

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 408 and 534.4 and by adding Article XLVII as
6 follows:

7 (215 ILCS 5/408) (from Ch. 73, par. 1020)

8 Sec. 408. Fees and charges.

9 (1) The Director shall charge, collect and give proper
10 acquittances for the payment of the following fees and
11 charges:

12 (a) For filing all documents submitted for the
13 incorporation or organization or certification of a
14 domestic company, except for a fraternal benefit society,
15 \$2,000.

16 (b) For filing all documents submitted for the
17 incorporation or organization of a fraternal benefit
18 society, \$500.

19 (c) For filing amendments to articles of incorporation
20 and amendments to declaration of organization, except for
21 a fraternal benefit society, a mutual benefit association,
22 a burial society or a farm mutual, \$200.

23 (d) For filing amendments to articles of incorporation

1 of a fraternal benefit society, a mutual benefit
2 association or a burial society, \$100.

3 (e) For filing amendments to articles of incorporation
4 of a farm mutual, \$50.

5 (f) For filing bylaws or amendments thereto, \$50.

6 (g) For filing agreement of merger or consolidation:

7 (i) for a domestic company, except for a fraternal
8 benefit society, a mutual benefit association, a
9 burial society, or a farm mutual, \$2,000.

10 (ii) for a foreign or alien company, except for a
11 fraternal benefit society, \$600.

12 (iii) for a fraternal benefit society, a mutual
13 benefit association, a burial society, or a farm
14 mutual, \$200.

15 (h) For filing agreements of reinsurance by a domestic
16 company, \$200.

17 (i) For filing all documents submitted by a foreign or
18 alien company to be admitted to transact business or
19 accredited as a reinsurer in this State, except for a
20 fraternal benefit society, \$5,000.

21 (j) For filing all documents submitted by a foreign or
22 alien fraternal benefit society to be admitted to transact
23 business in this State, \$500.

24 (k) For filing declaration of withdrawal of a foreign
25 or alien company, \$50.

26 (l) For filing annual statement by a domestic company,

1 except a fraternal benefit society, a mutual benefit
2 association, a burial society, or a farm mutual, \$200.

3 (m) For filing annual statement by a domestic
4 fraternal benefit society, \$100.

5 (n) For filing annual statement by a farm mutual, a
6 mutual benefit association, or a burial society, \$50.

7 (o) For issuing a certificate of authority or renewal
8 thereof except to a foreign fraternal benefit society,
9 \$400.

10 (p) For issuing a certificate of authority or renewal
11 thereof to a foreign fraternal benefit society, \$200.

12 (q) For issuing an amended certificate of authority,
13 \$50.

14 (r) For each certified copy of certificate of
15 authority, \$20.

16 (s) For each certificate of deposit, or valuation, or
17 compliance or surety certificate, \$20.

18 (t) For copies of papers or records per page, \$1.

19 (u) For each certification to copies of papers or
20 records, \$10.

21 (v) For multiple copies of documents or certificates
22 listed in subparagraphs (r), (s), and (u) of paragraph (1)
23 of this Section, \$10 for the first copy of a certificate of
24 any type and \$5 for each additional copy of the same
25 certificate requested at the same time, unless, pursuant
26 to paragraph (2) of this Section, the Director finds these

1 additional fees excessive.

2 (w) For issuing a permit to sell shares or increase
3 paid-up capital:

4 (i) in connection with a public stock offering,
5 \$300;

6 (ii) in any other case, \$100.

7 (x) For issuing any other certificate required or
8 permissible under the law, \$50.

9 (y) For filing a plan of exchange of the stock of a
10 domestic stock insurance company, a plan of
11 demutualization of a domestic mutual company, or a plan of
12 reorganization under Article XII, \$2,000.

13 (z) For filing a statement of acquisition of a
14 domestic company as defined in Section 131.4 of this Code,
15 \$2,000.

16 (aa) For filing an agreement to purchase the business
17 of an organization authorized under the Dental Service
18 Plan Act or the Voluntary Health Services Plans Act or of a
19 health maintenance organization or a limited health
20 service organization, \$2,000.

21 (bb) For filing a statement of acquisition of a
22 foreign or alien insurance company as defined in Section
23 131.12a of this Code, \$1,000.

24 (cc) For filing a registration statement as required
25 in Sections 131.13 and 131.14, the notification as
26 required by Sections 131.16, 131.20a, or 141.4, or an

1 agreement or transaction required by Sections 124.2(2),
2 141, 141a, or 141.1, \$200.

3 (dd) For filing an application for licensing of:

4 (i) a religious or charitable risk pooling trust
5 or a workers' compensation pool, \$1,000;

6 (ii) a workers' compensation service company,
7 \$500;

8 (iii) a self-insured automobile fleet, \$200; or

9 (iv) a renewal of or amendment of any license
10 issued pursuant to (i), (ii), or (iii) above, \$100.

11 (ee) For filing articles of incorporation for a
12 syndicate to engage in the business of insurance through
13 the Illinois Insurance Exchange, \$2,000.

14 (ff) For filing amended articles of incorporation for
15 a syndicate engaged in the business of insurance through
16 the Illinois Insurance Exchange, \$100.

17 (gg) For filing articles of incorporation for a
18 limited syndicate to join with other subscribers or
19 limited syndicates to do business through the Illinois
20 Insurance Exchange, \$1,000.

21 (hh) For filing amended articles of incorporation for
22 a limited syndicate to do business through the Illinois
23 Insurance Exchange, \$100.

24 (ii) For a permit to solicit subscriptions to a
25 syndicate or limited syndicate, \$100.

26 (jj) For the filing of each form as required in

1 Section 143 of this Code, \$50 per form. Informational and
2 advertising filings shall be \$25 per filing. The fee for
3 advisory and rating organizations shall be \$200 per form.

4 (i) For the purposes of the form filing fee,
5 filings made on insert page basis will be considered
6 one form at the time of its original submission.
7 Changes made to a form subsequent to its approval
8 shall be considered a new filing.

9 (ii) Only one fee shall be charged for a form,
10 regardless of the number of other forms or policies
11 with which it will be used.

12 (iii) Fees charged for a policy filed as it will be
13 issued regardless of the number of forms comprising
14 that policy shall not exceed \$1,500. For advisory or
15 rating organizations, fees charged for a policy filed
16 as it will be issued regardless of the number of forms
17 comprising that policy shall not exceed \$2,500.

18 (iv) The Director may by rule exempt forms from
19 such fees.

20 (kk) For filing an application for licensing of a
21 reinsurance intermediary, \$500.

22 (ll) For filing an application for renewal of a
23 license of a reinsurance intermediary, \$200.

24 (mm) For filing a plan of division of a domestic stock
25 company under Article IIB, \$10,000.

26 (nn) For filing all documents submitted by a foreign

1 or alien company to be a certified reinsurer in this
2 State, except for a fraternal benefit society, \$1,000.

3 (oo) For filing a renewal by a foreign or alien
4 company to be a certified reinsurer in this State, except
5 for a fraternal benefit society, \$400.

6 (pp) For filing all documents submitted by a reinsurer
7 domiciled in a reciprocal jurisdiction, \$1,000.

8 (qq) For filing a renewal by a reinsurer domiciled in
9 a reciprocal jurisdiction, \$400.

10 (rr) For registering a captive management company or
11 renewal thereof, \$50.

12 (ss) For filing an insurance business transfer plan
13 under Article XLVII, \$25,000.

14 (2) When printed copies or numerous copies of the same
15 paper or records are furnished or certified, the Director may
16 reduce such fees for copies if he finds them excessive. He may,
17 when he considers it in the public interest, furnish without
18 charge to state insurance departments and persons other than
19 companies, copies or certified copies of reports of
20 examinations and of other papers and records.

21 (3) The expenses incurred in any performance examination
22 authorized by law shall be paid by the company or person being
23 examined. The charge shall be reasonably related to the cost
24 of the examination including but not limited to compensation
25 of examiners, electronic data processing costs, supervision
26 and preparation of an examination report and lodging and

1 travel expenses. All lodging and travel expenses shall be in
2 accord with the applicable travel regulations as published by
3 the Department of Central Management Services and approved by
4 the Governor's Travel Control Board, except that out-of-state
5 lodging and travel expenses related to examinations authorized
6 under Section 132 shall be in accordance with travel rates
7 prescribed under paragraph 301-7.2 of the Federal Travel
8 Regulations, 41 C.F.R. 301-7.2, for reimbursement of
9 subsistence expenses incurred during official travel. All
10 lodging and travel expenses may be reimbursed directly upon
11 authorization of the Director. With the exception of the
12 direct reimbursements authorized by the Director, all
13 performance examination charges collected by the Department
14 shall be paid to the Insurance Producer Administration Fund,
15 however, the electronic data processing costs incurred by the
16 Department in the performance of any examination shall be
17 billed directly to the company being examined for payment to
18 the Technology Management Revolving Fund.

19 (4) At the time of any service of process on the Director
20 as attorney for such service, the Director shall charge and
21 collect the sum of \$40, which may be recovered as taxable costs
22 by the party to the suit or action causing such service to be
23 made if he prevails in such suit or action.

24 (5) (a) The costs incurred by the Department of Insurance
25 in conducting any hearing authorized by law shall be assessed
26 against the parties to the hearing in such proportion as the

1 Director of Insurance may determine upon consideration of all
2 relevant circumstances including: (1) the nature of the
3 hearing; (2) whether the hearing was instigated by, or for the
4 benefit of a particular party or parties; (3) whether there is
5 a successful party on the merits of the proceeding; and (4) the
6 relative levels of participation by the parties.

7 (b) For purposes of this subsection (5) costs incurred
8 shall mean the hearing officer fees, court reporter fees, and
9 travel expenses of Department of Insurance officers and
10 employees; provided however, that costs incurred shall not
11 include hearing officer fees or court reporter fees unless the
12 Department has retained the services of independent
13 contractors or outside experts to perform such functions.

14 (c) The Director shall make the assessment of costs
15 incurred as part of the final order or decision arising out of
16 the proceeding; provided, however, that such order or decision
17 shall include findings and conclusions in support of the
18 assessment of costs. This subsection (5) shall not be
19 construed as permitting the payment of travel expenses unless
20 calculated in accordance with the applicable travel
21 regulations of the Department of Central Management Services,
22 as approved by the Governor's Travel Control Board. The
23 Director as part of such order or decision shall require all
24 assessments for hearing officer fees and court reporter fees,
25 if any, to be paid directly to the hearing officer or court
26 reporter by the party(s) assessed for such costs. The

1 assessments for travel expenses of Department officers and
2 employees shall be reimbursable to the Director of Insurance
3 for deposit to the fund out of which those expenses had been
4 paid.

5 (d) The provisions of this subsection (5) shall apply in
6 the case of any hearing conducted by the Director of Insurance
7 not otherwise specifically provided for by law.

8 (6) The Director shall charge and collect an annual
9 financial regulation fee from every domestic company for
10 examination and analysis of its financial condition and to
11 fund the internal costs and expenses of the Interstate
12 Insurance Receivership Commission as may be allocated to the
13 State of Illinois and companies doing an insurance business in
14 this State pursuant to Article X of the Interstate Insurance
15 Receivership Compact. The fee shall be the greater fixed
16 amount based upon the combination of nationwide direct premium
17 income and nationwide reinsurance assumed premium income or
18 upon admitted assets calculated under this subsection as
19 follows:

20 (a) Combination of nationwide direct premium income
21 and nationwide reinsurance assumed premium.

22 (i) \$150, if the premium is less than \$500,000 and
23 there is no reinsurance assumed premium;

24 (ii) \$750, if the premium is \$500,000 or more, but
25 less than \$5,000,000 and there is no reinsurance
26 assumed premium; or if the premium is less than

1 \$5,000,000 and the reinsurance assumed premium is less
2 than \$10,000,000;

3 (iii) \$3,750, if the premium is less than
4 \$5,000,000 and the reinsurance assumed premium is
5 \$10,000,000 or more;

6 (iv) \$7,500, if the premium is \$5,000,000 or more,
7 but less than \$10,000,000;

8 (v) \$18,000, if the premium is \$10,000,000 or
9 more, but less than \$25,000,000;

10 (vi) \$22,500, if the premium is \$25,000,000 or
11 more, but less than \$50,000,000;

12 (vii) \$30,000, if the premium is \$50,000,000 or
13 more, but less than \$100,000,000;

14 (viii) \$37,500, if the premium is \$100,000,000 or
15 more.

16 (b) Admitted assets.

17 (i) \$150, if admitted assets are less than
18 \$1,000,000;

19 (ii) \$750, if admitted assets are \$1,000,000 or
20 more, but less than \$5,000,000;

21 (iii) \$3,750, if admitted assets are \$5,000,000 or
22 more, but less than \$25,000,000;

23 (iv) \$7,500, if admitted assets are \$25,000,000 or
24 more, but less than \$50,000,000;

25 (v) \$18,000, if admitted assets are \$50,000,000 or
26 more, but less than \$100,000,000;

1 (vi) \$22,500, if admitted assets are \$100,000,000
2 or more, but less than \$500,000,000;

3 (vii) \$30,000, if admitted assets are \$500,000,000
4 or more, but less than \$1,000,000,000;

5 (viii) \$37,500, if admitted assets are
6 \$1,000,000,000 or more.

7 (c) The sum of financial regulation fees charged to
8 the domestic companies of the same affiliated group shall
9 not exceed \$250,000 in the aggregate in any single year
10 and shall be billed by the Director to the member company
11 designated by the group.

12 (7) The Director shall charge and collect an annual
13 financial regulation fee from every foreign or alien company,
14 except fraternal benefit societies, for the examination and
15 analysis of its financial condition and to fund the internal
16 costs and expenses of the Interstate Insurance Receivership
17 Commission as may be allocated to the State of Illinois and
18 companies doing an insurance business in this State pursuant
19 to Article X of the Interstate Insurance Receivership Compact.
20 The fee shall be a fixed amount based upon Illinois direct
21 premium income and nationwide reinsurance assumed premium
22 income in accordance with the following schedule:

23 (a) \$150, if the premium is less than \$500,000 and
24 there is no reinsurance assumed premium;

25 (b) \$750, if the premium is \$500,000 or more, but less
26 than \$5,000,000 and there is no reinsurance assumed

1 premium; or if the premium is less than \$5,000,000 and the
2 reinsurance assumed premium is less than \$10,000,000;

3 (c) \$3,750, if the premium is less than \$5,000,000 and
4 the reinsurance assumed premium is \$10,000,000 or more;

5 (d) \$7,500, if the premium is \$5,000,000 or more, but
6 less than \$10,000,000;

7 (e) \$18,000, if the premium is \$10,000,000 or more,
8 but less than \$25,000,000;

9 (f) \$22,500, if the premium is \$25,000,000 or more,
10 but less than \$50,000,000;

11 (g) \$30,000, if the premium is \$50,000,000 or more,
12 but less than \$100,000,000;

13 (h) \$37,500, if the premium is \$100,000,000 or more.

14 The sum of financial regulation fees under this subsection
15 (7) charged to the foreign or alien companies within the same
16 affiliated group shall not exceed \$250,000 in the aggregate in
17 any single year and shall be billed by the Director to the
18 member company designated by the group.

19 (8) Beginning January 1, 1992, the financial regulation
20 fees imposed under subsections (6) and (7) of this Section
21 shall be paid by each company or domestic affiliated group
22 annually. After January 1, 1994, the fee shall be billed by
23 Department invoice based upon the company's premium income or
24 admitted assets as shown in its annual statement for the
25 preceding calendar year. The invoice is due upon receipt and
26 must be paid no later than June 30 of each calendar year. All

1 financial regulation fees collected by the Department shall be
2 paid to the Insurance Financial Regulation Fund. The
3 Department may not collect financial examiner per diem charges
4 from companies subject to subsections (6) and (7) of this
5 Section undergoing financial examination after June 30, 1992.

6 (9) In addition to the financial regulation fee required
7 by this Section, a company undergoing any financial
8 examination authorized by law shall pay the following costs
9 and expenses incurred by the Department: electronic data
10 processing costs, the expenses authorized under Section 131.21
11 and subsection (d) of Section 132.4 of this Code, and lodging
12 and travel expenses.

13 Electronic data processing costs incurred by the
14 Department in the performance of any examination shall be
15 billed directly to the company undergoing examination for
16 payment to the Technology Management Revolving Fund. Except
17 for direct reimbursements authorized by the Director or direct
18 payments made under Section 131.21 or subsection (d) of
19 Section 132.4 of this Code, all financial regulation fees and
20 all financial examination charges collected by the Department
21 shall be paid to the Insurance Financial Regulation Fund.

22 All lodging and travel expenses shall be in accordance
23 with applicable travel regulations published by the Department
24 of Central Management Services and approved by the Governor's
25 Travel Control Board, except that out-of-state lodging and
26 travel expenses related to examinations authorized under

1 Sections 132.1 through 132.7 shall be in accordance with
2 travel rates prescribed under paragraph 301-7.2 of the Federal
3 Travel Regulations, 41 C.F.R. 301-7.2, for reimbursement of
4 subsistence expenses incurred during official travel. All
5 lodging and travel expenses may be reimbursed directly upon
6 the authorization of the Director.

7 In the case of an organization or person not subject to the
8 financial regulation fee, the expenses incurred in any
9 financial examination authorized by law shall be paid by the
10 organization or person being examined. The charge shall be
11 reasonably related to the cost of the examination including,
12 but not limited to, compensation of examiners and other costs
13 described in this subsection.

14 (10) Any company, person, or entity failing to make any
15 payment of \$150 or more as required under this Section shall be
16 subject to the penalty and interest provisions provided for in
17 subsections (4) and (7) of Section 412.

18 (11) Unless otherwise specified, all of the fees collected
19 under this Section shall be paid into the Insurance Financial
20 Regulation Fund.

21 (12) For purposes of this Section:

22 (a) "Domestic company" means a company as defined in
23 Section 2 of this Code which is incorporated or organized
24 under the laws of this State, and in addition includes a
25 not-for-profit corporation authorized under the Dental
26 Service Plan Act or the Voluntary Health Services Plans

1 Act, a health maintenance organization, and a limited
2 health service organization.

3 (b) "Foreign company" means a company as defined in
4 Section 2 of this Code which is incorporated or organized
5 under the laws of any state of the United States other than
6 this State and in addition includes a health maintenance
7 organization and a limited health service organization
8 which is incorporated or organized under the laws of any
9 state of the United States other than this State.

10 (c) "Alien company" means a company as defined in
11 Section 2 of this Code which is incorporated or organized
12 under the laws of any country other than the United
13 States.

14 (d) "Fraternal benefit society" means a corporation,
15 society, order, lodge or voluntary association as defined
16 in Section 282.1 of this Code.

17 (e) "Mutual benefit association" means a company,
18 association or corporation authorized by the Director to
19 do business in this State under the provisions of Article
20 XVIII of this Code.

21 (f) "Burial society" means a person, firm,
22 corporation, society or association of individuals
23 authorized by the Director to do business in this State
24 under the provisions of Article XIX of this Code.

25 (g) "Farm mutual" means a district, county and
26 township mutual insurance company authorized by the

1 Director to do business in this State under the provisions
2 of the Farm Mutual Insurance Company Act of 1986.

3 (Source: P.A. 102-775, eff. 5-13-22.)

4 (215 ILCS 5/534.4) (from Ch. 73, par. 1065.84-4)

5 Sec. 534.4. "Insolvent company" means a company organized
6 as a stock company, mutual company, reciprocal or Lloyds (a)
7 which holds a certificate of authority to transact insurance
8 in this State either at the time the policy was issued or when
9 the insured event occurred, or any company which has assumed
10 or has been allocated such policy obligation through merger,
11 division, insurance business transfer, consolidation, or
12 reinsurance, whether or not such assuming company held a
13 certificate of authority to transact insurance in this State
14 at the time such policy was issued or when the insured event
15 occurred; and (b) against which a final Order of Liquidation
16 with a finding of insolvency to which there is no further right
17 of appeal has been entered by a court of competent
18 jurisdiction in the company's State of domicile after the
19 effective date of this Article.

20 (Source: P.A. 100-1190, eff. 4-5-19.)

21 (215 ILCS 5/Art. XLVII heading new)

22 ARTICLE XLVII. INSURANCE BUSINESS TRANSFERS

23 (215 ILCS 5/1701 new)

1 Sec. 1701. Short title. This Article may be cited as the
2 Insurance Business Transfer Law.

3 (215 ILCS 5/1703 new)

4 Sec. 1703. Purpose and intent. The purpose of this Article
5 is to provide a mechanism for insurers to transfer or assume
6 blocks of insurance business in an efficient and
7 cost-effective manner that provides needed legal finality for
8 such transfers in order to provide for improved operational
9 and capital efficiency for insurance companies, while
10 protecting the interests of the policyholders, reinsurers, and
11 claimants of the subject business. This new process is
12 intended to stimulate the economy by attracting segments of
13 the insurance industry to this State, make this State an
14 attractive home jurisdiction for insurance companies,
15 encourage economic growth and increased investment in the
16 financial services sector, and increase the availability of
17 quality insurance industry jobs in this State. These purposes
18 are accomplished by providing a basis and procedures for the
19 transfer and statutory novation of policies from a
20 transferring insurer to an assuming insurer by way of an
21 insurance business transfer without the affirmative consent of
22 policyholders or reinsureds, but with consideration of their
23 interests. This Article establishes the requirements for
24 notice and disclosure and standards and procedures for the
25 approval of the transfer and novation by a court pursuant to an

1 insurance business transfer plan. This Article does not limit
2 or restrict other means of effecting a transfer or novation.

3 (215 ILCS 5/1705 new)

4 Sec. 1705. Definitions. As used in this Article:

5 "Affiliate" means a person that directly or indirectly,
6 through one or more intermediaries, controls, is controlled
7 by, or is under common control with the person specified.

8 "Applicant" means a transferring insurer or reinsurer
9 applying under this Article.

10 "Assuming insurer" means an insurer domiciled in Illinois
11 and authorized to transact the type of business described in
12 clause (c) of Class 1, clauses (b) through (l) of Class 2, or
13 Class 3 of Section 4 that seeks to assume policies from a
14 transferring insurer pursuant to this Article.

15 "Court" means the circuit court of Sangamon County or Cook
16 County.

17 "Department" means the Department of Insurance.

18 "Director" means the Director of Insurance.

19 "Implementation order" means an order issued by a court
20 under this Article.

21 "Insurance business transfer" means a transfer and
22 novation that, once approved pursuant to this Article,
23 transfers insurance obligations or risks, or both, of existing
24 or in-force contracts of insurance or reinsurance from a
25 transferring insurer to an assuming insurer, and effects a

1 novation of the transferred contracts of insurance or
2 reinsurance with the result that the assuming insurer becomes
3 directly liable to the policyholders of the transferring
4 insurer and the transferring insurer's insurance obligations
5 or risks, or both, under the contracts are extinguished.

6 "Insurance business transfer plan" means the plan
7 submitted to the Department to accomplish the transfer and
8 novation pursuant to an insurance business transfer, including
9 any associated transfer of assets and rights from or on behalf
10 of the transferring insurer to the assuming insurer. An
11 "insurance business transfer plan" is limited to the types of
12 insurance described in clause (c) of Class 1, clauses (b)
13 through (l) of Class 2, or Class 3 of Section 4.

14 "Independent expert" means the impartial person procured
15 to assist the Director and the court in connection with their
16 review of a proposed transaction. The independent expert
17 shall:

18 (i) have no current or past, direct or indirect,
19 financial interest in either the assuming insurer or
20 transferring insurer or any of their respective
21 affiliates,

22 (ii) have not been employed by or acted as an officer,
23 director, consultant, or other independent contractor for
24 either the assuming insurer or transferring insurer or any
25 of their respective affiliates within the past 12 months,

26 (iii) not currently be appointed by the Director to

1 assist in any capacity in any proceeding initiated under
2 Article XIII, and

3 (iv) receive no compensation in connection with the
4 transaction governed by this Article other than a fee
5 based on a fixed or hourly basis that is not contingent on
6 the approval or consummation of an insurance business
7 transfer.

8 "Insurer" means an insurance, surety, or reinsurance
9 company, corporation, partnership, association, society,
10 order, individual, or aggregation of individuals engaging in
11 or proposing or attempting to engage in insurance or surety
12 business, including the exchanging of reciprocal or
13 inter-insurance contracts between individuals, partnerships,
14 and corporations.

15 "Policy" means a policy, certificate of insurance, or a
16 contract of reinsurance pursuant to which an insurer agrees to
17 assume an obligation or risk, or both, of the policyholder or
18 to make payments on behalf of, or to, the policyholder or its
19 beneficiaries, and includes property and casualty insurance.

20 "Policy" does not include any policy, contract, or certificate
21 of life, accident, or health insurance, including those
22 defined in clause (a) or (b) of Class 1 or clause (a) of Class
23 2 of Section 4.

24 "Policyholder" means an insured or a reinsured under a
25 policy that is part of the subject business.

26 "State guaranty association" means the Illinois Insurance

1 Guaranty Fund, the Illinois Life and Health Guaranty
2 Association, or any similar organization in another state.

3 "Subject business" means the policy or policies that are
4 the subject of the insurance business transfer plan.

5 "Transfer and novation" means the transfer of insurance
6 obligations or risks, or both, of existing or in-force
7 policies from a transferring insurer to an assuming insurer
8 that is intended to effect a novation of the transferred
9 policies with the result that the assuming insurer becomes
10 directly liable to the policyholders of the transferring
11 insurer on the transferred policies and the transferring
12 insurer's obligations or risks, or both, under the transferred
13 policies are extinguished.

14 "Transferring insurer" means an insurer or reinsurer that
15 transfers and novates or seeks to transfer and novate
16 obligations or risks, or both, under one or more policies to an
17 assuming insurer pursuant to an insurance business transfer
18 plan.

19 (215 ILCS 5/1710 new)

20 Sec. 1710. Court authority. Notwithstanding any other
21 provision of law, a court may issue any order, process, or
22 judgment that is necessary or appropriate to carry out the
23 provisions of this Article. No provision of this Article shall
24 be construed to preclude a court from, on its own motion,
25 taking any action or making any determination necessary or

1 appropriate to enforce or implement court orders or rules or
2 to prevent an abuse of power.

3 (215 ILCS 5/1715 new)

4 Sec. 1715. Notice requirements.

5 (a) Whenever notice is required to be given by an
6 applicant under this Article, except as otherwise permitted by
7 a court or the Director, the applicant shall within 15 days
8 after the event triggering the requirement transmit the
9 notice:

10 (1) to the chief insurance regulator in each
11 jurisdiction:

12 (A) in which the applicant holds or has ever held a
13 certificate of authority; and

14 (B) in which policies that are part of the subject
15 business were issued or policyholders currently
16 reside;

17 (2) to the National Conference of Insurance Guaranty
18 Funds, the National Organization of Life and Health
19 Insurance Guaranty Associations, and all state insurance
20 guaranty associations for the states:

21 (A) in which the applicant holds or has ever held a
22 certificate of authority; and

23 (B) in which policies that are part of the subject
24 business were issued or policyholders currently
25 reside;

1 (3) to reinsurers of the applicant pursuant to the
2 notice provisions of the reinsurance agreements applicable
3 to the policies that are part of the subject business or,
4 where an agreement has no provision for notice, by
5 internationally recognized delivery service;

6 (4) to all policyholders holding policies that are
7 part of the subject business at their last known address
8 as indicated by the records of the applicant or to the
9 address to which premium notices or other policy documents
10 are sent. A notice of transfer shall also be sent to the
11 transferring insurer's agents or brokers of record on the
12 subject business; and

13 (5) by publication in a newspaper of general
14 circulation in the state in which the applicant has its
15 principal place of business and in such other publications
16 that the Director requires.

17 (b) If notice is given in accordance with this Section,
18 any orders under this Article shall be conclusive with respect
19 to all intended recipients of the notice whether or not they
20 receive actual notice.

21 (c) If this Article requires that the applicant provide
22 notice but the Director has been named receiver of the
23 applicant pursuant to Article XIII, the Director shall provide
24 the required notice.

25 (d) Notice under this Section may take the form of
26 first-class mail, facsimile, or electronic notice. The court

1 may order that notice take a specific form.

2 (215 ILCS 5/1720 new)

3 Sec. 1720. Application procedure.

4 (a) Before filing an insurance business transfer plan, the
5 applicant shall file with the Department a notice of its
6 intention to file a plan and shall pay the required fee. Upon
7 request, the applicant and the assuming insurer shall provide
8 the Department with any information necessary for the
9 Department to procure an independent expert that meets the
10 requirements of this Article.

11 (b) An insurance business transfer plan shall be filed by
12 the applicant with the Director for his or her review and
13 approval. The plan may be supplemented by other information
14 deemed necessary by the Director, and shall contain the
15 following information or an explanation as to why the
16 following information is not included:

17 (1) the name, address, and telephone number of the
18 transferring insurer and the assuming insurer and their
19 respective direct and indirect controlling persons, if
20 any;

21 (2) a summary of the insurance business transfer plan;

22 (3) an identification and description of the subject
23 business;

24 (4) the most recent audited financial statements and
25 statutory annual and quarterly reports of the transferring

1 insurer and the assuming insurer filed with their
2 domiciliary regulator;

3 (5) the most recent actuarial report and opinion that
4 quantify the liabilities associated with the subject
5 business;

6 (6) pro forma financial statements showing the
7 projected statutory balance sheet, results of operation,
8 and cash flows of the assuming insurer for the 3 years
9 following the proposed transfer and novation;

10 (7) officers' certificates of the transferring insurer
11 and the assuming insurer attesting that each has obtained
12 all required internal approvals and authorizations
13 regarding the insurance business transfer plan and
14 completed all necessary and appropriate actions relating
15 thereto;

16 (8) a proposal for plan implementation and
17 administration, including the form of notice to be
18 provided under the insurance business transfer plan to any
19 policyholder whose policy is part of the subject business;

20 (9) a full description as to how notice under the
21 insurance business transfer plan shall be provided;

22 (10) a description of any reinsurance arrangements
23 that would pass to the assuming insurer under the
24 insurance business transfer plan;

25 (11) a description of any guarantees or additional
26 reinsurance that will cover the subject business following

1 the transfer and novation;

2 (12) a statement describing the assuming insurer's
3 proposed investment policies and any contemplated
4 third-party claims management and administration
5 arrangements;

6 (13) a description of how the transferring and
7 assuming insurers will be licensed for the purpose of
8 preserving state guaranty association coverage;

9 (14) a description of the financial implications of
10 the transaction including solvency, capital adequacy, cash
11 flow, reserves, asset quality, and risk-based capital;

12 (15) an analysis of the assuming insurer's corporate
13 governance structure to ensure that there is proper board
14 management oversight and expertise to manage the subject
15 business;

16 (16) an evaluation of the competency, experience, and
17 integrity of the persons who would control the operation
18 of an involved insurer;

19 (17) a certified statement that the transaction is not
20 being made for improper purposes, including fraud;

21 (18) evidence of approval or nonobjection of the
22 transfer from the chief insurance regulator of the state
23 of the transferring insurer's domicile; and

24 (19) a report from the independent expert that shall
25 provide the following:

26 (A) a statement of the independent expert's

1 professional qualifications and descriptions of the
2 experience that qualifies him or her as an expert
3 suitable for the engagement;

4 (B) a certified statement from the independent
5 expert that he or she meets the standards for an
6 independent expert under this Article;

7 (C) a description of the scope of the report;

8 (D) a summary of the terms of the insurance
9 business transfer plan to the extent relevant to the
10 report;

11 (E) a listing and summaries of documents, reports,
12 and other material information the independent expert
13 has considered in preparing the report and whether any
14 information requested was not provided;

15 (F) the extent to which the independent expert has
16 relied on information provided by or judgment of
17 others;

18 (G) the people on whom the independent expert has
19 relied and why, in his or her opinion, such reliance is
20 reasonable;

21 (H) the independent expert's opinion of the likely
22 effects of the insurance business transfer plan on
23 policyholders, reinsurers, and claimants,
24 distinguishing between:

25 (i) transferring policyholders, reinsurers,
26 and claimants;

1 (ii) policyholders, reinsurers, and claimants
2 of the transferring insurer whose policies will
3 not be transferred; and

4 (iii) policyholders, reinsurers, and claimants
5 of the assuming insurer;

6 (I) the facts and circumstances supporting each
7 opinion that the independent expert expresses in the
8 report; and

9 (J) consideration as to whether the security
10 position of policyholders that are affected by the
11 insurance business transfer are materially adversely
12 affected by the transfer, including, but not limited
13 to, state guaranty association coverage.

14 (c) The independent expert's report as required by
15 paragraph (19) of subsection (b) shall also include, but not
16 be limited to, a review of and report on the following:

17 (1) analysis of the transferring insurer's actuarial
18 review of resources for the subject business to determine
19 the reserve adequacy;

20 (2) analysis of the financial condition of the
21 transferring and assuming insurers and the effect the
22 transfer will have on the financial condition of each
23 company;

24 (3) review of the plans or proposals the assuming
25 insurer has with respect to the administration of the
26 policies subject to the proposed transfer;

1 (4) whether the proposed transfer has a material,
2 adverse impact on the policyholders, reinsurers, and
3 claimants of the transferring and the assuming insurers;

4 (5) analysis of the assuming insurer's corporate
5 governance structure to ensure that there is proper board
6 and management oversight and expertise to manage the
7 subject business;

8 (6) analysis of whether any policyholder or group of
9 policyholders will lose or gain state guaranty association
10 coverage as a result of the transaction; and

11 (7) any other information that the Director requests
12 in order to review the insurance business transfer.

13 (d) After the receipt of a complete insurance business
14 transfer plan, the Director shall review the plan to determine
15 if the applicant is authorized to submit it to a court.

16 (e) The Director shall authorize the submission of the
17 insurance business transfer plan to a court unless he or she
18 finds that the insurance business transfer would have a
19 material adverse impact on the interests of policyholders,
20 reinsurers, or claimants that are part of the subject
21 business.

22 (f) If the Director determines that the insurance business
23 transfer would have a material adverse impact on the interests
24 of policyholders, reinsurers, or claimants that are part of
25 the subject business, he or she shall notify the applicant and
26 specify any modifications, supplements, or amendments and any

1 additional information or documentation with respect to the
2 plan that must be provided to the Director before he or she
3 shall allow the applicant to proceed with the court filing.

4 (g) The applicant shall have 30 days following the date
5 the Director notifies him or her of a determination under
6 subsection (f) to file an amended insurance business transfer
7 plan providing the modifications, supplements, or amendments
8 and additional information or documentation as requested by
9 the Director. If necessary, the applicant may request in
10 writing an extension of time of 30 days. If the applicant does
11 not make an amended filing within the time period provided in
12 this subsection, including any extension of time granted by
13 the Director, the insurance business transfer plan filing
14 shall terminate and a subsequent filing by the applicant shall
15 be considered a new filing which shall require compliance with
16 all provisions of this Article as if the prior filing had never
17 been made.

18 (h) When the modification, supplement, amendment, or
19 additional information requested in subsection (f) is
20 received, the Director shall review the amended plan in
21 accordance with subsection (c).

22 (i) If the Director determines that the plan may proceed
23 with the court filing, the Director shall confirm that fact in
24 writing to the applicant.

1 Sec. 1725. Application to the court for approval of a
2 plan.

3 (a) Within 30 days after notice from the Director that the
4 applicant may proceed with the court filing, the applicant
5 shall apply to the court for approval of the insurance
6 business transfer plan. Upon written request by the applicant,
7 the Director may extend the period for filing an application
8 with the court for an additional 30 days.

9 (b) The applicant shall inform the court of the reasons
10 why he or she petitions the court to find no material adverse
11 impact to policyholders, reinsurers, or claimants affected by
12 the proposed transfer.

13 (c) The application shall be in the form of a verified
14 petition for implementation of the insurance business transfer
15 plan in the court. The petition shall include the insurance
16 business transfer plan and shall identify any documents and
17 witnesses which the applicant intends to present at a hearing
18 regarding the petition.

19 (d) The Director shall be a party to the proceedings
20 before the court concerning the petition and shall be served
21 with copies of all filings. The Director's position in the
22 proceeding shall not be limited by his or her initial review of
23 the plan. The Director shall have all the rights of a litigant
24 under the Illinois Supreme Court Rules and the Code of Civil
25 Procedure, including, but not limited to, the right to appeal.

26 (e) Following the filing of the petition, the applicant

1 shall file a motion for a scheduling order setting a hearing on
2 the petition.

3 (f) Within 15 days after receipt of the scheduling order,
4 the applicant shall cause notice of the hearing to be provided
5 in accordance with the notice provisions of Section 1715.
6 Following the date of distribution of the notice, there shall
7 be a 60-day comment period. The notice and all comments
8 received shall be part of the court record.

9 (g) The notice shall be filed with and approved by the
10 court before distribution, and the Director shall be given the
11 opportunity to review and comment on the sufficiency of the
12 notice before court approval. The notice shall state or
13 provide:

14 (1) the date and time of the approval hearing;

15 (2) the name, address, and telephone number of the
16 assuming insurer and transferring insurer;

17 (3) that the recipient may comment on or object to the
18 transfer and novation;

19 (4) the procedures and deadline for submitting
20 comments or objections on the plan;

21 (5) a summary of any effect that the transfer and
22 novation will have on the policyholder's rights;

23 (6) a statement that the assuming insurer is
24 authorized to assume the subject business and that court
25 approval of the plan shall extinguish all rights of
26 policyholders under policies that are part of the subject

1 business against the transferring insurer;

2 (7) a statement regarding whether any policyholder or
3 group of policyholders may or will lose or gain state
4 guaranty association coverage as a result of the transfer
5 and the implication of losing or gaining state guaranty
6 association coverage;

7 (8) that recipients shall not have the opportunity to
8 opt out of or otherwise reject the transfer and novation;

9 (9) contact information for the Department where the
10 policyholder may obtain further information;

11 (10) information on how an electronic copy of the
12 insurance business transfer plan may be accessed. If
13 policyholders are unable to readily access electronic
14 copies, the applicant shall provide hard copies by
15 first-class mail; and

16 (11) any other information that the court may require.

17 (h) Any person, including by their legal representative,
18 who considers himself, herself, or itself to be adversely
19 affected can present evidence or comments to the court at the
20 approval hearing. Any person participating in the approval
21 hearing must follow the process established by the court and
22 shall bear his or her own costs and attorney's fees.

23 (215 ILCS 5/1730 new)

24 Sec. 1730. Approval; denial; insurance business transfer
25 plans.

1 (a) After the comment period pursuant to subsection (f) of
2 Section 1725 has ended the insurance business transfer plan
3 shall be presented by the applicant for approval by the court.

4 (b) At any time before the court issues an order approving
5 the insurance business transfer plan, the applicant may
6 withdraw the petition without prejudice.

7 (c) If the court finds that the implementation of the
8 insurance business transfer plan would not materially
9 adversely affect the interests of policyholders, reinsurers,
10 or claimants that are part of the subject business, the court
11 shall enter a judgment and implementation order. The judgment
12 and implementation order shall:

13 (1) order implementation of the insurance business
14 transfer plan;

15 (2) order a statutory novation with respect to all
16 policyholders or reinsureds and their respective policies
17 and reinsurance agreements under the subject business,
18 including the extinguishment of all rights of
19 policyholders under policies that are part of the subject
20 business against the transferring insurer, and providing
21 that the transferring insurer shall have no further
22 rights, obligations, or liabilities with respect to such
23 policies, and that the assuming insurer shall have all
24 such rights, obligations, and liabilities as if it were
25 the original insurer of such policies;

26 (3) release the transferring insurer from all

1 obligations or liabilities under policies that are part of
2 the subject business;

3 (4) authorize and order the transfer of property or
4 liabilities, including, but not limited to, the ceded
5 reinsurance of transferred policies and contracts on the
6 subject business, notwithstanding any non-assignment
7 provisions in any such reinsurance contracts. The subject
8 business shall vest in and become liabilities of the
9 assuming insurer;

10 (5) order that the applicant provide notice of the
11 transfer and novation in accordance with the notice
12 provisions in Section 1715; and

13 (6) make such other provisions with respect to
14 incidental, consequential, and supplementary matters as
15 are necessary to assure the insurance business transfer
16 plan is fully and effectively carried out.

17 (d) If the court finds that the insurance business
18 transfer plan should not be approved, the court by its order
19 shall deny the petition.

20 (e) The applicant shall have 30 days following the
21 withdrawal or denial of the petition to file an amended
22 business transfer plan with the Director in accordance with
23 Section 1720.

24 (f) Nothing in this Section in any way affects the right of
25 appeal of any party.

1 (215 ILCS 5/1735 new)

2 Sec. 1735. Rules. The Department may adopt rules that are
3 consistent with the provisions of this Article.

4 (215 ILCS 5/1740 new)

5 Sec. 1740. Confidentiality. The portion of the application
6 for an insurance business transfer that would otherwise be
7 confidential, including any documents, materials,
8 communications, or other information submitted to the Director
9 in contemplation of such application, shall not lose such
10 confidentiality, except (i) the Director may disclose
11 confidential information as needed to procure the independent
12 expert and ensure that the expert meets the requirements under
13 this Article and (ii) if the Director determines that
14 disclosure of confidential information is necessary to fully
15 and fairly advise policyholders and others entitled to notice
16 of the material implications of the insurance business
17 transfer plan.

18 (215 ILCS 5/1745 new)

19 Sec. 1745. Department oversight. Insurers engaging in an
20 insurance business transfer under this Article consent to the
21 jurisdiction of the Director with regard to any aspect of the
22 transferred business or business transfer plan, including the
23 authority of the Director to conduct financial analysis and
24 examinations, regardless of whether the insurer has a

1 certificate of authority or another basis for the Director's
2 jurisdiction exists.

3 (215 ILCS 5/1750 new)

4 Sec. 1750. Fees and costs.

5 (a) All expenses incurred by the Director for the
6 compensation, costs, and expenses of the independent expert
7 and any consultants retained by the independent expert
8 incurred in fulfilling the obligations of the independent
9 expert under this Article shall be paid by the applicant.

10 (b) The Director may retain the services of any attorneys,
11 actuaries, accountants, and other professionals and
12 specialists as may be reasonably necessary to assist the
13 Director in reviewing the insurance business transfer plan.
14 All expenses incurred by the Director in connection with
15 proceedings under this Article, including, but not limited to,
16 expenses for the services of any attorneys, actuaries,
17 accountants, and other professionals and specialists, shall be
18 paid by the applicant.

19 (c) The transferring insurer and the assuming insurer
20 shall jointly be obligated to pay all debts incurred pursuant
21 to this Section. Nothing in this Article shall be construed to
22 create any duty for the independent expert to any party other
23 than the Department or a court.

24 (d) Failure to pay any of the requisite fees or costs
25 within 30 days after demand shall be grounds for the Director

1 to request that a court dismiss the petition for approval of
2 the insurance business transfer plan before the filing of an
3 implementation order by the court or, if after the filing of an
4 implementation order, the Director may suspend or revoke the
5 assuming insurer's certificate of authority to transact
6 insurance business in this State. The Director may also take
7 any other action authorized by law against an insurer who
8 fails to pay the requisite fees or costs.

9 Section 99. Effective date. This Act takes effect upon
10 becoming law, except that the changes to Section 408 and
11 Article XLVII of the Illinois Insurance Code take effect
12 January 1, 2025.