

SB2773



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2773

Introduced 1/17/2024, by Sen. Napoleon Harris, III

SYNOPSIS AS INTRODUCED:

215 ILCS 5/532
215 ILCS 5/538.7

from Ch. 73, par. 1065.82
from Ch. 73, par. 1065.88-7

Amends the Illinois Insurance Guaranty Fund Article of the Illinois Insurance Code. In provisions authorizing the Illinois Insurance Guaranty Fund to contract with the Office of Special Deputy Receiver or any other person or organizations authorized by law to carry out the duties of the Director of Insurance in her or his capacity as a receiver and specifying a purpose of the Article, deletes language providing that those provisions are inoperative 5 years after August 16, 2021 (the effective date of Public Act 102-396). Effective immediately.

LRB103 35531 RPS 65603 b

A BILL FOR

1 AN ACT concerning regulation.

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

4 Section 5. The Illinois Insurance Code is amended by
5 changing Sections 532 and 538.7 as follows:

6 (215 ILCS 5/532) (from Ch. 73, par. 1065.82)
7 Sec. 532. Purpose.

8 (a) The purpose of this Article is to provide a mechanism
9 for the payment of covered claims under certain insurance
10 policies, to avoid excessive delay in payment of covered
11 claims, to avoid financial loss to claimants or policyholders
12 because of the entry of an Order of Liquidation against an
13 insolvent company, including through services offered to the
14 Director in her or his capacity as receiver under Article XIII
15 of this Code that relate to covered claims, to provide a Fund
16 to assess among member companies the costs of such protection
17 and maintain the continuity and self-sufficient operation of
18 the Fund, and to offset the costs associated with maintaining
19 the Fund's continuity and self-sufficient operations when
20 practical by providing assistance and services to the Director
21 in her or his capacity as receiver under Article XIII of this
22 Code as described in this Section.

23 (b) The purpose of this Article is also to provide a

1 mechanism for the Fund to participate in and facilitate the
2 process by which the assets of an insolvent company are
3 marshaled and distributed pursuant to Article XIII of this
4 Code beyond reimbursing the cost of covered claims. ~~This~~
5 ~~subsection (b) is inoperative 5 years after the effective date~~
6 ~~of this amendatory Act of the 102nd General Assembly.~~

7 (Source: P.A. 102-396, eff. 8-16-21.)

8 (215 ILCS 5/538.7) (from Ch. 73, par. 1065.88-7)

9 Sec. 538.7. (a) The Fund may perform such other acts as are
10 necessary or proper to effectuate the purposes of this
11 Article.

12 (b) The Fund may contract with the Office of Special
13 Deputy Receiver or any other person or organizations
14 authorized by law to carry out the duties of the Director in
15 her or his capacity as a receiver under Article XIII of this
16 Code. The power of the Fund to contract with these persons or
17 entities includes, but is not limited to, providing consulting
18 services and claims administration services that assist with
19 these persons or entities in the performance of their
20 respective statutory and legal functions provided by law. The
21 Fund may only exercise the authority to contract pursuant to
22 this subsection upon the board of director's written
23 determination that the provisioning of such services will
24 advance the purposes set forth in Section 532. Any contract
25 the Fund may enter into to provide services pursuant to this

1 subsection shall be subordinate and subject to the Fund's
2 statutory obligations to timely pay covered claims and avoid
3 financial loss to claimants or policyholders described in this
4 Article.

5 ~~This subsection (b) is inoperative 5 years after the~~
6 ~~effective date of this amendatory Act of the 102nd General~~
7 ~~Assembly.~~

8 (Source: P.A. 102-396, eff. 8-16-21.)

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