

SB0131



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB0131

Introduced 1/30/2009, by Sen. Mike Jacobs

SYNOPSIS AS INTRODUCED:

215 ILCS 5/500-30
215 ILCS 5/500-35

Amends the Illinois Insurance Code. Increases the number of hours a person must complete for an insurance producer license. Provides that before each license renewal, an insurance producer must satisfactorily complete at least 24 hours (instead of 30 hours) of course study and that at least 3 hours must consist of classroom ethics instruction. Specifies that the pre-licensing course of study must be before the insurance exam. Provides that 7.5 hours of each pre-licensing course must be completed in a classroom setting, except Motor Vehicle, which would require 5 hours in a classroom setting. Imposes conditions on any rulemaking authority.

LRB096 05826 RPM 15905 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

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 500-30 and 500-35 as follows:

6 (215 ILCS 5/500-30)

7 (Section scheduled to be repealed on January 1, 2017)

8 Sec. 500-30. Application for license.

9 (a) An individual applying for a resident insurance
10 producer license must make application on a form specified by
11 the Director and declare under penalty of refusal, suspension,
12 or revocation of the license that the statements made in the
13 application are true, correct, and complete to the best of the
14 individual's knowledge and belief. Before approving the
15 application, the Director must find that the individual:

16 (1) is at least 18 years of age;

17 (2) has not committed any act that is a ground for
18 denial, suspension, or revocation set forth in Section
19 500-70;

20 (3) has completed, if required by the Director, a
21 pre-licensing course of study before the insurance exam for
22 the lines of authority for which the individual has applied
23 (an individual who successfully completes the Fire and

1 Casualty pre-licensing courses also meets the requirements
2 for Personal Lines-Property and Casualty);

3 (4) has paid the fees set forth in Section 500-135; and

4 (5) has successfully passed the examinations for the
5 lines of authority for which the person has applied.

6 (b) A pre-licensing course of study for each class of
7 insurance for which an insurance producer license is requested
8 must be established in accordance with rules prescribed by the
9 Director and must consist of the following minimum hours:

10 Class of Insurance	Number of
	11 Hours
12 Life (Class 1 (a))	<u>20</u> 15.0
13 Accident and Health (Class 1(b) or 2(a))	<u>20</u> 15.0
14 Fire (Class 3)	<u>20</u> 15.0
15 Casualty (Class 2)	<u>20</u> 15.0
16 Personal Lines-Property Casualty	<u>20</u> 15.0
17 Motor Vehicle (Class 2(b) or 3(e))	<u>12.5</u> 7.5

18 7.5 hours of each pre-licensing course must be completed in
19 a classroom setting, except Motor Vehicle, which would require
20 5 hours in a classroom setting.

21 Rulemaking authority to implement this amendatory Act of
22 the 96th General Assembly, if any, is conditioned on the rules
23 being adopted in accordance with all provisions of the Illinois
24 Administrative Procedure Act and all rules and procedures of
25 the Joint Committee on Administrative Rules; any purported rule
26 not so adopted, for whatever reason, is unauthorized.

1 (c) A business entity acting as an insurance producer must
2 obtain an insurance producer license. Application must be made
3 using the Uniform Business Entity Application. Before
4 approving the application, the Director must find that:

5 (1) the business entity has paid the fees set forth in
6 Section 500-135; and

7 (2) the business entity has designated a licensed
8 producer responsible for the business entity's compliance
9 with the insurance laws and rules of this State.

10 (d) The Director may require any documents reasonably
11 necessary to verify the information contained in an
12 application.

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

14 (215 ILCS 5/500-35)

15 (Section scheduled to be repealed on January 1, 2017)

16 Sec. 500-35. License.

17 (a) Unless denied a license pursuant to Section 500-70,
18 persons who have met the requirements of Sections 500-25 and
19 500-30 shall be issued a 2-year insurance producer license. An
20 insurance producer may receive qualification for a license in
21 one or more of the following lines of authority:

22 (1) Life: insurance coverage on human lives including
23 benefits of endowment and annuities, and may include
24 benefits in the event of death or dismemberment by accident
25 and benefits for disability income.

1 (2) Variable life and variable annuity products:
2 insurance coverage provided under variable life insurance
3 contracts and variable annuities.

4 (3) Accident and health or sickness: insurance
5 coverage for sickness, bodily injury, or accidental death
6 and may include benefits for disability income.

7 (4) Property: insurance coverage for the direct or
8 consequential loss or damage to property of every kind.

9 (5) Casualty: insurance coverage against legal
10 liability, including that for death, injury, or disability
11 or damage to real or personal property.

12 (6) Personal lines: property and casualty insurance
13 coverage sold to individuals and families for primarily
14 noncommercial purposes.

15 (7) Any other line of insurance permitted under State
16 laws or rules.

17 (b) An insurance producer license shall remain in effect
18 unless revoked or suspended as long as the fee set forth in
19 Section 500-135 is paid and education requirements for resident
20 individual producers are met by the due date.

21 (1) Before each license renewal, an insurance producer
22 must satisfactorily complete at least 24 ~~30~~ hours of course
23 study in accordance with rules prescribed by the Director.
24 Three of the 24 hours of course study must consist of
25 classroom ethics instruction. The Director may not approve
26 a course of study unless the course provides for classroom,

1 seminar, or self-study instruction methods. A course given
2 in a combination instruction method of classroom or seminar
3 and self-study shall be deemed to be a self-study course
4 unless the classroom or seminar certified hours meets or
5 exceeds two-thirds of total hours certified for the course.
6 The self-study material used in the combination course must
7 be directly related to and complement the classroom portion
8 of the course in order to be considered for credit. An
9 instruction method other than classroom or seminar shall be
10 considered as self-study methodology. Self-study credit
11 hours require the successful completion of an examination
12 covering the self-study material. The examination may not
13 be self-evaluated. However, if the self-study material is
14 completed through the use of an approved computerized
15 interactive format whereby the computer validates the
16 successful completion of the self-study material, no
17 additional examination is required. The self-study credit
18 hours contained in a certified course shall be considered
19 classroom hours when at least two-thirds of the hours are
20 given as classroom or seminar instruction.

21 Rulemaking authority to implement this amendatory Act
22 of the 96th General Assembly, if any, is conditioned on the
23 rules being adopted in accordance with all provisions of
24 the Illinois Administrative Procedure Act and all rules and
25 procedures of the Joint Committee on Administrative Rules;
26 any purported rule not so adopted, for whatever reason, is

1 unauthorized.

2 (2) An insurance producer license automatically
3 terminates when an insurance producer fails to
4 successfully meet the requirements of item (1) of
5 subsection (b) of this Section. The producer must complete
6 the course in advance of the renewal date to allow the
7 education provider time to report the credit to the
8 Department.

9 (c) A provider of a pre-licensing or continuing education
10 course required by Section 500-30 and this Section must pay a
11 registration fee and a course certification fee for each course
12 being certified as provided by Section 500-135.

13 (d) An individual insurance producer who allows his or her
14 license to lapse may, within 12 months after the due date of
15 the renewal fee, be issued a license without the necessity of
16 passing a written examination. However, a penalty in the amount
17 of double the unpaid renewal fee shall be required after the
18 due date.

19 (e) A licensed insurance producer who is unable to comply
20 with license renewal procedures due to military service may
21 request a waiver of those procedures.

22 (f) The license must contain the licensee's name, address,
23 and personal identification number, the date of issuance, the
24 lines of authority, the expiration date, and any other
25 information the Director deems necessary.

26 (g) Licensees must inform the Director by any means

1 acceptable to the Director of a change of address within 30
2 days after the change.

3 (h) In order to assist in the performance of the Director's
4 duties, the Director may contract with a non-governmental
5 entity including the National Association of Insurance
6 Commissioners (NAIC), or any affiliates or subsidiaries that
7 the NAIC oversees, to perform any ministerial functions,
8 including collection of fees, related to producer licensing
9 that the Director and the non-governmental entity may deem
10 appropriate.

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