

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 500-10 and 500-35 as follows:

6 (215 ILCS 5/500-10)

7 (Section scheduled to be repealed on January 1, 2017)

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

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

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

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

22 "Insurance" means any of the lines of authority in Section
23 500-35, any health care plan under the Health Maintenance

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

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

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

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

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

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

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

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

6 "Person" means an individual or a business entity.

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

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

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

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

18 "Self-service storage facility limited line licensee"
19 means a person authorized under the provisions of Section
20 500-107 to sell certain coverages relating to the rental of
21 self-service storage facilities.

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

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

1 from a particular company.

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

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

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

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

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

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

25 (215 ILCS 5/500-35)

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

2 Sec. 500-35. License.

3 (a) Unless denied a license pursuant to Section 500-70,
4 persons who have met the requirements of Sections 500-25 and
5 500-30 shall be issued a 2-year insurance producer license. An
6 insurance producer may receive qualification for a license in
7 one or more of the following lines of authority:

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

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

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

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

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

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

26 (7) Any other line of insurance permitted under State

1 laws or rules.

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

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

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

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

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

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

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

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

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

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

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

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