

# HB1233



## 103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB1233

Introduced 1/31/2023, by Rep. Thaddeus Jones

### 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 the Illinois Life and Health Insurance Guaranty Association must submit a plan of operation to the Director of Insurance within 200 days.

LRB103 24789 BMS 51118 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  
17 fails to submit suitable amendments to the plan, the Director  
18 may, after notice and hearing, adopt and promulgate such  
19 reasonable rules as are necessary or advisable to effectuate  
20 the 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21 modified by the Director or superseded by a plan submitted by  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  
3 requirements enumerated elsewhere in this Article:

4 (a) Establish procedures for handling the assets of  
5 the 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  
26 part of an assessment shall pay when due the full amount of

1 the 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  
5 a statement in writing that the payment is made under  
6 protest and setting forth a brief statement of the grounds  
7 for the 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  
12 the Association notifies the member that additional time  
13 is 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  
17 upon 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  
20 Section 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  
24 to 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  
13 subsection shall take effect only with the approval of both  
14 the Board of Directors and the Director, and may be made only  
15 to a 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.)