



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB0765

Introduced 2/18/2005, by Sen. Iris Y. Martinez

SYNOPSIS AS INTRODUCED:

215 ILCS 5/500-10
215 ILCS 5/500-40
215 ILCS 5/500-106 new
215 ILCS 5/500-135

Amends the Illinois Insurance Code. Provides for the issuance of limited licenses for term life insurance and prohibits a term life licensee from selling any kind of insurance other than term life insurance. Sets forth requirements for a term life limited lines licensee of another state to obtain a license in Illinois and for a term life limited lines licensee in Illinois to obtain a license in another state. Sets forth requirements for applications for a term life limited lines license and provides that a license shall remain in effect so long as fees are paid and education requirements are met. Allows a licensee who allows his or her license to lapse to be issued a new license within 12 months after expiration of the original license upon the payment of a penalty. Sets forth requirements for the information to be contained on the license. Sets forth the amount of the fee required to be paid for the license.

LRB094 06750 LJB 36852 b

1 AN ACT concerning insurance.

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 500-10, 500-40, and 500-135 and by adding
6 Section 500-106 as follows:

7 (215 ILCS 5/500-10)

8 Sec. 500-10. Definitions. In addition to the definitions in
9 Section 2 of the Code, the following definitions apply to this
10 Article:

11 "Business entity" means a corporation, association,
12 partnership, limited liability company, limited liability
13 partnership, or other legal entity.

14 "Car rental limited line licensee" means a person
15 authorized under the provisions of Section 500-105 to sell
16 certain coverages relating to the rental of vehicles.

17 "Home state" means the District of Columbia and any state
18 or territory of the United States in which an insurance
19 producer maintains his or her principal place of residence or
20 principal place of business and is licensed to act as an
21 insurance producer.

22 "Insurance" means any of the lines of authority in Section
23 500-35, any health care plan under the Health Maintenance
24 Organization Act, or any limited health care plan under the
25 Limited Health Service Organization Act.

26 "Insurance producer" means a person required to be licensed
27 under the laws of this State to sell, solicit, or negotiate
28 insurance.

29 "Insurer" means a company as defined in subsection (e) of
30 Section 2 of this Code, a health maintenance organization as
31 defined in the Health Maintenance Organization Act, or a
32 limited health service organization as defined in the Limited

1 Health Service Organization Act.

2 "License" means a document issued by the Director
3 authorizing an individual to act as an insurance producer for
4 the lines of authority specified in the document or authorizing
5 a business entity to act as an insurance producer. The license
6 itself does not create any authority, actual, apparent, or
7 inherent, in the holder to represent or commit an insurance
8 carrier.

9 "Limited lines insurance" means those lines of insurance
10 defined in Section 500-100, term life insurance as defined in
11 Section 500-106, or any other line of insurance that the
12 Director may deem it necessary to recognize for the purposes of
13 complying with subsection (e) of Section 500-40.

14 "Limited lines producer" means a person authorized by the
15 Director to sell, solicit, or negotiate limited lines
16 insurance.

17 "Negotiate" means the act of conferring directly with or
18 offering advice directly to a purchaser or prospective
19 purchaser of a particular contract of insurance concerning any
20 of the substantive benefits, terms, or conditions of the
21 contract, provided that the person engaged in that act either
22 sells insurance or obtains insurance from insurers for
23 purchasers.

24 "Person" means an individual or a business entity.

25 "Rental agreement" means a written agreement setting forth
26 the terms and conditions governing the use of a vehicle
27 provided by a rental company for rental or lease.

28 "Rental company" means a person, or a franchisee of the
29 person, in the business of providing primarily private
30 passenger vehicles to the public under a rental agreement for a
31 period not to exceed 30 days.

32 "Rental period" means the term of the rental agreement.

33 "Renter" means a person obtaining the use of a vehicle from
34 a rental company under the terms of a rental agreement for a
35 period not to exceed 30 days.

36 "Self-service storage facility limited line licensee"

1 means a person authorized under the provisions of Section
2 500-107 to sell certain coverages relating to the rental of
3 self-service storage facilities.

4 "Sell" means to exchange a contract of insurance by any
5 means, for money or its equivalent, on behalf of an insurance
6 company.

7 "Solicit" means attempting to sell insurance or asking or
8 urging a person to apply for a particular kind of insurance
9 from a particular company.

10 "Term life licensee" means a person licensed under the
11 provisions of Section 500-106 of this Code to sell only term
12 life insurance.

13 "Terminate" means the cancellation of the relationship
14 between an insurance producer and the insurer or the
15 termination of a producer's authority to transact insurance.

16 "Uniform Business Entity Application" means the current
17 version of the National Association of Insurance
18 Commissioners' Uniform Business Entity Application for
19 nonresident business entities.

20 "Uniform Application" means the current version of the
21 National Association of Insurance Commissioners' Uniform
22 Application for nonresident producer licensing.

23 "Vehicle" or "rental vehicle" means a motor vehicle of (1)
24 the private passenger type, including passenger vans, mini
25 vans, and sport utility vehicles or (2) the cargo type,
26 including cargo vans, pickup trucks, and trucks with a gross
27 vehicle weight of less than 26,000 pounds the operation of
28 which does not require the operator to possess a commercial
29 driver's license.

30 (Source: P.A. 92-386, eff. 1-1-02; 93-288, eff. 1-1-04.)

31 (215 ILCS 5/500-40)

32 Sec. 500-40. Nonresident licensing.

33 (a) Unless denied a license pursuant to Section 500-70, a
34 nonresident person shall receive a nonresident producer
35 license if:

1 (1) the person is currently licensed as a resident and
2 in good standing in his or her home state;

3 (2) the person has submitted the proper request for a
4 license and has paid the fees required by Section 500-135;

5 (3) the person has submitted or transmitted to the
6 Director the application for a license that the person
7 submitted to his or her home state or, instead of that
8 application, a completed Uniform Application; and

9 (4) the person's home state awards nonresident
10 producer licenses to residents of this State on the same
11 basis.

12 (b) The Director may verify the producer's licensing status
13 through the Producer Database maintained by the National
14 Association of Insurance Commissioners or its affiliates or
15 subsidiaries or by obtaining certification from the public
16 official having supervision of insurance in the applicant's
17 state of residence that the applicant has passed the written
18 examination for the class of insurance applied for.

19 (c) A nonresident producer who moves from one state to
20 another state or a resident producer who moves from this State
21 to another state must file a change of address and provide
22 certification from the new resident state within 30 days after
23 the change of legal residence. No fee or license application is
24 required.

25 (d) Notwithstanding any other provision of this Article, a
26 person licensed as a surplus lines producer in his or her home
27 state shall receive a nonresident surplus lines producer
28 license pursuant to subsection (a) of this Section. Except as
29 provided in subsection (a), nothing in this Section supersedes
30 any provision of Section 445 of this Code.

31 (e) Notwithstanding any other provision of this Article,
32 except as provided in Section 500-106 of this Code, a person
33 licensed as a limited lines producer in his or her home state
34 shall receive a nonresident limited lines producer license,
35 pursuant to subsection (a) of this Section, granting the same
36 scope of authority as granted under the license issued by the

1 producer's home state. For the purposes of this subsection,
2 limited line insurance is any authority granted by the home
3 state that restricts the authority of the license to less than
4 the total authority prescribed in the associated major lines
5 pursuant to items (1) through (5) of subsection (a) of Section
6 500-35.

7 (Source: P.A. 92-386, eff. 1-1-02.)

8 (215 ILCS 5/500-106 new)

9 Sec. 500-106. Limited lines licenses for term life
10 insurance.

11 (a) An individual who is at least 18 years of age and whom
12 the Secretary considers to be competent, trustworthy, and of
13 good business reputation may obtain a limited lines producer
14 license to transact only term life insurance as provided in
15 this Section. For the purposes of this Section, "term life
16 insurance" means a life insurance policy that does not develop
17 non-forfeiture values and is not convertible into an annuity or
18 a life insurance policy that develops non-forfeiture values.

19 (b) A term life licensee shall not sell, solicit, or
20 negotiate any kind of insurance other than term life insurance,
21 unless expressly authorized to do so under a license issued by
22 the Secretary.

23 (c) A term life licensee shall not sell term life insurance
24 that replaces existing insurance, except that a term life
25 licensee may introduce a prospective insured seeking
26 replacement insurance to a licensed insurance producer
27 authorized to transact life insurance in this State and may
28 receive compensation for the introduction. For the purposes of
29 this Section, "replacement" has the meaning set forth in 50
30 Ill. Adm. Code 917.30.

31 (d) A term life limited lines license shall not be used by
32 the term life licensee as a basis for obtaining a nonresident
33 limited line license in any other state pursuant to any law of
34 the other state that permits a person licensed as a limited
35 line producer in the person's home state to receive a

1 nonresident limited lines producer license in the other state,
2 unless the other state's law provides for a limited license for
3 term life insurance and imposes requirements on the licensee
4 that are substantially similar to the requirements imposed by
5 this Section. A person licensed under a limited lines license
6 to sell, solicit, or negotiate term life insurance in his or
7 her home state shall, upon application, receive a nonresident
8 term life limited lines license pursuant to this Section
9 granting the same scope of authority as granted under the
10 limited lines license issued by the person's home state,
11 provided that the person's home state imposes requirements in
12 connection with the term life limited lines license that are
13 substantially similar to the requirements imposed by this
14 Section.

15 (e) The application for a term life limited lines license
16 must be submitted on a form prescribed by the Secretary by a
17 designee of the insurance company appointing the applicant. The
18 appointing insurance company must certify that the applicant
19 has completed at least 10 hours of prelicensing education
20 regarding term life insurance and must pay the fee required by
21 Section 500-135 of this Code.

22 (f) A term life licensee may represent more than one
23 insurance company.

24 (g) A term life limited lines license shall remain in
25 effect as long as the fee set forth in Section 500-135 of this
26 Code is paid and the education requirements set forth in this
27 subsection (h) are met by the due date, unless the license is
28 revoked or suspended pursuant to Section 500-70 of this Code.
29 Before each license renewal, a term life licensee shall
30 satisfactorily complete at least 20 hours of course study in
31 accordance with rules prescribed by the Secretary pursuant to
32 Section 500-35 of this Code.

33 (h) An individual term life licensee who allows his or her
34 license to lapse may, within 12 months after the due date of
35 the renewal fee, be issued a term life license without the
36 necessity of completing the prelicensing education. However, a

1 penalty in the amount of double the unpaid renewal fee shall be
2 required after the due date in addition to the renewal fee.

3 (i) A term life limited lines license may be terminated by
4 the appointing insurance company or the licensee.

5 (j) Except as provided in this Section, a term life
6 licensee is not subject to the requirements of Sections 500-25,
7 500-30, or 500-35 of this Code

8 (k) A term life limited lines license shall contain the
9 name, address, and personal identification number of the
10 licensee, the date the license was issued, general conditions
11 relative to the license's expiration or termination, and any
12 other information the Secretary considers proper. A term life
13 limited lines license shall also contain the name and address
14 of the appointing insurance company.

15 (l) A term life licensee must inform the Secretary by any
16 means acceptable to the Secretary of a change of address within
17 30 days after the change.

18 (215 ILCS 5/500-135)

19 Sec. 500-135. Fees.

20 (a) The fees required by this Article are as follows:

21 (1) a fee of \$180 for a person who is a resident of
22 Illinois, and \$250 for a person who is not a resident of
23 Illinois, payable once every 2 years for an insurance
24 producer license;

25 (2) a fee of \$50 for the issuance of a temporary
26 insurance producer license;

27 (3) a fee of \$150 payable once every 2 years for a
28 business entity;

29 (4) an annual \$50 fee for a limited line producer
30 license issued under items (1) through (7) of subsection
31 (a) of Section 500-100;

32 (5) a \$50 application fee for the processing of a
33 request to take the written examination for an insurance
34 producer license;

35 (6) an annual registration fee of \$1,000 for

1 registration of an education provider;

2 (7) a certification fee of \$50 for each certified
3 pre-licensing or continuing education course and an annual
4 fee of \$20 for renewing the certification of each such
5 course;

6 (8) a fee of \$180 for a person who is a resident of
7 Illinois, and \$250 for a person who is not a resident of
8 Illinois, payable once every 2 years for a car rental
9 limited line license;

10 (9) a fee of \$200 payable once every 2 years for a
11 limited lines license other than the licenses issued under
12 items (1) through (7) of subsection (a) of Section 500-100,
13 a car rental limited line license, or a self-service
14 storage facility limited line license;

15 (10) a fee of \$50 payable once every 2 years for a
16 self-service storage facility limited line license.

17 (11) a fee of \$50 payable once every 2 years for a term
18 life limited lines license.

19 (b) Except as otherwise provided, all fees paid to and
20 collected by the Director under this Section shall be paid
21 promptly after receipt thereof, together with a detailed
22 statement of such fees, into a special fund in the State
23 Treasury to be known as the Insurance Producer Administration
24 Fund. The moneys deposited into the Insurance Producer
25 Administration Fund may be used only for payment of the
26 expenses of the Department in the execution, administration,
27 and enforcement of the insurance laws of this State, and shall
28 be appropriated as otherwise provided by law for the payment of
29 those expenses with first priority being any expenses incident
30 to or associated with the administration and enforcement of
31 this Article.

32 (Source: P.A. 92-386, eff. 1-1-02; 93-32, eff. 7-1-03; 93-288,
33 eff. 1-1-04; revised 9-12-03.)