

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, 538, 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, and to provide a
16 Fund to assess among member companies the costs ~~cost~~ of such
17 protection and maintain the continuity and self-sufficient
18 operation of the Fund, and to offset the costs associated with
19 maintaining the Fund's continuity and self-sufficient
20 operations when practical by providing assistance and services
21 to the Director in her or his capacity as receiver under
22 Article XIII of this Code as described in this Section ~~among~~
23 ~~member companies.~~

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

8 (Source: P.A. 85-576.)

9 (215 ILCS 5/538) (from Ch. 73, par. 1065.88)

10 Sec. 538. Powers of the Fund. The Fund shall have the
11 powers enumerated in the Sections following this Section and
12 preceding Section 539 ~~538.1 through 538.8.~~

13 (Source: P.A. 77-305.)

14 (215 ILCS 5/538.7) (from Ch. 73, par. 1065.88-7)

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

18 (b) The Fund may contract with the Office of Special
19 Deputy Receiver or any other person or organizations
20 authorized by law to carry out the duties of the Director in
21 her or his capacity as a receiver under Article XIII of this
22 Code. The power of the Fund to contract with these persons or
23 entities includes, but is not limited to, providing consulting
24 services and claims administration services that assist with

1 these persons or entities in the performance of their
2 respective statutory and legal functions provided by law. The
3 Fund may only exercise the authority to contract pursuant to
4 this subsection upon the board of director's written
5 determination that the provisioning of such services will
6 advance the purposes set forth in Section 532. Any contract
7 the Fund may enter into to provide services pursuant to this
8 subsection shall be subordinate and subject to the Fund's
9 statutory obligations to timely pay covered claims and avoid
10 financial loss to claimants or policyholders described in this
11 Article.

12 This subsection (b) is inoperative 5 years after the
13 effective date of this amendatory Act of the 102nd General
14 Assembly.

15 (Source: P.A. 82-210.)

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