



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB2408

Introduced 2/26/2021, by Sen. Napoleon Harris, III

SYNOPSIS AS INTRODUCED:

215 ILCS 5/532	from Ch. 73, par. 1065.82
215 ILCS 5/538	from Ch. 73, par. 1065.88
215 ILCS 5/538.7	from Ch. 73, par. 1065.88-7

Amends the Illinois Insurance Code. Authorizes the Illinois Insurance Guaranty Fund, at the direction of its board of directors and subject to the approval of the Director of Insurance, to form and own a not-for-profit corporation to which the Fund may delegate certain of its powers and duties provided by the Code. Allows the not-for-profit corporation to contract to provide services to the Office of Special Deputy Receiver or any other person or organization authorized by law to carry out the duties of the Director in the capacity of receiver under specified provisions of the Code, the Illinois Life and Health Insurance Guaranty Association, an organizations in another state similar to the Illinois Insurance Guaranty Fund or the Illinois Life and Health Insurance Guaranty Association. Effective immediately.

LRB102 11366 BMS 16699 b

FISCAL NOTE ACT
MAY APPLY

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, 538, and 538.7 as follows:

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

7 Sec. 532. Purpose. The purpose of this Article is to
8 provide a mechanism for the payment of covered claims under
9 certain insurance policies and the expenses of the Fund in
10 handling covered claims and to participate in and facilitate
11 the process by which the assets of an insolvent company are
12 marshaled and distributed pursuant to Article XIII of this
13 Code or similar provisions in other states and jurisdictions
14 to reimburse the cost of covered claims, to avoid excessive
15 delay in payment of covered claims, to avoid financial loss to
16 claimants or policyholders because of the entry of an Order of
17 Liquidation against an insolvent company, ~~and~~ to provide a
18 Fund to assess among member companies the costs ~~cost~~ of such
19 protection and maintain the continuity and self-sufficient
20 operation of the Fund, and to offset the costs associated with
21 maintaining the Fund's continuity and self-sufficient
22 operations when practical by providing assistance and services
23 to the Director in her or his capacity as receiver under

1 Article XIII of this Code and other State guaranty
2 organizations in the performance of their respective statutory
3 and legal functions provided by law ~~among member companies.~~
4 (Source: P.A. 85-576.)

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

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

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

10 (215 ILCS 5/538.7) (from Ch. 73, par. 1065.88-7)

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

14 (b) The Fund may contract with the Office of Special
15 Deputy Receiver or any other person or organizations
16 authorized by law to carry out the duties of the Director in
17 her or his capacity as a receiver under Article XIII of this
18 Code, the Illinois Life and Health Insurance Guaranty
19 Association under Article XXXIII 1/2 of this Code, and
20 organizations in another state similar to the Fund or the
21 Illinois Life and Health Insurance Guaranty Association. The
22 power of the Fund to contract with these persons or entities
23 includes, but is not limited to, providing consulting services
24 and claims administration services that assist with these

1 persons or entities in the performance of their respective
2 statutory and legal functions provided by law. The Fund may
3 only exercise the authority to contract pursuant to this
4 subsection upon the board of director's written determination
5 that the provisioning of such services will advance the
6 purpose set forth in Section 532. Any contract with
7 organizations in another state similar to the Fund or the
8 Illinois Life and Health Insurance Guaranty Association shall
9 be subject to the prior approval of the Director. Any contract
10 the Fund may enter into to provide services pursuant to this
11 subsection shall be subordinate and subject to the Fund's
12 statutory obligations to timely pay covered claims and avoid
13 financial loss to claimants or policyholders described in this
14 Article.

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

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