



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB2409

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

SYNOPSIS AS INTRODUCED:

215 ILCS 5/35B-25	
215 ILCS 5/131.1	from Ch. 73, par. 743.1
215 ILCS 5/131.8	from Ch. 73, par. 743.8
215 ILCS 5/131.20d new	
215 ILCS 5/131.22	from Ch. 73, par. 743.22
215 ILCS 5/131.9a rep.	
215 ILCS 5/131.14d rep.	

Amends the Illinois Insurance Code. In provisions requiring the Director of Insurance to approve specified acquisitions of control, provides that the Director shall deny the acquisition if the competence, experience, and integrity of those persons who would control the operation are such that it would not (rather than would) be in the best interests of specified individuals. Provides specified procedures by which the Director may designate a group-wide supervisor of an internationally active insurance group and supervise internationally active insurance groups. In provisions concerning confidential treatment of certain information, excludes information submitted pursuant to specified provisions concerning mergers and acquisitions that is not personal financial information. Provides that the Director may share confidential and privileged documents, materials, or other information with third-party consultants to assist in the performance of the Director's duties. Makes other changes. Defines "group-wide supervisor", "internationally active insurance group", "NAIC", and "securityholder". Repeals certain provisions concerning exemptions and provisions concerning confidentiality of documents, materials, and other information. Effective immediately.

LRB102 16861 BMS 22267 b

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 35B-25, 131.1, 131.8, and 131.22 and by
6 adding Section 131.20d as follows:

7 (215 ILCS 5/35B-25)

8 Sec. 35B-25. Plan of division approval.

9 (a) A division shall not become effective until it is
10 approved by the Director after reasonable notice and a public
11 hearing, if the notice and hearing are deemed by the Director
12 to be in the public interest. The Director shall hold a public
13 hearing if one is requested by the dividing company. A hearing
14 conducted under this Section shall be conducted in accordance
15 with Article 10 of the Illinois Administrative Procedure Act.

16 (b) The Director shall approve a plan of division unless
17 the Director finds that:

18 (1) the interest of any class of policyholder or
19 shareholder of the dividing company will not be properly
20 protected;

21 (2) each new company created by the proposed division,
22 except a new company that is a nonsurviving party to a
23 merger pursuant to subsection (b) of Section 156, would be

1 ineligible to receive a license to do insurance business
2 in this State pursuant to Section 5;

3 (2.5) each new company created by the proposed
4 division, except a new company that is a nonsurviving
5 party to a merger pursuant to subsection (b) of Section
6 156, that will be a member insurer of the Illinois Life and
7 Health Insurance Guaranty Association and that will have
8 policy liabilities allocated to it will not be licensed to
9 do insurance business in each state where such policies
10 were written by the dividing company;

11 (3) the proposed division violates a provision of the
12 Uniform Fraudulent Transfer Act;

13 (4) the division is being made for purposes of
14 hindering, delaying, or defrauding any policyholders or
15 other creditors of the dividing company;

16 (5) one or more resulting companies will not be
17 solvent upon the consummation of the division; or

18 (6) the remaining assets of one or more resulting
19 companies will be, upon consummation of a division,
20 unreasonably small in relation to the business and
21 transactions in which the resulting company was engaged or
22 is about to engage.

23 (c) In determining whether the standards set forth in
24 paragraph (3) of subsection (b) have been satisfied, the
25 Director shall only apply the Uniform Fraudulent Transfer Act
26 to a dividing company in its capacity as a resulting company

1 and shall not apply the Uniform Fraudulent Transfer Act to any
2 dividing company that is not proposed to survive the division.

3 (d) In determining whether the standards set forth in
4 paragraphs (3), (4), (5), and (6) of subsection (b) have been
5 satisfied, the Director may consider all proposed assets of
6 the resulting company, including, without limitation,
7 reinsurance agreements, parental guarantees, support or keep
8 well agreements, or capital maintenance or contingent capital
9 agreements, in each case, regardless of whether the same would
10 qualify as an admitted asset as defined in Section 3.1.

11 (e) In determining whether the standards set forth in
12 paragraph (3) of subsection (b) have been satisfied, with
13 respect to each resulting company, the Director shall, in
14 applying the Uniform Fraudulent Transfer Act, treat:

15 (1) the resulting company as a debtor;

16 (2) liabilities allocated to the resulting company as
17 obligations incurred by a debtor;

18 (3) the resulting company as not having received
19 reasonably equivalent value in exchange for incurring the
20 obligations; and

21 (4) assets allocated to the resulting company as
22 remaining property.

23 (f) All information, documents, materials, and copies
24 thereof submitted to, obtained by, or disclosed to the
25 Director in connection with a plan of division or in
26 contemplation thereof, including any information, documents,

1 materials, or copies provided by or on behalf of a domestic
2 stock company in advance of its adoption or submission of a
3 plan of division, shall be confidential and shall be subject
4 to the same protection and treatment in accordance with
5 Section 131.22 ~~131.14d~~ as documents and reports disclosed to
6 or filed with the Director pursuant to Section 131.14b until
7 such time, if any, as a notice of the hearing contemplated by
8 subsection (a) is issued.

9 (g) From and after the issuance of a notice of the hearing
10 contemplated by subsection (a), all business, financial, and
11 actuarial information that the domestic stock company requests
12 confidential treatment, other than the plan of division, shall
13 continue to be confidential and shall not be available for
14 public inspection and shall be subject to the same protection
15 and treatment in accordance with Section 131.22 ~~131.14d~~ as
16 documents and reports disclosed to or filed with the Director
17 pursuant to Section 131.14b.

18 (h) All expenses incurred by the Director in connection
19 with proceedings under this Section, including expenses for
20 the services of any attorneys, actuaries, accountants, and
21 other experts as may be reasonably necessary to assist the
22 Director in reviewing the proposed division, shall be paid by
23 the dividing company filing the plan of division. A dividing
24 company may allocate expenses described in this subsection in
25 a plan of division in the same manner as any other liability.

26 (i) If the Director approves a plan of division, the

1 Director shall issue an order that shall be accompanied by
2 findings of fact and conclusions of law.

3 (j) The conditions in this Section for freeing one or more
4 of the resulting companies from the liabilities of the
5 dividing company and for allocating some or all of the
6 liabilities of the dividing company shall be conclusively
7 deemed to have been satisfied if the plan of division has been
8 approved by the Director in a final order that is not subject
9 to further appeal.

10 (Source: P.A. 100-1118, eff. 11-27-18; 101-549, eff. 1-1-20.)

11 (215 ILCS 5/131.1) (from Ch. 73, par. 743.1)

12 Sec. 131.1. Definitions. As used in this Article, the
13 following terms have the respective meanings set forth in this
14 Section unless the context requires otherwise:

15 (a) An "affiliate" of, or person "affiliated" with, a
16 specific person, is a person that directly, or indirectly
17 through one or more intermediaries, controls, or is controlled
18 by, or is under common control with, the person specified.

19 (a-5) "Acquiring party" means such person by whom or on
20 whose behalf the merger or other acquisition of control
21 referred to in Section 131.4 is to be affected and any person
22 that controls such person or persons.

23 (a-10) "Associated person" means, with respect to an
24 acquiring party, (1) any beneficial owner of shares of the
25 company to be acquired, owned, directly or indirectly, of

1 record or beneficially by the acquiring party, (2) any
2 affiliate of the acquiring party or beneficial owner, and (3)
3 any other person acting in concert, directly or indirectly,
4 pursuant to any agreement, arrangement, or understanding,
5 whether written or oral, with the acquiring party or
6 beneficial owner, or any of their respective affiliates, in
7 connection with the merger, consolidation, or other
8 acquisition of control referred to in Section 131.4 of this
9 Code.

10 (a-15) "Company" has the same meaning as "company" as
11 defined in Section 2 of this Code, except that it does not
12 include agencies, authorities, or instrumentalities of the
13 United States, its possessions and territories, the
14 Commonwealth of Puerto Rico, the District of Columbia, or a
15 state or political subdivision of a state.

16 (b) "Control" (including the terms "controlling",
17 "controlled by" and "under common control with") means the
18 possession, direct or indirect, of the power to direct or
19 cause the direction of the management and policies of a
20 person, whether through the ownership of voting securities,
21 the holding of shareholders' or policyholders' proxies by
22 contract other than a commercial contract for goods or
23 non-management services, or otherwise, unless the power is
24 solely the result of an official position with or corporate
25 office held by the person. Control is presumed to exist if any
26 person, directly or indirectly, owns, controls, holds with the

1 power to vote, or holds shareholders' proxies representing 10%
2 or more of the voting securities of any other person, or holds
3 or controls sufficient policyholders' proxies to elect the
4 majority of the board of directors of the domestic company.
5 This presumption may be rebutted by a showing made in the
6 manner as the Director may provide by rule. The Director may
7 determine, after furnishing all persons in interest notice and
8 opportunity to be heard and making specific findings of fact
9 to support such determination, that control exists in fact,
10 notwithstanding the absence of a presumption to that effect.

11 (b-5) "Enterprise risk" means any activity, circumstance,
12 event, or series of events involving one or more affiliates of
13 a company that, if not remedied promptly, is likely to have a
14 material adverse effect upon the financial condition or
15 liquidity of the company or its insurance holding company
16 system as a whole, including, but not limited to, anything
17 that would cause the company's risk-based capital to fall into
18 company action level as set forth in Article IIA of this Code
19 or would cause the company to be in hazardous financial
20 condition as set forth in Article XII 1/2 of this Code.

21 (b-10) "Exchange Act" means the Securities Exchange Act of
22 1934, as amended, together with the rules and regulations
23 promulgated thereunder.

24 (b-15) "Group-wide supervisor" means the regulatory
25 official authorized to engage in conducting and coordinating
26 group-wide supervision activities who is determined or

1 acknowledged by the Director under Section 131.20d of this
2 Code to have sufficient contacts with an internationally
3 active insurance group.

4 (c) "Insurance holding company system" means two or more
5 affiliated persons, one or more of which is an insurance
6 company as defined in paragraph (e) of Section 2 of this Code.

7 (c-5) "Internationally active insurance group" means an
8 insurance holding company system that:

9 (1) includes an insurer registered under Section 4 of
10 this Code; and

11 (2) meets the following criteria:

12 (A) premiums written in at least 3 countries;

13 (B) the percentage of gross premiums written
14 outside the United States is at least 10% of the
15 insurance holding company system's total gross written
16 premiums; and

17 (C) based on a 3-year rolling average, the total
18 assets of the insurance holding company system are at
19 least \$50,000,000,000 or the total gross written
20 premiums of the insurance holding company system are
21 at least \$10,000,000,000.

22 (d) (Blank).

23 (d-1) "NAIC" means the National Association of Insurance
24 Commissioners.

25 (d-5) "Non-operating holding company" is a general
26 business corporation functioning solely for the purpose of

1 forming, owning, acquiring, and managing subsidiary business
2 entities and having no other business operations not related
3 thereto.

4 (d-10) "Own", "owned," or "owning" means shares (1) with
5 respect to which a person has title or to which a person's
6 nominee, custodian, or other agent has title and which such
7 nominee, custodian, or other agent is holding on behalf of the
8 person or (2) with respect to which a person (A) has purchased
9 or has entered into an unconditional contract, binding on both
10 parties, to purchase the shares, but has not yet received the
11 shares, (B) owns a security convertible into or exchangeable
12 for the shares and has tendered the security for conversion or
13 exchange, (C) has an option to purchase or acquire, or rights
14 or warrants to subscribe to, the shares and has exercised such
15 option, rights, or warrants, or (D) holds a securities futures
16 contract to purchase the shares and has received notice that
17 the position will be physically settled and is irrevocably
18 bound to receive the underlying shares. To the extent that any
19 affiliates of the stockholder or beneficial owner are acting
20 in concert with the stockholder or beneficial owner, the
21 determination of shares owned may include the effect of
22 aggregating the shares owned by the affiliate or affiliates.
23 Whether shares constitute shares owned shall be decided by the
24 Director in his or her reasonable determination.

25 (e) "Person" means an individual, a corporation, a limited
26 liability company, a partnership, an association, a joint

1 stock company, a trust, an unincorporated organization, any
2 similar entity or any combination of the foregoing acting in
3 concert, but does not include any securities broker performing
4 no more than the usual and customary broker's function or
5 joint venture partnership exclusively engaged in owning,
6 managing, leasing or developing real or tangible personal
7 property other than capital stock.

8 (e-5) "Policyholders' proxies" are proxies that give the
9 holder the right to vote for the election of the directors and
10 other corporate actions not in the day to day operations of the
11 company.

12 (f) (Blank).

13 (f-5) "Securityholder" of a specified person is one who
14 owns any security of such person, including common stock,
15 preferred stock, debt obligations, and any other security
16 convertible into or evidencing the right to acquire any of the
17 foregoing.

18 (g) "Subsidiary" of a specified person is an affiliate
19 controlled by such person directly, or indirectly through one
20 or more intermediaries.

21 (h) "Voting Security" is a security which gives to the
22 holder thereof the right to vote for the election of directors
23 and includes any security convertible into or evidencing a
24 right to acquire a voting security.

25 (i) (Blank).

26 (j) (Blank).

1 (k) (Blank).

2 (Source: P.A. 98-609, eff. 1-1-14.)

3 (215 ILCS 5/131.8) (from Ch. 73, par. 743.8)

4 Sec. 131.8. (1) After the statement required by Section
5 131.5 has been filed, the Director shall approve any merger,
6 consolidation or other acquisition of control referred to in
7 Section 131.4 unless the Director finds that:

8 (a) after the change of control, the domestic company
9 referred to in Section 131.4 would not be able to satisfy
10 the requirements for the issuance of a license to write
11 the line or lines of insurance for which it is presently
12 licensed;

13 (b) the effect of the merger, consolidation or other
14 acquisition of control would be substantially to lessen
15 competition in insurance in this State or tend to create a
16 monopoly therein. In applying the competitive standard in
17 this paragraph:

18 (i) the informational requirements of subsection
19 (3)(a) and the standards of subsection (4)(b) of
20 Section 131.12a shall apply,

21 (ii) the merger or other acquisition shall not be
22 found substantially to lessen competition in insurance
23 in this State or tend to create a monopoly therein if
24 the Director finds that any of the situations meeting
25 the criteria provided by subsection (4)(c) of Section

1 131.12a exist, and

2 (iii) the Director may condition the approval of
3 the merger or other acquisition on the removal of the
4 basis of disapproval within a specified period of
5 time;

6 (c) the financial condition of any acquiring party is
7 such as might jeopardize the financial stability of the
8 domestic company or jeopardize the interests of its
9 policyholders;

10 (d) the plans or proposals which the acquiring party
11 has to liquidate the domestic company, sell its assets or
12 consolidate or merge it with any person, or to make any
13 other material change in its business or corporate
14 structure or management, are unfair and unreasonable to
15 policyholders of such company and not in the public
16 interest; or

17 (e) the competence, experience and integrity of those
18 persons who would control the operation of the domestic
19 company are such that it would not be in the best interests
20 of policyholders of such company and of the insurance
21 buying public to permit the merger, consolidation or other
22 acquisition of control.

23 (2) The Director may hold a public hearing on any merger,
24 consolidation or other acquisition of control referred to in
25 Section 131.4 if the Director determines that the statement
26 filed as required by Section 131.5 does not demonstrate

1 compliance with the standards referred to in subsection (1),
2 of this Section, or if he determines that such acquisition of
3 control is likely to be hazardous or prejudicial to the
4 insurance buying public.

5 (3) The public hearing referred to in subsection (2) must
6 be held within 60 days after the statement required by Section
7 131.5 is filed, and at least 20 days' notice thereof must be
8 given by the Director to the person filing the statement and to
9 the domestic company. Not less than 7 days' notice of such
10 hearing must be given by the person filing the statement to
11 such other persons as may be designated by the Director and by
12 the company to its shareholders. The Director must make a
13 determination within 60 days after the conclusion of the
14 hearing. At the hearing, the person filing the statement, the
15 domestic company, any person to whom notice of the hearing was
16 sent, and any other person whose interests may be affected
17 thereby has the right to present evidence, examine and
18 cross-examine witnesses, and offer oral and written arguments
19 and in connection therewith is entitled to conduct discovery
20 proceedings in the same manner as is presently allowed in the
21 Circuit Courts of this State. All discovery proceedings must
22 be concluded not later than 3 days prior to the commencement of
23 the public hearing.

24 (4) If the proposed acquisition of control will require
25 the approval of more than one state insurance commissioner,
26 the public hearing referred to in subsection (2) of this

1 Section may be held on a consolidated basis upon request of the
2 person filing the statement referred to in Section 131.5 of
3 this Code. Such person shall file the statement referred to in
4 Section 131.5 of this Code with the National Association of
5 Insurance Commissioners (NAIC) within 5 days after making the
6 request for a public hearing. A commissioner may opt out of a
7 consolidated hearing and shall provide notice to the applicant
8 of the opt out within 10 days after the receipt of the
9 statement referred to in Section 131.5 of this Code. A hearing
10 conducted on a consolidated basis shall be public and shall be
11 held within the United States before the commissioners of the
12 states in which the companies are domiciled. Such
13 commissioners shall hear and receive evidence. A commissioner
14 may attend such hearing in person or by telecommunication.

15 (5) In connection with a change of control of a domestic
16 company, any determination by the Director that the person
17 acquiring control of the company shall be required to maintain
18 or restore the capital of the company to the level required by
19 the laws and regulations of this State shall be made not later
20 than 60 days after the filing of the statement required by
21 Section 131.5 of this Code.

22 (Source: P.A. 98-609, eff. 1-1-14.)

23 (215 ILCS 5/131.20d new)

24 Sec. 131.20d. Group-wide supervision of internationally
25 active insurance groups.

1 (a) The Director is authorized to act as the group-wide
2 supervisor for any internationally active insurance group in
3 accordance with the provisions of this Section.

4 (b) The Director may otherwise acknowledge another
5 regulatory official as the group-wide supervisor where the
6 internationally active insurance group:

7 (1) does not have substantial insurance operations in
8 the United States;

9 (2) has substantial insurance operations in the United
10 States, but not in this State; or

11 (3) has substantial insurance operations in the United
12 States and this State, but the Director has determined
13 pursuant to the factors set forth in subsections (d) and
14 (h) that the other regulatory official is the appropriate
15 group-wide supervisor.

16 (c) An insurance holding company system that does not
17 otherwise qualify as an internationally active insurance group
18 may request that the Director make a determination or
19 acknowledgment as to a group-wide supervisor pursuant to this
20 Section.

21 (d) In cooperation with other state, federal, and
22 international regulatory agencies, the Director will identify
23 a single group-wide supervisor for an internationally active
24 insurance group. The Director may determine that the Director
25 is the appropriate group-wide supervisor for an
26 internationally active insurance group that conducts

1 substantial insurance operations concentrated in this State.
2 However, the Director may acknowledge that a regulatory
3 official from another jurisdiction is the appropriate
4 group-wide supervisor for the internationally active insurance
5 group. A regulatory official identified under this Section as
6 the group-wide supervisor may determine that it is appropriate
7 to acknowledge another supervisor to serve as the group-wide
8 supervisor. The acknowledgment of the group-wide supervisor
9 shall be made after consideration of the factors listed in
10 paragraphs (1) through (5) of this subsection, and shall be
11 made in cooperation with and subject to the acknowledgment of
12 other regulatory officials involved with supervision of
13 members of the internationally active insurance group, and in
14 consultation with the internationally active insurance group.
15 The Director shall consider the following factors when making
16 a determination or acknowledgment under this subsection:

17 (1) the place of domicile of the insurance companies
18 within the internationally active insurance group that
19 hold the largest share of the group's written premiums,
20 assets, or liabilities;

21 (2) the place of domicile of the top-tiered insurance
22 company or companies in the insurance holding company
23 system of the internationally active insurance group;

24 (3) the location of the executive offices or largest
25 operational offices of the internationally active
26 insurance group;

1 (4) whether another regulatory official is acting or
2 is seeking to act as the group-wide supervisor under a
3 regulatory system that the Director determines to be:

4 (A) substantially similar to the system of
5 regulation provided under the laws of this State; or

6 (B) otherwise sufficient in terms of providing for
7 group-wide supervision, enterprise risk analysis, and
8 cooperation with other regulatory officials; and

9 (5) whether another regulatory official acting or
10 seeking to act as the group-wide supervisor provides the
11 Director with reasonably reciprocal recognition and
12 cooperation.

13 (e) Notwithstanding any other provision of law, when
14 another regulatory official is acting as the group-wide
15 supervisor of an internationally active insurance group, the
16 Director shall acknowledge that regulatory official as the
17 group-wide supervisor. However, in the event of a material
18 change in the internationally active insurance group that
19 results in:

20 (1) the internationally active insurance group's
21 insurance companies domiciled in this State holding the
22 largest share of the group's premiums, assets, or
23 liabilities; or

24 (2) this State being the place of domicile of the
25 top-tiered insurance company or companies in the insurance
26 holding company system of the internationally active

1 insurance group, the Director shall make a determination
2 or acknowledgment as to the appropriate group-wide
3 supervisor for such an internationally active insurance
4 group pursuant to subsection (d).

5 (f) The Director is authorized to collect from any company
6 registered pursuant to Section 131.13 all information
7 necessary to determine whether the Director may act as the
8 group-wide supervisor of an internationally active insurance
9 group or if the Director may acknowledge another regulatory
10 official to act as the group-wide supervisor. Before issuing a
11 determination that an internationally active insurance group
12 is subject to group-wide supervision by the Director, the
13 Director shall notify the company registered pursuant to
14 Section 131.13 and the ultimate controlling person within the
15 internationally active insurance group. The internationally
16 active insurance group shall have not less than 30 days to
17 provide the Director with additional information pertinent to
18 the pending determination. The Department shall publish on its
19 Internet website the identity of internationally active
20 insurance groups that the Director has determined are subject
21 to group-wide supervision by the Director.

22 (g) If the Director is the group-wide supervisor for an
23 internationally active insurance group, the Director is
24 authorized to engage in any of the following group-wide
25 supervision activities:

26 (1) assess the enterprise risks within the

1 internationally active insurance group to ensure that:

2 (A) the material financial condition and liquidity
3 risks to the members of the internationally active
4 insurance group that are engaged in the business of
5 insurance are identified by management; and

6 (B) reasonable and effective mitigation measures
7 are in place;

8 (2) request, from any member of an internationally
9 active insurance group subject to the Director's
10 supervision, information necessary and appropriate to
11 assess enterprise risk, including, but not limited to,
12 information about the members of the internationally
13 active insurance group regarding:

14 (A) governance, risk assessment, and management;

15 (B) capital adequacy; and

16 (C) material intercompany transactions;

17 (3) coordinate and, through the authority of the
18 regulatory officials of the jurisdictions where members of
19 the internationally active insurance group are domiciled,
20 compel development and implementation of reasonable
21 measures designed to ensure that the internationally
22 active insurance group is able to timely recognize and
23 mitigate enterprise risks to members of such
24 internationally active insurance group that are engaged in
25 the business of insurance;

26 (4) communicate with other state, federal, and

1 international regulatory agencies for members within the
2 internationally active insurance group and share relevant
3 information subject to the confidentiality provisions of
4 Section 131.22, through supervisory colleges as set forth
5 in Section 131.20c or otherwise;

6 (5) enter into agreements with or obtain documentation
7 from any company registered under Section 131.13, any
8 member of the internationally active insurance group, and
9 any other state, federal, and international regulatory
10 agencies for members of the internationally active
11 insurance group, providing the basis for or otherwise
12 clarifying the Director's role as group-wide supervisor,
13 including provisions for resolving disputes with other
14 regulatory officials. Such agreements or documentation
15 shall not serve as evidence in any proceeding that any
16 company or person within an insurance holding company
17 system not domiciled or incorporated in this State is
18 doing business in this State or is otherwise subject to
19 jurisdiction in this State; and

20 (6) other group-wide supervision activities,
21 consistent with the authorities and purposes enumerated
22 above, as considered necessary by the Director.

23 (h) If the Director acknowledges that another regulatory
24 official from a jurisdiction that is not accredited by the
25 NAIC is the group-wide supervisor, the Director is authorized
26 to reasonably cooperate, through supervisory colleges or

1 otherwise, with group-wide supervision undertaken by the
2 group-wide supervisor, provided that:

3 (1) the Director's cooperation is in compliance with
4 the laws of this State; and

5 (2) the regulatory official acknowledged as the
6 group-wide supervisor also recognizes and cooperates with
7 the Director's activities as a group-wide supervisor for
8 other internationally active insurance groups where
9 applicable. Where such recognition and cooperation is not
10 reasonably reciprocal, the Director is authorized to
11 refuse recognition and cooperation.

12 (i) The Director is authorized to enter into agreements
13 with or obtain documentation from any company registered under
14 Section 131.13, any affiliate of the company, and other state,
15 federal, and international regulatory agencies for members of
16 the internationally active insurance group that provide the
17 basis for or otherwise clarify a regulatory official's role as
18 group-wide supervisor.

19 (j) The Department may adopt regulations necessary for the
20 administration of this Section.

21 (k) A registered company subject to this Section shall be
22 liable for and shall pay the reasonable expenses of the
23 Director's participation in the administration of this
24 Section, including the engagement of attorneys, actuaries, and
25 any other professionals and all reasonable travel expenses.

1 (215 ILCS 5/131.22) (from Ch. 73, par. 743.22)

2 Sec. 131.22. Confidential treatment.

3 (a) Documents, materials, or other information in the
4 possession or control of the Department that are obtained by
5 or disclosed to the Director or any other person in the course
6 of an examination or investigation made pursuant to this
7 Article and all information reported or provided to the
8 Department pursuant to this Article, with the exception of
9 information submitted pursuant to Section 131.5 through
10 Section 131.10 that is not personal financial information,
11 shall be confidential by law and privileged, shall not be
12 subject to the Illinois Freedom of Information Act, shall not
13 be subject to subpoena, and shall not be subject to discovery
14 or admissible in evidence in any private civil action.
15 However, the Director is authorized to use the documents,
16 materials, or other information in the furtherance of any
17 regulatory or legal action brought as a part of the Director's
18 official duties. The Director shall not otherwise make the
19 documents, materials, or other information public without the
20 prior written consent of the company to which it pertains
21 unless the Director, after giving the company and its
22 affiliates who would be affected thereby prior written notice
23 and an opportunity to be heard, determines that the interest
24 of policyholders, shareholders, or the public shall be served
25 by the publication thereof, in which event the Director may
26 publish all or any part in such manner as may be deemed

1 appropriate.

2 (b) Neither the Director nor any person who received
3 documents, materials, or other information while acting under
4 the authority of the Director or with whom such documents,
5 materials, or other information are shared pursuant to this
6 Article shall be permitted or required to testify in any
7 private civil action concerning any confidential documents,
8 materials, or information subject to subsection (a) of this
9 Section.

10 (c) In order to assist in the performance of the
11 Director's duties, the Director:

12 (1) may share documents, materials, or other
13 information, including the confidential and privileged
14 documents, materials, or information subject to subsection
15 (a) of this Section, with other state, federal, and
16 international regulatory agencies, with the NAIC and its
17 affiliates and subsidiaries, and with third-party
18 consultants, and with state, federal, and international
19 law enforcement authorities and regulatory agencies,
20 including members of any supervisory college allowed by
21 this Article, provided that the recipient agrees in
22 writing to maintain the confidentiality and privileged
23 status of the document, material, or other information,
24 and has verified in writing the legal authority to
25 maintain confidentiality;

26 (1.5) notwithstanding paragraph (1) of this subsection

1 (c), may only share confidential and privileged documents,
2 material, or information reported pursuant to Section
3 131.14b with commissioners of states having statutes or
4 regulations substantially similar to subsection (a) of
5 this Section and who have agreed in writing not to
6 disclose such information; and

7 (2) may receive documents, materials, or information,
8 including otherwise confidential and privileged documents,
9 materials, or information from the NAIC and its affiliates
10 and subsidiaries and from regulatory and law enforcement
11 officials of other foreign or domestic jurisdictions, and
12 shall maintain as confidential or privileged any document,
13 material, or information received with notice or the
14 understanding that it is confidential or privileged under
15 the laws of the jurisdiction that is the source of the
16 document, material, or information; any such documents,
17 materials, or information, while in the Director's
18 possession, shall not be subject to the Illinois Freedom
19 of Information Act and shall not be subject to subpoena. ~~†~~

20 ~~and~~

21 (c-5) Written ~~(3) shall enter into written~~ agreements with
22 the NAIC or third-party consultants governing sharing and use
23 of information provided pursuant to this Article consistent
24 with this subsection (c) ~~that~~ shall:

25 (1) ~~(i)~~ specify procedures and protocols regarding the
26 confidentiality and security of information shared with

1 the NAIC and its affiliates and subsidiaries or
2 third-party consultants pursuant to this Article,
3 including procedures and protocols for sharing by the NAIC
4 with other state, federal, or international regulators;

5 (2) ~~(ii)~~ specify that ownership of information shared
6 with the NAIC and its affiliates and subsidiaries or
7 third-party consultants pursuant to this Article remains
8 with the Director and the NAIC's or third-party
9 consultant's use of the information is subject to the
10 direction of the Director;

11 (3) ~~(iii)~~ require prompt notice to be given to a
12 company whose confidential information in the possession
13 of the NAIC or third-party consultant pursuant to this
14 Article is subject to a request or subpoena ~~to the NAIC~~ for
15 disclosure or production; and

16 (4) ~~(iv)~~ require the NAIC and its affiliates and
17 subsidiaries or third-party consultants to consent to
18 intervention by a company in any judicial or
19 administrative action in which the NAIC and its affiliates
20 and subsidiaries or third-party consultants may be
21 required to disclose confidential information about the
22 company shared with the NAIC and its affiliates and
23 subsidiaries or third-party consultants pursuant to this
24 Article.

25 (d) The sharing of documents, materials, or information by
26 the Director pursuant to this Article shall not constitute a

1 delegation of regulatory authority or rulemaking, and the
2 Director is solely responsible for the administration,
3 execution, and enforcement of the provisions of this Article.

4 (e) No waiver of any applicable privilege or claim of
5 confidentiality in the documents, materials, or information
6 shall occur as a result of disclosure to the Director under
7 this Section or as a result of sharing as authorized in
8 subsection (c) of this Section.

9 (f) Documents, materials, or other information in the
10 possession or control of the NAIC or a third-party consultant
11 pursuant to this Article shall be confidential by law and
12 privileged, shall not be subject to the Illinois Freedom of
13 Information Act, shall not be subject to subpoena, and shall
14 not be subject to discovery or admissible in evidence in any
15 private civil action.

16 (Source: P.A. 98-609, eff. 1-1-14.)

17 (215 ILCS 5/131.9a rep.)

18 (215 ILCS 5/131.14d rep.)

19 Section 10. The Illinois Insurance Code is amended by
20 repealing Sections 131.9a and 131.14d.

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.