

SB2028



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB2028

Introduced 2/15/2019, by Sen. John G. Mulroe

SYNOPSIS AS INTRODUCED:

215 ILCS 5/531.10

from Ch. 73, par. 1065.80-10

Amends the Illinois Life and Health Insurance Guaranty Association Law of the Illinois Insurance Code. Provides that an Association must submit a plan of operation to the Director of Insurance within 200 days.

LRB101 09348 RAB 54444 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 Section 531.10 as follows:

6 (215 ILCS 5/531.10) (from Ch. 73, par. 1065.80-10)

7 Sec. 531.10. Plan of operation.

8 (1) (a) The Association must submit to the Director a plan
9 of operation and any amendments thereto necessary or suitable
10 to ensure ~~assure~~ the fair, reasonable, and equitable
11 administration of the Association within 200 days. The plan of
12 operation and any amendments thereto become effective upon
13 approval in writing by the Director.

14 (b) If the Association fails to submit a suitable plan of
15 operation within 200 ~~180~~ days ~~following the effective date of~~
16 ~~this Article~~ or if at any time thereafter the Association fails
17 to submit suitable amendments to the plan, the Director may,
18 after notice and hearing, adopt and promulgate such reasonable
19 rules as are necessary or advisable to effectuate the
20 provisions of this Article. Such rules are in force until
21 modified by the Director or superseded by a plan submitted by
22 the Association and approved by the Director.

23 (2) All member insurers must comply with the plan of

1 operation.

2 (3) The plan of operation must, in addition to requirements
3 enumerated elsewhere in this Article:

4 (a) Establish procedures for handling the assets of the
5 Association;

6 (b) Establish the amount and method of reimbursing
7 members of the board of directors under Section 531.07;

8 (c) Establish regular places and times for meetings of
9 the board of directors;

10 (d) Establish procedures for records to be kept of all
11 financial transactions of the Association, its agents, and
12 the board of directors;

13 (e) Establish the procedures whereby selections for
14 the board of directors will be made and submitted to the
15 Director;

16 (f) Establish any additional procedures for
17 assessments under Section 531.09; and

18 (g) Contain additional provisions necessary or proper
19 for the execution of the powers and duties of the
20 Association.

21 (4) The plan of operation shall establish a procedure for
22 protest by any member insurer of assessments made by the
23 Association pursuant to Section 531.09. Such procedures shall
24 require that:

25 (a) a member insurer that wishes to protest all or part
26 of an assessment shall pay when due the full amount of the

1 assessment as set forth in the notice provided by the
2 Association. The payment shall be available to meet
3 Association obligations during the pendency of the protest
4 or any subsequent appeal. Payment shall be accompanied by a
5 statement in writing that the payment is made under protest
6 and setting forth a brief statement of the grounds for the
7 protest;

8 (b) within 30 days following the payment of an
9 assessment under protest by any protesting member insurer,
10 the Association must notify the member insurer in writing
11 of its determination with respect to the protest unless the
12 Association notifies the member that additional time is
13 required to resolve the issues raised by the protest;

14 (c) in the event the Association determines that the
15 protesting member insurer is entitled to a refund, such
16 refund shall be made within 30 days following the date upon
17 which the Association makes its determination;

18 (d) the decision of the Association with respect to a
19 protest may be appealed to the Director pursuant to Section
20 531.11(3);

21 (e) in the alternative to rendering a decision with
22 respect to any protest based on a question regarding the
23 assessment base, the Association may refer such protests to
24 the Director for final decision, with or without a
25 recommendation from the Association; and

26 (f) interest on any refund due a protesting member

1 insurer shall be paid at the rate actually earned by the
2 Association.

3 (5) The plan of operation may provide that any or all
4 powers and duties of the Association, except those under
5 paragraph (3) of subsection (n) of Section 531.08 and Section
6 531.09 are delegated to a corporation, association or other
7 organization which performs or will perform functions similar
8 to those of this Association, or its equivalent, in 2 or more
9 states. Such a corporation, association or organization shall
10 be reimbursed for any payments made on behalf of the
11 Association and shall be paid for its performance of any
12 function of the Association. A delegation under this subsection
13 shall take effect only with the approval of both the Board of
14 Directors and the Director, and may be made only to a
15 corporation, association or organization which extends
16 protection not substantially less favorable and effective than
17 that provided by this Act.

18 (Source: P.A. 100-687, eff. 8-3-18.)