff. 6-17-21.)

(215 ILCS 5/500-140)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-140. Injunctive relief.

A person required to be licensed under this Article but failing to obtain a valid and current license under this Article constitutes a public nuisance. The Director may report the failure to obtain a license to the Attorney General, whose duty it is to apply forthwith by complaint on relation of the Director in the name of the people of the State of Illinois, for injunctive relief in the circuit court of the county where the failure to obtain a license occurred to enjoin that person from failing to obtain a license. Upon the filing of a verified petition in the court, the court, if satisfied by affidavit or otherwise that the person is required to have a license and does not have a valid and current license, may enter a temporary restraining order without notice or bond, enjoining the defendant from acting in any capacity that requires such license. A copy of the verified complaint shall be served upon the defendant, and the proceedings shall thereafter be conducted as in other civil cases. If it is established that the defendant has been, or is engaged in any unlawful practice, the court may enter an order or judgment perpetually enjoining the defendant from further engaging in such practice. In all proceedings brought under this Section, the court, in its discretion, may apportion the costs among the parties, including the cost of filing the complaint, service of process, witness fees and expenses, court reporter charges, and reasonable attorney fees. In case of the violation of any injunctive order entered under the provisions of this Section, the court may summarily try and punish the offender for contempt of court. The injunctive relief available under this Section is in addition to and not in lieu of all other penalties and remedies provided in this Code.

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-145)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-145. Rules.

The Director may, in accordance with Section 401 of this Code, promulgate reasonable rules as are necessary or proper to carry out the purposes of this Article.

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-150)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-150. Severability.

The provisions of this Article are severable under Section 1.31 of the Statute on Statutes.

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-155)

(Section scheduled to be repealed on January 1, 2027)

Sec. 500-155. Disclosure.

A policy the solicitation of which involves an insurance producer, limited insurance representative, or temporary insurance producer must identify the name of the producer, representative, or firm. An individual life or accident and health application and a master policy application for life or accident and health group coverages must bear the name and signature of the licensee who solicited and wrote the application.

(Source: P.A. 97-207, eff. 7-28-11.)

(215 ILCS 5/500.1) (from Ch. 73, par. 1065.47-1)

Sec. 500.1. (Repealed).

(Source: P.A. 85-334. Repealed by P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/501.2) (from Ch. 73, par. 1065.48-2)

Sec. 501.2. (Repealed).

(Source: P.A. 83-801. Repealed by P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/502.2) (from Ch. 73, par. 1065.49-2)

Sec. 502.2. (Repealed).

(Source: P.A. 83-801. Repealed by P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/503.1) (from Ch. 73, par. 1065.50-1)

Sec. 503.1. (Repealed).

(Source: P.A. 83-801. Repealed by P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/504) (from Ch. 73, par. 1065.51)

Sec. 504. (Repealed).

(Source: P.A. 83-1007. Repealed by P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/504.1) (from Ch. 73, par. 1065.51-1)

Sec. 504.1. (Repealed).

(Source: P.A. 83-1299. Repealed by P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/505.1) (from Ch. 73, par. 1065.52-1)

Sec. 505.1. (Repealed).

(Source: P.A. 91-234, eff. 1-1-00. Repealed by P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/505.2) (from Ch. 73, par. 1065.52-2)

Sec. 505.2. (Repealed).

(Source: P.A. 86-905. Repealed by P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/506.1) (from Ch. 73, par. 1065.53-1)

Sec. 506.1. (Repealed).

(Source: P.A. 83-1299. Repealed by P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/507.1) (from Ch. 73, par. 1065.54-1)

Sec. 507.1. (Repealed).

(Source: P.A. 88-313. Repealed by P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/507.2)

(Section scheduled to be repealed on January 1, 2027)

Sec. 507.2. Policyholder information and exclusive ownership of expirations.

(a) As used in this Section, "expirations" means all information relative to an insurance policy including, but not limited to, the name and address of the insured, the location and description of the property insured, the value of the insurance policy, the inception date, the renewal date, and the expiration date of the insurance policy, the premiums, the limits and a description of the terms and coverage of the insurance policy, and any other personal and privileged information, as defined by Section 1003 of this Code,

compiled by a registered firm or furnished by the insured to the insurer or any agent, contractor, or representative of the insurer.

For purposes of this Section only, a registered firm also includes a sole proprietorship that transacts the business of insurance as an insurance agency.

(b) All "expirations" as defined in subsection (a) of this Section shall be mutually and exclusively owned by the insured and the registered firm. The limitations on the use of expirations as provided in subsections (c) and (d) of this Section shall be for mutual benefit of the insured and the registered firm.

(c) Except as otherwise provided in this Section, for purposes of soliciting, selling, or negotiating the renewal or sale of insurance coverage, insurance products, or insurance services or for any other marketing purpose, a registered firm shall own and have the exclusive use of expirations, records, and other written or electronically stored information directly related to an insurance application submitted by, or an insurance policy written through, the registered firm. No insurance company, managing general agent, surplus lines insurance broker, wholesale broker, group self-insurance fund, third-party administrator, or any other entity, other than a financial institution as defined in Section 1402 of this Code, shall use such expirations, records, or other written or electronically stored information to solicit, sell, or negotiate the renewal or sale of insurance coverage, insurance products, or insurance services to the insured or for any other marketing purposes, either directly or by providing such information to others, without, separate from the general agency contract, the written consent of the registered firm. However, such expirations, records, or other written or electronically stored information may be used for any purpose necessary for placing such business through the insurance producer including reviewing an application and issuing or renewing a policy and for loss control services.

(d) With respect to a registered firm, this Section shall not apply:

(1) when the insured requests either orally or in writing that another registered firm obtain quotes for insurance from another insurance company or when the insured requests in writing individually or through another registered firm, that the insurance company renew the policy;

(2) to policies in the Illinois Fair Plan, the Illinois Automobile Insurance Plan, or the Illinois Assigned Risk Plan for coverage under the Workers' Compensation Act and the Workers' Occupational Diseases Act;

(3) when the insurance producer is employed by or has agreed to act exclusively or primarily for one company or group of affiliated insurance companies or to a producer who submits to the company or group of affiliated companies that are organized to transact business in this State as a reciprocal company, as defined in Article IV of this Code, every request or application for insurance for the classes and lines underwritten by the company or group of affiliated companies;

(4) to policies providing life and accident and health insurance;

(5) when the registered firm is in default for nonpayment of premiums under the contract with the insurer or is guilty of conversion of the insured's or insurer's premiums or its license is revoked by or surrendered to the Department;

(6) to any insurance company's obligations under Sections 143.17 and 143.17a of this Code; or

(7) to any insurer that, separate from a producer or registered firm, creates, develops, compiles, and assembles its own, identifiable expirations as defined in subsection (a).

For purposes of this Section, an insurance producer shall be deemed to have agreed to act primarily for one company or a group of affiliated insurance companies if the producer (i) receives 75% or more of his or her insurance related commissions from one company or a group of affiliated companies or (ii) places 75% or more of his or her policies with one company or a group of affiliated companies.

Nothing in this Section prohibits an insurance company, with respect to any items herein, from conveying to the insured or the registered firm any additional benefits or ownership rights including, but not limited to, the ownership of expirations on any policy issued or the imposition of further restrictions on the insurance company's use of the insured's personal information.

(e) Nothing in this Section prevents a financial institution, as defined in Section 1402 of this Code, from obtaining from the insured, the insurer, or the registered firm the expiration dates of an insurance policy placed on collateral or otherwise used as security in connection with a loan made or serviced by the financial institution when the financial institution requires the expiration dates for evidence of insurance.

(f) For purposes of this Section, "financial institution" does not include an insurance company, registered firm, managing general agent, surplus lines broker, wholesale broker, group self-funded insurance fund, or third-party administrator.

(g) The Director may adopt rules in accordance with Section 401 of this Code for the enforcement of this Section.

(h) This Section applies to the expirations relative to all policies of insurance bound, applied for, sold, renewed, or otherwise taking effect on or after the effective date of this amendatory Act of the 92nd General Assembly.

(Source: P.A. 92-5, eff. 6-1-01.)

Appendix 8: Unauthorized Companies

(215 ILCS 5/121) (from Ch. 73, par. 733)

Sec. 121. Transacting business without certificate of authority prohibited.

(1) It shall be unlawful for any company to enter into a contract of insurance as an insurer or to transact insurance business in this State, without a certificate of authority

from the Director; provided that this subsection shall not apply to contracts procured by agents under the authority of section 445, nor to contracts of reinsurance.

(2) The following acts, if performed in this State, shall be included among those deemed to constitute transacting insurance business in this State:

(a) maintaining an agency or office where contracts are executed which are or purport to be contracts of insurance with citizens of this or any other State;

(b) maintaining files or records of contracts of insurance; or

(c) receiving payment of premiums for contracts of insurance.

(3) Any company that violates any of the provisions of subsections (1) and (2) of this section shall be guilty of a business offense and shall be required to pay a penalty of not less than $100 nor more than $1000 for each offense, to be recovered in the name of the People of the State of Illinois by the State's Attorney of the county in which the violation occurs and the penalty so recovered shall be paid into the county treasury. Each day in which a violation occurs shall constitute a separate offense.

(4) The failure of a company to obtain a certificate of authority shall not impair the validity of any act or contract of such company and shall not prevent such company from defending any action in any court of this State, but no company transacting insurance business in this State without a certificate of authority shall be permitted to maintain an action in any court of this State to enforce any right, claim or demand arising out of the transaction of such business until such company shall have obtained a certificate of authority. Nor shall an action be maintained in any court of this State by any successor or assignee of such company on any such right, claim or demand originally held by such company until a certificate of authority shall have been obtained by such company or by a company which has acquired all or substantially all of its assets.

(Source: P.A. 83-345.)

(215 ILCS 5/121-1) (from Ch. 73, par. 733-1)

Sec. 121-1. Purpose of Article.

The purpose of this Article is to subject certain insurers to the jurisdiction of the Director of Insurance and the courts of this State in suits by or on behalf of the State. The General Assembly declares that it is concerned with the protection of residents of this State against acts by insurers not authorized to do an insurance business in this State, by the maintenance of fair and honest insurance markets, by protecting authorized insurers which are subject to regulation from unfair competition by unauthorized insurers, and by protecting against the evasion of the insurance regulatory laws of this State. In furtherance of this State interest, the General Assembly in this Article provides methods for substituted service of process upon such insurers in any proceeding, suit or action in any court and substituted service of any notice, order, pleading or process upon such insurers in any proceeding by the Director of Insurance to enforce or effect full compliance with the insurance laws of this State.

In so doing, the State exercises its powers to protect its residents and to define what constitutes transacting an insurance business in this State, and also exercises powers and privileges available to this State under Public Law 79-15, 79th Congress of the United States, Chapter 20, 1st Sess., S. 340, 59 Stat. 33; 15 U.S.C. 1011 through 1015, as amended, which declares that the business of insurance and every person engaged therein shall be subject to the laws of the several states.

(Source: P.A. 77-1565.)

(215 ILCS 5/121-2) (from Ch. 73, par. 733-2)

Sec. 121-2. Transacting business without certificate of authority prohibited - Exempt transactions.

It is unlawful for any insurer to transact insurance business in this State, (as described in Section 121-3,) without a certificate of authority from the Director. This Section does not however, apply to any transaction described in Sections 121-2.01 through 121-2.10.

(Source: P.A. 89-124, eff. 7-7-95.)

(215 ILCS 5/121-2.01) (from Ch. 73, par. 733-2.01)

Sec. 121-2.01. The lawful transaction of business under Section 445.

(Source: P.A. 77-1565.)

(215 ILCS 5/121-2.02) (from Ch. 73, par. 733-2.02)

Sec. 121-2.02. The lawful transaction of reinsurance by insurers.

(Source: P.A. 77-1565.)

(215 ILCS 5/121-2.03) (from Ch. 73, par. 733-2.03)

Sec. 121-2.03.

Transactions in this State involving a policy lawfully solicited, written, and delivered outside of this State covering only subjects of insurance not resident, located, or expressly to be performed in this State at the time of issuance, and which transactions are subsequent to the issuance of such policy.

(Source: P.A. 77-1565.)

(215 ILCS 5/121-2.04) (from Ch. 73, par. 733-2.04)

Sec. 121-2.04.

Attorneys acting in the ordinary relation of attorney and client in the adjustment of claims or losses.

(Source: P.A. 77-1565.)

(215 ILCS 5/121-2.05) (from Ch. 73, par. 733-2.05)

Sec. 121-2.05. Group insurance policies issued and delivered in other State-Transactions in this State.

With the exception of insurance transactions authorized under Sections 230.2 or 367.3 of this Code, transactions in this State involving group legal, group life and group accident and health or blanket accident and health insurance or group annuities where the master policy of such groups was lawfully issued and delivered in, and under the laws of, a State in which the insurer was authorized to do an insurance business, to a group properly established pursuant to law or regulation, and where the policyholder is domiciled or otherwise has a bona fide situs.

(Source: P.A. 86-753.)

(215 ILCS 5/121-2.06) (from Ch. 73, par. 733-2.06)

Sec. 121-2.06.

Transactions in this State involving any policy of insurance or annuity contract issued before the effective date of this amendatory Act of 1971.

(Source: P.A. 77-1565.)

(215 ILCS 5/121-2.07) (from Ch. 73, par. 733-2.07)

Sec. 121-2.07.

Transactions in this State relative to a policy issued or to be issued outside this State involving insurance on vessels, craft or hulls, cargos, marine builder's risk, marine protection and indemnity or other risk, including strikes and war risks commonly insured under ocean or wet marine forms of policy.

(Source: P.A. 77-1565.)

(215 ILCS 5/121-2.08) (from Ch. 73, par. 733-2.08)

Sec. 121-2.08.

Transactions in this State involving contracts of insurance independently procured directly from an unauthorized insurer by industrial insureds.

(a) As used in this Section:

"Exempt commercial purchaser" means exempt commercial purchaser as the term is defined in subsection (1) of Section 445 of this Code.

"Home state" means home state as the term is defined in subsection (1) of Section 445 of this Code.

"Industrial insured" means an insured:

(i) that procures the insurance of any risk or risks of the kinds specified in Classes 2 and 3 of Section 4 of this Code by use of the services of a full-time employee who is a qualified risk manager or the services of a regularly and continuously retained consultant who is a qualified risk manager;

(ii) that procures the insurance directly from an unauthorized insurer without the services of an intermediary insurance producer; and

(iii) that is an exempt commercial purchaser whose home state is Illinois.

"Insurance producer" means insurance producer as the term is defined in Section 500-10 of this Code.

"Qualified risk manager" means qualified risk manager as the term is defined in subsection (1) of Section 445 of this Code.

"Safety-Net Hospital" means an Illinois hospital that qualifies as a Safety-Net Hospital under Section 5-5e.1 of the Illinois Public Aid Code.

"Unauthorized insurer" means unauthorized insurer as the term is defined in subsection (1) of Section 445 of this Code.

(b) For contracts of insurance effective January 1, 2015 or later, within 90 days after the effective date of each contract of insurance issued under this Section, the insured shall file a report with the Director by submitting the report to the Surplus Line Association of Illinois in writing or in a computer readable format and provide information as designated by the Surplus Line Association of Illinois. The information in the report shall be substantially similar to that required for surplus line submissions as described in subsection (5) of Section 445 of this Code. Where applicable, the report shall satisfy, with respect to the subject insurance, the reporting requirement of Section 12 of the Fire Investigation Act.

(c) For contracts of insurance effective January 1, 2015 through December 31, 2017, within 30 days after filing the report, the insured shall pay to the Director for the use and benefit of the State a sum equal to the gross premium of the contract of insurance multiplied by the surplus line tax rate, as described in paragraph (3) of subsection (a) of Section 445 of this Code, and shall pay the fire marshal tax that would otherwise be due annually in March for insurance subject to tax under Section 12 of the Fire Investigation Act. For contracts of insurance effective January 1, 2018 or later, within 30 days after filing the report, the insured shall pay to the Director for the use and benefit of the State a sum equal to 0.5% of the gross premium of the contract of insurance, and shall pay the fire marshal tax that would otherwise be due annually in March for insurance subject to tax under Section 12 of the Fire Investigation Act. For contracts of insurance effective January 1, 2015 or later, within 30 days after filing the report, the insured shall pay to the Surplus Line Association of Illinois a countersigning fee that shall be assessed at the same rate charged to members pursuant to subsection (4) of Section 445.1 of this Code.

(d) For contracts of insurance effective January 1, 2015 or later, the insured shall withhold the amount of the taxes and countersignature fee from the amount of premium charged by and otherwise payable to the insurer for the insurance. If the

insured fails to withhold the tax and countersignature fee from the premium, then the insured shall be liable for the amounts thereof and shall pay the amounts as prescribed in subsection (c) of this Section.

(e) Contracts of insurance with an industrial insured that qualifies as a Safety-Net Hospital are not subject to subsections (b) through (d) of this Section.

(Source: P.A. 100-535, eff. 9-22-17; 100-1118, eff. 11-27-18.)

(215 ILCS 5/121-2.09) (from Ch. 73, par. 733-2.09)

Sec. 121-2.09.

Transactions in this State involving bankers' blanket bonds or directors' and officers' liability insurance issued by a captive insurance company, formed exclusively for the purpose of providing directors' and officers' liability and bankers' blanket bond insurance to a bank or bank holding company, as such terms are defined in Section 2 of "The Illinois Bank Holding Company Act of 1957", as amended, if the aggregate annual premiums for each bank or bank holding company for insurance on all of its property and liability risks total at least $25,000, and such insurance is procured by a full-time employee acting as an insurance manager or buyer or through the services of a regularly and continuously retained qualified insurance consultant.

(Source: P.A. 84-1431.)

(215 ILCS 5/121-2.10)

Sec. 121-2.10. Exempt charitable gift annuities.

The insurance laws of this State, including this Code, do not apply to any charitable gift annuity, as defined in Section 501(m)(5) of the Internal Revenue Code, issued by an organization that is described in Section 170(c) of the Internal Revenue Code, if either (i) an insurer authorized to transact business in this State is directly obligated to the annuitant or (ii) the organization has been in active operation for not less than 20 years before the date the annuity is issued and has an unrestricted fund balance of not less than $2,000,000 on the date the annuity is issued. For purposes of this Section, "Internal Revenue Code" refers to the Internal Revenue Code of 1986, as amended, and corresponding provisions of subsequent federal tax laws.

(Source: P.A. 89-124, eff. 7-7-95; 89-485, eff. 6-21-96.)

(215 ILCS 5/121-3) (from Ch. 73, par. 733-3)

Sec. 121-3. Transaction of insurance business defined.

Any of the following acts in this State, effected by mail or otherwise by or on behalf of an unauthorized insurer, constitutes the transaction of an insurance business in this State.

(a) The making of or proposing to make, as an insurer, an insurance contract.

(b) The making of or proposing to make, as guarantor or surety, any contract of guaranty or suretyship as a vocation and not merely incidental to any other legitimate business or activity of the guarantor or surety.

(c) The taking or receiving of any application for insurance.

(d) The receiving or collection of any premium, commission, membership fees, assessments, dues or other consideration for any insurance or any part thereof.

(e) The issuance or delivery of contracts of insurance to residents of this State or to persons authorized to do business in this State.

(f) Directly or indirectly acting as an agent for or otherwise representing or aiding on behalf of another any person or insurer in the solicitation, negotiation, procurement or effectuation of insurance or renewals thereof or in the dissemination of information as to coverage or rates, or forwarding of applications, or delivery of policies or contracts, or inspection of risks, a fixing of rates or investigation or adjustment of claims or losses or in the transaction of matters subsequent to effectuation of the contract and arising out of that contract, or in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subjects of insurance resident, located or to be performed in this State. This paragraph does not prohibit full-time salaried employees of a corporate insured from acting in the capacity of an insurance manager or buyer in placing insurance in behalf of that employer.

(g) The transaction of any kind of insurance business specifically recognized as transacting an insurance business within the meaning of this Act.

(h) The transacting or proposing to transact any insurance business in substance equivalent to any of the foregoing in a manner designed to evade this Act.

The venue of an act committed by mail is at the point where the matter transmitted by mail is delivered and takes effect. Unless otherwise indicated, the term "insurer" as used in this Article includes all corporations, associations, partnerships and individuals, engaged as principals in the business of insurance and also includes interinsurance exchanges and mutual benefit societies.

(Source: P.A. 77-1565.)

(215 ILCS 5/121-4) (from Ch. 73, par. 733-4)

Sec. 121-4. Validity of contracts - court actions.

) The failure of an insurer transacting insurance business in this State to obtain a certificate of authority does not impair the validity of any act or contract of that insurer nor does it prevent that insurer from defending any action in any court of this State. However, no insurer transacting insurance business in this State without a certificate of authority may maintain an action in any court of this State to enforce any right, claim or demand arising out of the transaction of that business until the insurer has obtained a certificate of authority.

If any such unauthorized insurer fails to pay any claim or loss within the provisions of such an insurance contract, any person who assisted or in any manner aided directly or

indirectly in the procurement of the insurance contract shall be liable to the insured for the full amount of the claim or loss as provided in that insurance contract.

(Source: P.A. 79-1362.)

Cancellation/Nonrenewal & Definition of Personal Lines

(215 ILCS 5/143.11) (from Ch. 73, par. 755.11)

Sec. 143.11. Cancellation Provisions.

All companies authorized to transact in this State the kinds of business enumerated in Section 4 of the "Illinois Insurance Code" shall include in their policies, except life, accident and health, fidelity and surety, and ocean marine policies, a cancellation provision setting out the manner in which such policies may be cancelled. However, nothing contained in Section 143.12 through Section 143.24 shall apply to contracts of reinsurance or to contracts procured by agents under the authority of Section 445.

(Source: P.A. 80-1365.)

(215 ILCS 5/143.11a) (from Ch. 73, par. 755.11a)

Sec. 143.11a. Termination of Lines of Business.

No company authorized to transact, in this State, the kinds of business enumerated in Section 4 of this Code, except life, accident and health, fidelity and surety, and ocean marine policies, may terminate any line of insurance without notifying the Director of the action as well as reasons for the action, 90 days before termination of any policy is effective. The notice shall include all data relied upon by the company as the basis for such action and shall disclose whether the company offers and will continue to offer such kinds of insurance in any other State. For the purposes of this Section, termination of a line of insurance shall mean cancellation or non-renewal of a substantial portion of any type of business for the purpose of withdrawing from the market.

(Source: P.A. 84-1431.)

(215 ILCS 5/143.11b)

Sec. 143.11b. Assignment or transfer of property and casualty policies.

An assignment or transfer of a policy of insurance to which Section 143.11 applies among or between insurers within an insurance holding company system or insurers under common management or control, or as a result of a merger, acquisition, or restructuring of an insurance company, is not a nonrenewal for purposes of the notification requirements under Sections 143.12 through 143.24. However, in the event of an increase in the renewal premium of 30% or more, change in deductibles or change in coverage that materially alters any policy to which subsection b of Section

143.17a applies, the company shall adhere to the provisions set forth in subsection b of Section 143.17a. A company making an assignment or transfer of a policy among or between insurers within an insurance holding company system or insurers under common management or control, or as a result of a merger, acquisition, or restructuring of an insurance company, shall have delivered to the named insured notice of such assignment or transfer at least 60 days prior to the renewal date. An exact and unaltered copy of the notice shall also be sent to the insured's producer, if known, and agent of record. The assignment or transfer of a policy or policies of insurance among or between insurers shall not occur without the producer or agent of record, or both, having a signed agency contract with the entity to which the policy or policies are to be assigned or transferred. If there is not a signed agency contract, all of the notice requirements of Sections 143.17 and 143.17a shall apply. Nothing in this Section shall contravene any existing producer and company contract rights. For purposes of this Section, the insured's producer, if known, and agent of record may opt to accept notification of assignment or transfer of policies electronically.

(Source: P.A. 93-713, eff. 1-1-05.)

(215 ILCS 5/143.12) (from Ch. 73, par. 755.12)

Sec. 143.12. "Short rate" cancellation.

Notice required. No agent, broker or other representative or employee of any insurance company shall recommend, advise, suggest or require the cancellation of any insurance policy of the insurer which he represents, or of any other insurer at any time other than the policy anniversary or expiration date, unless he informs the insured in writing of the additional cost of such cancellation before the insured is requested or required to take action to cancel or terminate the policy which is then in force.

(Source: P.A. 79-686.)

(215 ILCS 5/143.12a) (from Ch. 73, par. 755.12a)

Sec. 143.12a. Automobile insurance; pro rata refund of unearned premium.

(a) In the event of the cancellation of a policy of automobile insurance, as defined in Section 143.13, by either the company or the policyholder, the company shall refund the unearned premium pro rated to the date of cancellation. In no event may the refund of unearned premium be computed by use of a short rate table. Refund of the premium shall be without prejudice to any claim arising prior to the cancellation.

(b) The refund shall be made by the company within 30 days from the following:

(1) the date of the notice of cancellation by the company; or

(2) the date the company receives the request for cancellation from the policyholder.

(Source: P.A. 86-1408.)

(215 ILCS 5/143.13) (from Ch. 73, par. 755.13)

Sec. 143.13. Definition of terms used in Sections 143.11 through 143.24.

(a) "Policy of automobile insurance" means a policy delivered or issued for delivery in this State, insuring a natural person as named insured or one or more related individuals resident of the same household and under which the insured vehicles therein designated are motor vehicles of the private passenger, station wagon, or any other 4-wheeled motor vehicle with a load capacity of 1500 pounds or less which is not used in the occupation, profession or business of the insured or not used as a public or livery conveyance for passengers nor rented to others. Policy of automobile insurance shall also mean a named non-owner's automobile policy.

Policy of automobile insurance does not apply to policies of automobile insurance issued under the Illinois Automobile Insurance Plan, to any policy covering garages, automobile sales agencies, repair shops, service stations or public parking place operation hazards. "Policy of automobile insurance" does not include a policy, binder, or application for which the applicant gives or has given for the initial premium a check or credit card charge that is subsequently dishonored for payment, unless the check or credit card charge was dishonored through no fault of the payor.

(b) "Policy of fire and extended coverage insurance" means a policy delivered or issued for delivery in this State, that includes but is not limited to, the perils of fire and extended coverage, and covers real property used principally for residential purposes up to and including a 4 family dwelling or any household or personal property that is usual or incidental to the occupancy to any premises used for residential purposes.

(c) "All other policies of personal lines" means any other policy of insurance issued to a natural person for personal or family protection.

(d) "Renewal" or "to renew" means (1) any change to an entire line of business in accordance with subsection b-5 of Section 143.17 and (2) the issuance and delivery by an insurer of a policy superseding at the end of the policy period a policy previously issued and delivered by the same insurer or the issuance and delivery of a certificate or notice extending the term of a policy beyond its policy period or term; however, any successive policies issued by the same insurer to the same insured, for the same or similar coverage, shall be considered a renewal policy.

Any policy with a policy period or term of less than 6 months or any policy with no fixed expiration date shall be considered as if written for successive policy periods or terms of 6 months for the purpose of "renewal" or "to renew" as defined in this paragraph (d) and for the purpose of any non-renewal notice required by Section 143.17 of this Code.

(e) "Nonpayment of premium" means failure of the named insured to discharge, when due, any of his obligations in connection with the payment of premiums or any installment of such premium that is payable directly to the insurer or to its agent. Premium shall mean the premium that is due for an individual policy which shall not include any membership dues or other consideration required to be a member of any organization in order to be eligible for such policy. The term "nonpayment of premium" does not include a check, credit card charge, or money order that an applicant gives or has given to any person for the initial premium payment for a policy, binder, or

application and that is subsequently dishonored for payment, and any policy, binder, or application in connection therewith is void and of no effect and not subject to the cancellation provisions of this Code.

(f) "A policy delivered or issued for delivery in this State" shall include but not be limited to all binders of insurance, whether written or oral, and all applications bound for future delivery by a duly licensed resident agent. A written binder of insurance issued for a term of 60 days or less, which contains on its face a specific inception and expiration date and which a copy has been furnished to the insured, shall not be subject to the non-renewal requirements of Section 143.17 of this Code.

(g) "Cancellation" or "cancelled" means the termination of a policy by an insurer prior to the expiration date of the policy. A policy of automobile or fire and extended coverage insurance which expires by its own terms on the policy expiration date unless advance premiums are received by the insurer for succeeding policy periods shall not be considered "cancelled" or a "cancellation" effected by the insurer in the event such premiums are not paid on or before the policy expiration date.

(h) "Commercial excess and umbrella liability policy" means a policy written over one or more underlying policies for an insured:

(1) that has at least 25 full-time employees at the time the commercial excess and umbrella liability policy is written and procures the insurance of any risk or risks, other than life, accident and health, and annuity contracts, as described in clauses (a) and (b) of Class 1 of Section 4 and clause (a) of Class 2 of Section 4, by use of the services of a full-time employee acting as an insurance manager or buyer; or

(2) whose aggregate annual premiums for all property and casualty insurance on all risks is at least $50,000.

(Source: P.A. 91-552, eff. 8-14-99; 91-597, eff. 1-1-00; 92-16, eff. 6-28-01.)

(215 ILCS 5/143.13a)

Sec. 143.13a. Coverage for permissive drivers.

Any policy of private passenger automobile insurance must provide the same limits of bodily injury liability, property damage liability, uninsured and underinsured motorist bodily injury, and medical payments coverage to all persons insured under that policy, whether or not an insured person is a named insured or permissive user under the policy. If the policy insures more than one private passenger automobile, the limits available to the permissive user shall be the limits associated with the vehicle used by the permissive user when the loss occurs.

(Source: P.A. 95-395, eff. 1-1-08.)

(215 ILCS 5/143.14) (from Ch. 73, par. 755.14)

Sec. 143.14. Notice of cancellation.

(a) No notice of cancellation of any policy of insurance, to which Section 143.11 applies, shall be effective unless mailed by the company to the named insured at the last mailing address known by the company. The company shall maintain proof of mailing of such notice on a recognized U.S. Post Office form or a form acceptable to the U.S. Post Office or other commercial mail delivery service. Notification shall also be sent to the insured's broker if known, or the agent of record, if known, and to the mortgagee or lien holder listed on the policy. For purposes of this Section, the mortgage or lien holder, insured's broker, if known, or the agent of record may opt to accept notification electronically.

(b) Whenever a financed insurance contract is cancelled, the insurer shall return whatever gross unearned premiums are due under the insurance contract or contracts not to exceed the unpaid balance due the premium finance company directly to the premium finance company effecting the cancellation for the account of the named insured. The return premium must be mailed to the premium finance company within 60 days. The request for the unearned premium by the premium finance company shall be in the manner of a monthly account, current accounting by producer, policy number, unpaid balance and name of insured for each cancelled amount. In the event the insurance contract or contracts are subject to audit, the insurer shall retain the right to withhold the return of the portion of premium that can be identified to the contract or contracts until the audit is completed. Within 30 days of the completion of the audit, if a premium retained by the insurer after crediting the earned premium would result in a surplus, the insurer shall return the surplus directly to the premium finance company. If the audit should result in an additional premium due the insurer, the obligation for the collection of this premium shall fall upon the insurer and not affect any other contract or contracts currently being financed by the premium finance company for the named insured.

(c) Whenever a premium finance agreement contains a power of attorney enabling the premium finance company to cancel any insurance contract or contracts in the agreement, the insurer shall honor the date of cancellation as set forth in the request from the premium finance company without requiring the return of the insurance contract or contracts. The insurer may mail to the named insured an acknowledgment of the notice of cancellation from the premium finance company but the named insured shall not incur any additional premium charge for any extension of coverage. The insurer need not maintain proof of mailing of this notice.

(d) All statutory regulatory and contractual restrictions providing that the insurance contract may not be cancelled unless the required notice is mailed to a governmental agency, mortgagee, lienholder, or other third party shall apply where cancellation is effected under a power of attorney under a premium finance agreement. The insurer shall have the right for a premium charge for this extension of coverage.

(Source: P.A. 100-475, eff. 1-1-18.)

(215 ILCS 5/143.15) (from Ch. 73, par. 755.15)

Sec. 143.15. Mailing of cancellation notice.

All notices of cancellation of insurance as defined in subsections (a), (b) and (c) of Section 143.13 must be mailed at least 30 days prior to the effective date of cancellation to the named insured; however, if cancellation is for nonpayment of premium, the notice of cancellation must be mailed at least 10 days before the effective date of the cancellation to the last mailing address known to the company. All notices of cancellation to the named insured shall include a specific explanation of the reason or reasons for cancellation. For purposes of this Section, the mortgagee or lien holder, if known, may opt to accept notification electronically.

(Source: P.A. 100-475, eff. 1-1-18.)

(215 ILCS 5/143.16) (from Ch. 73, par. 755.16)

Sec. 143.16. Mailing of cancellation notice.

All notices of cancellation of insurance to which Section 143.11 applies, except for those defined in subsections (a), (b) and (c) of Section 143.13 must be mailed at least 30 days prior to the effective date of cancellation during the first 60 days of coverage. After the coverage has been effective for 61 days or more, all notices must be mailed at least 60 days prior to the effective date of cancellation. However, where cancellation is for nonpayment of premium, the notice of cancellation must be mailed at least 10 days before the effective date of the cancellation. All such notices shall include a specific explanation of the reason or reasons for cancellation and shall be mailed to the named insured at the last mailing address known to the company. For purposes of this Section, the mortgagee or lien holder, if known, may opt to accept notification electronically.

(Source: P.A. 100-475, eff. 1-1-18.)

(215 ILCS 5/143.16a) (from Ch. 73, par. 755.16a)

Sec. 143.16a. Cancellation of Casualty policies.

No policy to which Section 143.11 applies, except for those defined in subsection (a) or (b) of Section 143.13, that has been in effect for 60 days may be cancelled except for one of the following reasons:

(a) Nonpayment of premium;

(b) The policy was obtained through a material misrepresentation;

(c) Any insured violated any of the terms and conditions of the policy;

(d) The risk originally accepted has measurably increased;

(e) Certification to the Director of the loss of reinsurance by the insurer which provided coverage to the insurer for all or a substantial part of the underlying risk insured; or

(f) A determination by the Director that the continuation of the policy could place the insurer in violation of the insurance laws of this State.

(Source: P.A. 84-1005.)

(215 ILCS 5/143.16b) (from Ch. 73, par. 755.16b)

Sec. 143.16b. Premium Refunds for Drought Insurance.

Whenever a person has submitted payment of premium for the purchase of drought insurance described in clause (b) of Class 3 of Section 4 of this Code to an insurer or one of its subsidiaries, employees, agents, or producers, the insurer shall have a duty, within 10 business days of receipt of such premium payment, to either:

(a) refund the premium payment in full; or

(b) accept the premium payment, and provide to the person who has offered such payment policy coverage in full conformity with representations of any application, declaration, binder, or contract of policy coverage issued by the insurer or one of its subsidiaries, employees, agents or producers.

This Section shall not apply to insurance provided, guaranteed or reinsured pursuant to the Federal Crop Insurance Program.

(Source: P.A. 86-285.)

(215 ILCS 5/143.17) (from Ch. 73, par. 755.17)

Sec. 143.17. Notice of intention not to renew.

a. No company shall fail to renew any policy of insurance, as defined in subsections (a), (b), (c), and (h) of Section 143.13, to which Section 143.11 applies, unless it shall send by mail to the named insured at least 30 days advance notice of its intention not to renew. The company shall maintain proof of mailing of such notice on a recognized U.S. Post Office form or a form acceptable to the U. S. Post Office or other commercial mail delivery service. The nonrenewal shall not become effective until at least 30 days from the proof of mailing date of the notice to the name insured. Notification shall also be sent to the insured's broker, if known, or the agent of record, if known, and to the last known mortgagee or lien holder. For purposes of this Section, the mortgagee or lien holder, insured's broker, or the agent of record may opt to accept notification electronically. However, where cancellation is for nonpayment of premium, the notice of cancellation must be mailed at least 10 days before the effective date of the cancellation.

b. This Section does not apply if the company has manifested its willingness to renew directly to the named insured. Such written notice shall specify the premium amount payable, including any premium payment plan available, and the name of any person or persons, if any, authorized to receive payment on behalf of the company. If no person is so authorized, the premium notice shall so state.

b-5. This Section does not apply if the company manifested its willingness to renew directly to the named insured. However, no company may impose changes in deductibles or coverage for any policy forms applicable to an entire line of business enumerated in subsections (a), (b), (c), and (h) of Section 143.13 to which Section

143.11 applies unless the company mails to the named insured written notice of the change in deductible or coverage at least 60 days prior to the renewal or anniversary date. Notice shall also be sent to the insured's broker, if known, or the agent of record.

c. Should a company fail to comply with (a) or (b) of this Section, the policy shall terminate only on the effective date of any similar insurance procured by the insured with respect to the same subject or location designated in both policies.

d. Renewal of a policy does not constitute a waiver or estoppel with respect to grounds for cancellation which existed before the effective date of such renewal.

e. In all notices of intention not to renew any policy of insurance, as defined in Section 143.11 the company shall provide the named insured a specific explanation of the reasons for nonrenewal.

f. For purposes of this Section, the insured's broker, if known, or the agent of record and the mortgagee or lien holder may opt to accept notification electronically.

(Source: P.A. 100-475, eff. 1-1-18.)

(215 ILCS 5/143.17a) (from Ch. 73, par. 755.17a)

Sec. 143.17a. Notice of intention not to renew.

(a) A company intending to nonrenew any policy of insurance to which Section 143.11 applies, except for those defined in subsections (a), (b), (c), and (h) of Section 143.13, must mail written notice to the named insured at least 60 days prior to the expiration date of the current policy. The notice to the named insured shall provide a specific explanation of the reasons for nonrenewal. A company may not extend the current policy period for purposes of providing notice of its intention not to renew required under this subsection (a).

(b) A company intending to renew any policy of insurance to which Section 143.11 applies, except for those defined in subsections (a), (b), (c), and (h) of Section 143.13, with an increase in premium of 30% or more or with changes in deductibles or coverage that materially alter the policy must mail or deliver to the named insured written notice of such increase or change in deductible or coverage at least 60 days prior to the renewal or anniversary date. If a company has failed to provide notice of intention to renew required under this subsection (b) at least 60 days prior to the renewal or anniversary date, but does so no less than 31 days prior to the renewal or anniversary date, the company may extend the current policy at the current terms and conditions for the period of time needed to equal the 60 day time period required to provide notice of intention to renew by this subsection (b). The increase in premium shall be the renewal premium based on the known exposure as of the date of the quotation compared to the premium as of the last day of coverage for the current year's policy, annualized. The premium on the renewal policy may be subsequently amended to reflect any change in exposure or reinsurance costs not considered in the quotation.

(c) A company that has failed to provide notice of intention to nonrenew under subsection (a) of this Section and has failed to provide notice of intention to renew as prescribed under subsection (b) of this Section must renew the expiring policy under the same terms and conditions for an additional year or until the effective date of any similar insurance is procured by the insured, whichever is earlier. The company may increase the renewal premium. However, such increase must be less than 30% of the expiring term's premium and notice of such increase must be delivered to the named insured on or before the date of expiration of the current policy period.

(d) Under subsection (a), the company shall maintain proof of mailing of the notice of intention not to renew to the named insured on one of the following forms: a recognized U.S. Post Office form or a form acceptable to the U.S. Post Office or other commercial mail delivery service. Under subsections (b) and (c), proof of mailing or proof of receipt of the notice of intention to renew to the named insured may be proven by a sworn affidavit by the company as to the usual and customary business practices of mailing notice pursuant to this Section or may be proven consistent with Illinois Supreme Court Rule 236. For all notice requirements under this Section, notice shall also be sent to the named insured's producer, if known, or the producer of record. Notification shall also be sent to the mortgagee or lien holder listed on the policy.

(e) Renewal of a policy does not constitute a waiver or estoppel with respect to grounds for cancellation that existed before the effective date of such renewal.

(f) For purposes of this Section, the named insured's producer, if known, or the producer of record and the mortgagee or lien holder may opt to accept notification electronically.

(Source: P.A. 100-475, eff. 1-1-18.)

(215 ILCS 5/143.18) (from Ch. 73, par. 755.18)

Sec. 143.18. Liability of Company or Agents Regarding Statements Made In Notices Or Information.

There shall be no liability on the part of and no cause of action of any nature shall arise against any company, its authorized representative, its agents, its employees, or any firm, person or corporation furnishing to the company information as to reasons for cancellation, or nonrenewal, for any statement made by any of them in any written notice of cancellation or nonrenewal, or any other communications, oral or written, specifying the reasons for cancellation or nonrenewal, or for the providing of information pertaining thereto.

(Source: P.A. 79-686.)

(215 ILCS 5/143.19) (from Ch. 73, par. 755.19)

(Text of Section before amendment by P.A. 101-652)

Sec. 143.19. Cancellation of automobile insurance policy; grounds.

After a policy of automobile insurance as defined in Section 143.13(a) has been effective for 60 days, or if such policy is a renewal policy, the insurer shall not exercise its option to cancel such policy except for one or more of the following reasons:

a. Nonpayment of premium;

b. The policy was obtained through a material misrepresentation;

c. Any insured violated any of the terms and conditions of the policy;

d. The named insured failed to disclose fully his motor vehicle accidents and moving traffic violations for the preceding 36 months if called for in the application;

e. Any insured made a false or fraudulent claim or knowingly aided or abetted another in the presentation of such a claim;

f. The named insured or any other operator who either resides in the same household or customarily operates an automobile insured under such policy:

1. has, within the 12 months prior to the notice of cancellation, had his driver's license under suspension or revocation;

2. is or becomes subject to epilepsy or heart attacks, and such individual does not produce a certificate from a physician testifying to his unqualified ability to operate a motor vehicle safely;

3. has an accident record, conviction record (criminal or traffic), physical, or mental condition which is such that his operation of an automobile might endanger the public safety;

4. has, within the 36 months prior to the notice of cancellation, been addicted to the use of narcotics or other drugs; or

5. has been convicted, or forfeited bail, during the 36 months immediately preceding the notice of cancellation, for any felony, criminal negligence resulting in death, homicide or assault arising out of the operation of a motor vehicle, operating a motor vehicle while in an intoxicated condition or while under the influence of drugs, being intoxicated while in, or about, an automobile or while having custody of an automobile, leaving the scene of an accident without stopping to report, theft or unlawful taking of a motor vehicle, making false statements in an application for an operator's or chauffeur's license or has been convicted or forfeited bail for 3 or more violations within the 12 months immediately preceding the notice of cancellation, of any law, ordinance, or regulation limiting the speed of motor vehicles or any of the provisions of the motor vehicle laws of any state, violation of which constitutes a misdemeanor, whether or not the violations were repetitions of the same offense or different offenses;

g. The insured automobile is:

1. so mechanically defective that its operation might endanger public safety;

2. used in carrying passengers for hire or compensation (the use of an automobile for a car pool shall not be considered use of an automobile for hire or compensation);

3. used in the business of transportation of flammables or explosives;

4. an authorized emergency vehicle;

5. changed in shape or condition during the policy period so as to increase the risk substantially; or

6. subject to an inspection law and has not been inspected or, if inspected, has failed to qualify.

Nothing in this Section shall apply to nonrenewal.

(Source: P.A. 100-201, eff. 8-18-17.)

(Text of Section after amendment by P.A. 101-652)

Sec. 143.19. Cancellation of automobile insurance policy; grounds.

After a policy of automobile insurance as defined in Section 143.13(a) has been effective for 60 days, or if such policy is a renewal policy, the insurer shall not exercise its option to cancel such policy except for one or more of the following reasons:

a. Nonpayment of premium;

b. The policy was obtained through a material misrepresentation;

c. Any insured violated any of the terms and conditions of the policy;

d. The named insured failed to disclose fully his motor vehicle accidents and moving traffic violations for the preceding 36 months if called for in the application;

e. Any insured made a false or fraudulent claim or knowingly aided or abetted another in the presentation of such a claim;

f. The named insured or any other operator who either resides in the same household or customarily operates an automobile insured under such policy:

1. has, within the 12 months prior to the notice of cancellation, had his driver's license under suspension or revocation;

2. is or becomes subject to epilepsy or heart attacks, and such individual does not produce a certificate from a physician testifying to his unqualified ability to operate a motor vehicle safely;

3. has an accident record, conviction record (criminal or traffic), physical, or mental condition which is such that his operation of an automobile might endanger the public safety;

4. has, within the 36 months prior to the notice of cancellation, been addicted to the use of narcotics or other drugs; or

5. has been convicted, or violated conditions of pretrial release, during the 36 months immediately preceding the notice of cancellation, for any felony, criminal negligence resulting in death, homicide or assault arising out of the operation of a motor vehicle, operating a motor vehicle while in an intoxicated condition or while under the influence of drugs, being intoxicated while in, or about, an automobile or while having custody of an automobile, leaving the scene of an accident without stopping to report, theft or unlawful taking of a motor vehicle, making false statements in an application for an operator's or chauffeur's license or has been convicted or pretrial release has been revoked for 3 or more violations within the 12 months immediately preceding the notice of cancellation, of any law, ordinance, or regulation limiting the speed of motor vehicles or any of the provisions of the motor vehicle laws of any state, violation of which constitutes a misdemeanor, whether or not the violations were repetitions of the same offense or different offenses;

g. The insured automobile is:

1. so mechanically defective that its operation might endanger public safety;

2. used in carrying passengers for hire or compensation (the use of an automobile for a car pool shall not be considered use of an automobile for hire or compensation);

3. used in the business of transportation of flammables or explosives;

4. an authorized emergency vehicle;

5. changed in shape or condition during the policy period so as to increase the risk substantially; or

6. subject to an inspection law and has not been inspected or, if inspected, has failed to qualify.

Nothing in this Section shall apply to nonrenewal.

(Source: P.A. 100-201, eff. 8-18-17; 101-652, eff. 1-1-23.)

(215 ILCS 5/143.19.1) (from Ch. 73, par. 755.19.1)

(Text of Section before amendment by P.A. 101-652)

Sec. 143.19.1. Limits on exercise of right of nonrenewal.

After a policy of automobile insurance, as defined in Section 143.13, has been effective or renewed for 5 or more years, the company shall not exercise its right of non-renewal unless:

a. The policy was obtained through a material misrepresentation; or

b. Any insured violated any of the terms and conditions of the policy; or

c. The named insured failed to disclose fully his motor vehicle accidents and moving traffic violations for the preceding 36 months, if such information is called for in the application; or

d. Any insured made a false or fraudulent claim or knowingly aided or abetted another in the presentation of such a claim; or

e. The named insured or any other operator who either resides in the same household or customarily operates an automobile insured under such a policy:

1. Has, within the 12 months prior to the notice of non-renewal had his drivers license under suspension or revocation; or

2. Is or becomes subject to epilepsy or heart attacks, and such individual does not produce a certificate from a physician testifying to his unqualified ability to operate a motor vehicle safely; or

3. Has an accident record, conviction record (criminal or traffic), or a physical or mental condition which is such that his operation of an automobile might endanger the public safety; or

4. Has, within the 36 months prior to the notice of non-renewal, been addicted to the use of narcotics or other drugs; or

5. Has been convicted or forfeited bail, during the 36 months immediately preceding the notice of non-renewal, for any felony, criminal negligence resulting in death, homicide or assault arising out of the operation of a motor vehicle, operating a motor vehicle while in an intoxicated condition or while under the influence of drugs, being intoxicated while in or about an automobile or while having custody of an automobile, leaving the scene of an accident without stopping to report, theft or unlawful taking of a motor vehicle, making false statements in an application for an operators or chauffeurs license, or has been convicted or forfeited bail for 3 or more violations within the 12 months immediately preceding the notice of non-renewal, of any law, ordinance or regulation limiting the speed of motor vehicles or any of the provisions of the motor vehicle laws of any state, violation of which constitutes a misdemeanor, whether or not the violations were repetitions of the same offense or different offenses; or

f. The insured automobile is:

1. So mechanically defective that its operation might endanger public safety; or

2. Used in carrying passengers for hire or compensation (the use of an automobile for a car pool shall not be considered use of an automobile for hire or compensation); or

3. Used in the business of transportation of flammables or explosives; or

4. An authorized emergency vehicle; or

5. Changed in shape or condition during the policy period so as to increase the risk substantially; or

6. Subject to an inspection law and it has not been inspected or, if inspected, has failed to qualify; or

g. The notice of the intention not to renew is mailed to the insured at least 60 days before the date of nonrenewal as provided in Section 143.17.

(Source: P.A. 89-669, eff. 1-1-97.)

(Text of Section after amendment by P.A. 101-652)

Sec. 143.19.1. Limits on exercise of right of nonrenewal.

After a policy of automobile insurance, as defined in Section 143.13, has been effective or renewed for 5 or more years, the company shall not exercise its right of non-renewal unless:

a. The policy was obtained through a material misrepresentation; or

b. Any insured violated any of the terms and conditions of the policy; or

c. The named insured failed to disclose fully his motor vehicle accidents and moving traffic violations for the preceding 36 months, if such information is called for in the application; or

d. Any insured made a false or fraudulent claim or knowingly aided or abetted another in the presentation of such a claim; or

e. The named insured or any other operator who either resides in the same household or customarily operates an automobile insured under such a policy:

1. Has, within the 12 months prior to the notice of non-renewal had his drivers license under suspension or revocation; or

2. Is or becomes subject to epilepsy or heart attacks, and such individual does not produce a certificate from a physician testifying to his unqualified ability to operate a motor vehicle safely; or

3. Has an accident record, conviction record (criminal or traffic), or a physical or mental condition which is such that his operation of an automobile might endanger the public safety; or

4. Has, within the 36 months prior to the notice of non-renewal, been addicted to the use of narcotics or other drugs; or

5. Has been convicted or pretrial release has been revoked, during the 36 months immediately preceding the notice of non-renewal, for any felony, criminal negligence resulting in death, homicide or assault arising out of the operation of a motor vehicle, operating a motor vehicle while in an intoxicated condition or while under the influence of drugs, being intoxicated while in or about an automobile or while having custody of an automobile, leaving the scene of an accident without stopping to report, theft or unlawful taking of a motor vehicle, making false statements in an application for an operators or chauffeurs license, or has been convicted or pretrial release has been revoked for 3 or more violations within the 12 months immediately preceding the notice of non-renewal, of any law, ordinance or regulation limiting the speed of motor vehicles or any of the provisions of the motor vehicle laws of any state, violation of which constitutes a

misdemeanor, whether or not the violations were repetitions of the same offense or different offenses; or

f. The insured automobile is:

1. So mechanically defective that its operation might endanger public safety; or

2. Used in carrying passengers for hire or compensation (the use of an automobile for a car pool shall not be considered use of an automobile for hire or compensation); or

3. Used in the business of transportation of flammables or explosives; or

4. An authorized emergency vehicle; or

5. Changed in shape or condition during the policy period so as to increase the risk substantially; or

6. Subject to an inspection law and it has not been inspected or, if inspected, has failed to qualify; or

g. The notice of the intention not to renew is mailed to the insured at least 60 days before the date of nonrenewal as provided in Section 143.17.

(Source: P.A. 101-652, eff. 1-1-23.)

(215 ILCS 5/143.19.2)

Sec. 143.19.2. Volunteer driver protection.

(a) For the purpose of this Section, "volunteer driver" means a person who transports by vehicle individuals or goods without compensation above reimbursement for expenses, where the driving services are performed for a nationally affiliated charitable nonprofit organization operating in Area Agencies on Aging areas number 3 or 12, as designated by the Department on Aging, that allows older individuals to transfer their automobiles to the organization in exchange for personal transportation services.

(b) An insurer may not refuse to issue vehicle insurance to a person solely because the applicant is a volunteer driver. An insurer may not impose a surcharge or otherwise increase the rate for a vehicle policy solely on the basis that the named insured or any member of the insured's household or a person who customarily operates the insured's vehicle is a volunteer driver. This Section shall not prohibit an insurer from taking any actions upon factors other than the volunteer status of the insured driver.

(Source: P.A. 97-285, eff. 8-9-11.)

(215 ILCS 5/143.19.3)

Sec. 143.19.3. Prohibition of rate increase for persons involved in emergency use of vehicles.

(a) No insurer authorized to transact or transacting business in this State, or controlling or controlled by or under common control by or with an insurer authorized to transact or transacting business in this State, that sells a personal policy of

automobile insurance in this State shall increase the policy premium, cancel the policy, or refuse to renew the policy solely because the insured or any other person who customarily operates an automobile covered by the policy has had an accident while operating an automobile in response to an emergency when the insured was responding to a call to duty as a volunteer EMS provider, as defined in Section 1-220 of the Illinois Vehicle Code.

(b) The provisions of subsection (a) also apply to all personal umbrella policies.

(Source: P.A. 100-657, eff. 8-1-18.)

(215 ILCS 5/143.19a) (from Ch. 73, par. 755.19a)

Sec. 143.19a. No policy of insurance as defined in subsection a.

of Section 143.13 of this Act may be cancelled where the sole basis for such cancellation is the payment by the insurance company of a claim or claims against such policy.

(Source: P.A. 80-1127.)

(215 ILCS 5/143.19b) (from Ch. 73, par. 755.19b)

Sec. 143.19b. No policy of insurance as defined in subsection (a) of Section 143.

13 of this Code may be nonrenewed where the sole basis for nonrenewal was the reporting of a claim or claims against such policy and such claim or claims were closed without payment.

(Source: P.A. 86-437.)

(215 ILCS 5/143.20) (from Ch. 73, par. 755.20)

Sec. 143.20. Notice to Insured as to Eligibility of Illinois Automobile Insurance Plan.

When a policy of automobile insurance is cancelled other than for nonpayment of premium or in the event of the renewal of a policy of automobile insurance to which Section 143.17 applies, the company shall notify the named insured of his possible eligibility for insurance through the Illinois Automobile Insurance Plan. Such notice shall accompany or be included in the notice of cancellation or in the notice of intent not to renew.

(Source: P.A. 80-1136.)

(215 ILCS 5/143.20a) (from Ch. 73, par. 755.20a)

Sec. 143.20a. Cancellation of Fire and Marine Policies.

(1) Policies covering property, except policies described in Section 143.13b, of this Code, issued for the kinds of business enumerated in Class 3 of Section 4 of this Code

may be cancelled 10 days following receipt of written notice by the named insureds if the insured property is found to consist of one or more of the following:

(a) Buildings to which, following a fire loss, permanent repairs have not commenced within 60 days after satisfactory adjustment of loss, unless such delay is a direct result of a labor dispute or weather conditions.

(b) Buildings which have been unoccupied 60 consecutive days, except buildings which have a seasonal occupancy and buildings which are undergoing construction, repair or reconstruction and are properly secured against unauthorized entry.

(c) Buildings on which, because of their physical condition, there is an outstanding order to vacate, an outstanding demolition order, or which have been declared unsafe in accordance with applicable law.

(d) Buildings on which heat, water, sewer service or public lighting have not been connected for 30 consecutive days or more.

(2) All notices of cancellation under this Section shall be sent by certified mail and regular mail to the address of record of the named insureds.

(3) All cancellations made pursuant to this Section shall be on a pro rata basis.

(Source: P.A. 86-437.)

(215 ILCS 5/143.21) (from Ch. 73, par. 755.21)

Sec. 143.21. Cancellation of Fire and Extended Coverage Policy - Grounds.

After a policy of fire and extended coverage insurance, as defined in paragraph (b) of Section 143.13, has been effective for 60 days, or if such policy is a renewal policy, the company shall not exercise its right to cancel except for one or more of the following reasons:

a. For nonpayment of premium;

b. When a policy was obtained by misrepresentation or fraud; or

c. For any act which measurably increases the risk originally accepted.

(Source: P.A. 86-437.)

(215 ILCS 5/143.21.1) (from Ch. 73, par. 755.21.1)

Sec. 143.21.1. After a policy of fire and extended coverage, as defined in Section 143.

13, has been effective or renewed for 5 or more years, the company shall not exercise its right of non-renewal unless:

1. The policy was obtained by misrepresentation or fraud; or

2. The risk originally accepted has measurably increased; or

3. The insured has received 60 days notice of the intention of the company not to renew as provided in Section 143.17.

(Source: P.A. 80-1126.)

(215 ILCS 5/143.21a) (from Ch. 73, par. 755.21a)

Sec. 143.21a. Nonrenewal of Fire and Extended Coverage Policy - Grounds.

A policy of fire and extended coverage insurance, as defined in subsection (b) of Section 143.13, may not be nonrenewed for any of the following reasons:

(a) age of property,

(b) location of property,

(c) age, sex, race, color, ancestry, marital status, or occupation of occupants.

(Source: P.A. 91-357, eff. 7-29-99.)

(215 ILCS 5/143.21b) (from Ch. 73, par. 755.21b)

Sec. 143.21b. No policy of insurance as defined in subsection b.

of Section 143.13 of this Act may be cancelled where the sole basis for such cancellation is the payment by the insurance company of a claim or claims against such policy.

(Source: P.A. 80-1364.)

(215 ILCS 5/143.21c) (from Ch. 73, par. 755.21c)

Sec. 143.21c. Earthquake insurance; notice.

In response to all applications for homeowners insurance, pursuant to subsection (b) of Section 143.13 of this Act, received by the insurance company for coverage on property located in the New Madrid Seismic Zone, as defined by the United States Geological Survey in Illinois, susceptible to Modified Mercalli intensity VII or greater damage, information shall be provided by the insurance company to the applicant regarding the availability of insurance for loss caused by earthquake.

(Source: P.A. 86-1197; 87-322.)

(215 ILCS 5/143.22) (from Ch. 73, par. 755.22)

Sec. 143.22. Notice to Insured as to Eligibility of Illinois Fair Plan Association.

When a policy containing fire and extended coverage insurance is cancelled or nonrenewed other than for nonpayment of premium or evidence of incendiarism and if the location of the insured property is within the State of Illinois the company shall notify the named insured of his eligibility for the FAIR Plan and shall explain the procedure to make application to the FAIR Plan. Such notice shall accompany or be included in the notice of cancellation or the notice of intent not to renew.

(Source: P.A. 86-437.)

(215 ILCS 5/143.23) (from Ch. 73, par. 755.23)

Sec. 143.23. Cancellation and Nonrenewal Policies - Hearing.

A named insured who wishes to appeal the reasons for cancellation or nonrenewal pursuant to Sections 143.16a and 143.19 through 143.24, shall at least 20 days prior to the effective date of cancellation or nonrenewal, mail or deliver to the Director of Insurance a written request for a hearing which shall clearly state the basis for the appeal. This Section does not apply to cancellation in the case of nonpayment of premium. The notice of cancellation or nonrenewal to which this Section applies shall advise the named insured of his right to appeal and the procedure to follow for such appeal.

Within 10 days after receipt of request for a hearing and upon 10 days notice to the parties, the Director shall call a hearing. Within 20 days of conclusion of the hearing, the Director shall issue his written findings to the parties. The policy will remain in force until such time as the Director has given his findings. If the Director finds for the named insured, he shall order the insurer to rescind its notice of cancellation, or in the case of a nonrenewal order the notice of nonrenewal withdrawn. If the Director finds for the Company he shall order that the cancellation or nonrenewal be effective at least 30 days from the date of his order. The company is entitled to a premium for any extension of coverage and such extension may be contingent upon the payment of the premium.

Costs of the hearing may be assessed against the losing party but shall not exceed $100.

(Source: P.A. 86-437; 87-757.)

(215 ILCS 5/143.23a) (from Ch. 73, par. 755.23a)

Sec. 143.23a.

When any person has filed a complaint with the Director alleging cancellation, non-renewal or refusal to issue a fire and extended coverage policy, as defined in Section 143.13 of this Code, by any insurer, such person, upon written request to the insurer, to which the insurer shall respond within 21 days, shall have access to the complete file of such insurer pertaining to such person's application or policy. There shall be no liability on the part of, and no cause of action shall rise against, any insurer or authorized representative, or its agents or employees, or the director or his authorized representative for any statement made by them or any information contained in the files revealed in compliance with the provisions of this Section.

(Source: P.A. 80-1374.)

(215 ILCS 5/143.24) (from Ch. 73, par. 755.24)

Sec. 143.24. Limited Nonrenewal of Automobile Insurance Policy.

A policy of automobile insurance, as defined in subsection (a) of Section 143.13, may not be nonrenewed for any of the following reasons:

a. Age;

b. Sex;

c. Race;

d. Color;

e. Creed;

f. Ancestry;

g. Occupation;

h. Marital Status;

i. Employer of the insured;

j. Physical disability as defined in Section 143.24a of this Act.

(Source: P.A. 99-143, eff. 7-27-15.)