

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 3. The Illinois Insurance Code is amended by
5 changing Sections 136 and 408 as follows:

6 (215 ILCS 5/136) (from Ch. 73, par. 748)

7 Sec. 136. Annual statement.

8 (1) Every company authorized to do business in this State
9 or accredited by this State shall submit to ~~file with~~ the
10 Director by March 1st in each year ~~2 copies of~~ its financial
11 statement for the year ending December 31st immediately
12 preceding in such manner and in such form as ~~on forms~~
13 prescribed by the Director, which shall conform substantially
14 to the form of statement adopted by the National Association of
15 Insurance Commissioners. Unless the Director provides
16 otherwise, the annual statement is to be prepared in accordance
17 with the annual statement instructions and the Accounting
18 Practices and Procedures Manual adopted by the National
19 Association of Insurance Commissioners. The Director shall
20 have power to make such modifications and additions in this
21 form as he may deem desirable or necessary to ascertain the
22 condition and affairs of the company. The Director shall have
23 authority to extend the time for filing any statement by any

1 company for reasons which he considers good and sufficient. In
2 every statement the admitted assets shall be shown at the
3 actual values as of the last day of the preceding year, in
4 accordance with Section 126.7. The statement shall be verified
5 by oaths of the president and secretary of the company or, in
6 their absence, by 2 other principal officers. In addition, any
7 company may be required by the Director, when he considers that
8 action to be necessary and appropriate for the protection of
9 policyholders, creditors, shareholders, or claimants, to file,
10 within 60 days after mailing to the company a notice that such
11 is required, a supplemental summary statement as of the last
12 day of any calendar month occurring during the 100 days next
13 preceding the mailing of such notice designated by him on forms
14 prescribed and furnished by the Director. The Director may
15 require supplemental summary statements to be certified by an
16 independent actuary deemed competent by the Director or by an
17 independent certified public accountant.

18 (2) The statement of an alien company shall embrace only
19 its condition and transactions in the United States and shall
20 be verified by the oaths of its resident manager or principal
21 representative in the United States, except that in the case of
22 any life company organized under the laws of Canada or any
23 province thereof, the statement may be verified by the oaths of
24 any of its principal officers designated for that purpose by
25 its board of directors.

26 (3) For the information of the public generally the

1 Director shall cause an abstract of the information contained
2 in the annual statement to be made available to the public as
3 soon as practicable after filing with the Department, by
4 printing those abstracts in pamphlet tabular form for free
5 general distribution by the Department, or by such other
6 publication in the city of Springfield or in the city of
7 Chicago as may be reasonably necessary more fully to inform the
8 public of the financial condition of companies transacting
9 business in this State.

10 (4) Each domestic, foreign, and alien insurer authorized to
11 do business in this State or accredited by this State shall
12 participate in the National Association of Insurance
13 Commissioners' Insurance Regulatory Information System,
14 including the payment of all fees and charges of the system.
15 Each company shall, on or before March 1 of each year, file
16 with the National Association of Insurance Commissioners a copy
17 of its annual financial statement along with any additional
18 filings prescribed by the Director for the preceding year. The
19 statement filed with the National Association of Insurance
20 Commissioners shall be in the same format and scope as that
21 required by this Code and shall include a signed jurat page and
22 actuarial certification. Any amendments and addendums to the
23 annual statement shall also be filed with the National
24 Association of Insurance Commissioners. Each company shall
25 also file with the National Association of Insurance
26 Commissioners annual and quarterly financial statement

1 information in computer readable format as required by the
2 Insurance Regulatory Information System. Failure of a company
3 to file financial statement information in computer readable
4 format shall subject the company to the provisions of Section
5 139.

6 (5) All financial analysis ratios and examination synopsis
7 concerning insurance companies that are submitted to the
8 Director by the National Association of Insurance
9 Commissioners' Insurance Regulatory Information System are
10 confidential and may not be disclosed by the Director.

11 (6) Every property and casualty insurance company doing
12 business in this State, unless otherwise exempted by the
13 Director, shall annually submit the opinion of an appointed
14 actuary entitled "Statement of Actuarial Opinion". This
15 opinion shall be filed in accordance with the appropriate
16 National Association of Insurance Commissioners Property and
17 Casualty Annual Statement Instructions.

18 (a) Every property and casualty insurance company
19 domiciled in this State that is required to submit a
20 Statement of Actuarial Opinion shall annually submit an
21 Actuarial Opinion Summary, written by the company's
22 appointed actuary. This Actuarial Opinion Summary shall be
23 filed in accordance with the appropriate National
24 Association of Insurance Commissioners Property and
25 Casualty Annual Statement Instructions and shall be
26 considered as a document supporting the Actuarial Opinion

1 required in this subsection (6). Each foreign and alien
2 property and casualty company authorized to do business in
3 this State shall provide the Actuarial Opinion Summary upon
4 request.

5 (b) An Actuarial Report and underlying workpapers as
6 required by the appropriate National Association of
7 Insurance Commissioners Property and Casualty Annual
8 Statement Instructions shall be prepared to support each
9 Actuarial Opinion. If the insurance company fails to
10 provide a supporting Actuarial Report or workpapers at the
11 request of the Director or the Director determines that the
12 supporting Actuarial Report or workpapers provided by the
13 insurance company is otherwise unacceptable to the
14 Director, the Director may engage a qualified actuary at
15 the expense of the company to review the opinion and the
16 basis for the opinion and prepare the supporting Actuarial
17 Report or workpapers.

18 (c) The appointed actuary shall not be liable for
19 damages to any person (other than the insurance company and
20 the Director) for any act, error, omission, decision, or
21 conduct with respect to the actuary's opinion, except in
22 cases of fraud or willful misconduct on the part of the
23 appointed actuary.

24 (d) The Statement of Actuarial Opinion shall be
25 provided with the Annual Statement in accordance with the
26 appropriate National Association of Insurance

1 Commissioners Property and Casualty Annual Statement
2 Instructions and shall be treated as a public document.
3 Documents, materials, or other information in the
4 possession or control of the Director that are considered
5 an Actuarial Report, workpapers, or Actuarial Opinion
6 Summary provided in support of the opinion, and any other
7 material provided by the company to the Director in
8 connection with the Actuarial Report, workpapers or
9 Actuarial Opinion Summary, must be given confidential
10 treatment, are not subject to subpoena, and may not be made
11 public by the Director or any other persons. This paragraph
12 (d) shall not be construed to limit the Director's
13 authority to release the documents to the Actuarial Board
14 for Counseling and Discipline (ABCD), so long as the
15 material is required for the purpose of professional
16 disciplinary proceedings and that the ABCD establishes
17 procedures satisfactory to the Director for preserving the
18 confidentiality of the documents, nor shall this paragraph
19 (d) be construed to limit the Director's authority to use
20 the documents, materials or other information in
21 furtherance of any regulatory or legal action brought as
22 part of the Director's official duties. Neither the
23 Director nor any person who received documents, materials,
24 or other information while acting under the authority of
25 the Director shall be permitted or required to testify in
26 any private civil action concerning any confidential

1 documents, materials, or information subject to this
2 subsection (6). Except where another provision of this Code
3 expressly prohibits a disclosure of confidential
4 information to the specific officials or organizations
5 described in this subsection, the Director may:

6 (i) share documents, materials, or other
7 information, including the confidential and privileged
8 documents, materials or information subject to this
9 paragraph (d) with the insurance department of any
10 other state or country or with law enforcement
11 officials of this or any other state or agency of the
12 federal government at any time, as long as the agency
13 or office receiving the document, material, or other
14 information agrees in writing to hold it confidential
15 and in a manner consistent with this Code;

16 (ii) receive documents, materials, or information,
17 including otherwise confidential and privileged
18 documents, materials, or information, from the
19 National Association of Insurance Commissioners and
20 its affiliates and subsidiaries, and from regulatory
21 and law enforcement officials of other foreign or
22 domestic jurisdictions, and shall maintain as
23 confidential or privileged any document, material, or
24 information received with notice or the understanding
25 that it is confidential or privileged under the laws of
26 the jurisdiction that is the source of the document,

1 material, or information; and

2 (iii) enter into agreements governing sharing and
3 use of information consistent with paragraph (d).

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 subparagraphs (i), (ii), and (iii) of paragraph (d) of
9 subsection (6) of this Section. All 2008 Annual Statements,
10 which are filed in 2009, and all subsequent Annual
11 Statement filings shall be done in accordance with
12 subsection (6) of this Section.

13 (Source: P.A. 96-145, eff. 8-7-09.)

14 (215 ILCS 5/408) (from Ch. 73, par. 1020)

15 Sec. 408. Fees and charges.

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

18 (a) For filing all documents submitted for the
19 incorporation or organization or certification of a
20 domestic company, except for a fraternal benefit society,
21 \$2,000.

22 (b) For filing all documents submitted for the
23 incorporation or organization of a fraternal benefit
24 society, \$500.

25 (c) For filing amendments to articles of incorporation

1 and amendments to declaration of organization, except for a
2 fraternal benefit society, a mutual benefit association, a
3 burial society or a farm mutual, \$200.

4 (d) For filing amendments to articles of incorporation
5 of a fraternal benefit society, a mutual benefit
6 association or a burial society, \$100.

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

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

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

11 (i) for a domestic company, except for a fraternal
12 benefit society, a mutual benefit association, a
13 burial society, or a farm mutual, \$2,000.

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

16 (iii) for a fraternal benefit society, a mutual
17 benefit association, a burial society, or a farm
18 mutual, \$200.

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

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

25 (j) For filing all documents submitted by a foreign or
26 alien fraternal benefit society to be admitted to transact

1 business in this State, \$500.

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

4 (l) For filing annual statement by a domestic company,
5 except a fraternal benefit society, a mutual benefit
6 association, a burial society, or a farm mutual, \$200.

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

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

11 (o) For issuing a certificate of authority or renewal
12 thereof except to a foreign fraternal benefit society, \$400
13 ~~\$200~~.

14 (p) For issuing a certificate of authority or renewal
15 thereof to a foreign fraternal benefit society, \$200 ~~\$100~~.

16 (q) For issuing an amended certificate of authority,
17 \$50.

18 (r) For each certified copy of certificate of
19 authority, \$20.

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

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

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

25 (v) For multiple copies of documents or certificates
26 listed in subparagraphs (r), (s), and (u) of paragraph (1)

1 of this Section, \$10 for the first copy of a certificate of
2 any type and \$5 for each additional copy of the same
3 certificate requested at the same time, unless, pursuant to
4 paragraph (2) of this Section, the Director finds these
5 additional fees excessive.

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

8 (i) in connection with a public stock offering,
9 \$300;

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

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

13 (y) For filing a plan of exchange of the stock of a
14 domestic stock insurance company, a plan of
15 demutualization of a domestic mutual company, or a plan of
16 reorganization under Article XII, \$2,000.

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

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

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

1 (cc) For filing a registration statement as required in
2 Sections 131.13 and 131.14, the notification as required by
3 Sections 131.16, 131.20a, or 141.4, or an agreement or
4 transaction required by Sections 124.2(2), 141, 141a, or
5 141.1, \$200.

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

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

9 (ii) a workers' compensation service company,
10 \$500;

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

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

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

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

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

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

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

3 (jj) For the filing of each form as required in Section
4 143 of this Code, \$50 per form. The fee for advisory and
5 rating organizations shall be \$200 per form.

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

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

14 (iii) (Blank).

15 (iv) The Director may by rule exempt forms from
16 such fees.

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

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

21 (2) When printed copies or numerous copies of the same
22 paper or records are furnished or certified, the Director may
23 reduce such fees for copies if he finds them excessive. He may,
24 when he considers it in the public interest, furnish without
25 charge to state insurance departments and persons other than
26 companies, copies or certified copies of reports of

1 examinations and of other papers and records.

2 (3) The expenses incurred in any performance examination
3 authorized by law shall be paid by the company or person being
4 examined. The charge shall be reasonably related to the cost of
5 the examination including but not limited to compensation of
6 examiners, electronic data processing costs, supervision and
7 preparation of an examination report and lodging and travel
8 expenses. All lodging and travel expenses shall be in accord
9 with the applicable travel regulations as published by the
10 Department of Central Management Services and approved by the
11 Governor's Travel Control Board, except that out-of-state
12 lodging and travel expenses related to examinations authorized
13 under Section 132 shall be in accordance with travel rates
14 prescribed under paragraph 301-7.2 of the Federal Travel
15 Regulations, 41 C.F.R. 301-7.2, for reimbursement of
16 subsistence expenses incurred during official travel. All
17 lodging and travel expenses may be reimbursed directly upon
18 authorization of the Director. With the exception of the direct
19 reimbursements authorized by the Director, all performance
20 examination charges collected by the Department shall be paid
21 to the Insurance Producers Administration Fund, however, the
22 electronic data processing costs incurred by the Department in
23 the performance of any examination shall be billed directly to
24 the company being examined for payment to the Statistical
25 Services Revolving Fund.

26 (4) At the time of any service of process on the Director

1 as attorney for such service, the Director shall charge and
2 collect the sum of \$20, which may be recovered as taxable costs
3 by the party to the suit or action causing such service to be
4 made if he prevails in such suit or action.

5 (5) (a) The costs incurred by the Department of Insurance
6 in conducting any hearing authorized by law shall be assessed
7 against the parties to the hearing in such proportion as the
8 Director of Insurance may determine upon consideration of all
9 relevant circumstances including: (1) the nature of the
10 hearing; (2) whether the hearing was instigated by, or for the
11 benefit of a particular party or parties; (3) whether there is
12 a successful party on the merits of the proceeding; and (4) the
13 relative levels of participation by the parties.

14 (b) For purposes of this subsection (5) costs incurred
15 shall mean the hearing officer fees, court reporter fees, and
16 travel expenses of Department of Insurance officers and
17 employees; provided however, that costs incurred shall not
18 include hearing officer fees or court reporter fees unless the
19 Department has retained the services of independent
20 contractors or outside experts to perform such functions.

21 (c) The Director shall make the assessment of costs
22 incurred as part of the final order or decision arising out of
23 the proceeding; provided, however, that such order or decision
24 shall include findings and conclusions in support of the
25 assessment of costs. This subsection (5) shall not be construed
26 as permitting the payment of travel expenses unless calculated

1 in accordance with the applicable travel regulations of the
2 Department of Central Management Services, as approved by the
3 Governor's Travel Control Board. The Director as part of such
4 order or decision shall require all assessments for hearing
5 officer fees and court reporter fees, if any, to be paid
6 directly to the hearing officer or court reporter by the
7 party(s) assessed for such costs. The assessments for travel
8 expenses of Department officers and employees shall be
9 reimbursable to the Director of Insurance for deposit to the
10 fund out of which those expenses had been paid.

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

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

25 (a) Combination of nationwide direct premium income
26 and nationwide reinsurance assumed premium.

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

3 (ii) \$750, if the premium is \$500,000 or more, but
4 less than \$5,000,000 and there is no reinsurance
5 assumed premium; or if the premium is less than
6 \$5,000,000 and the reinsurance assumed premium is less
7 than \$10,000,000;

8 (iii) \$3,750, if the premium is less than
9 \$5,000,000 and the reinsurance assumed premium is
10 \$10,000,000 or more;

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

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

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

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

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

21 (b) Admitted assets.

22 (i) \$150, if admitted assets are less than
23 \$1,000,000;

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

26 (iii) \$3,750, if admitted assets are \$5,000,000 or

1 more, but less than \$25,000,000;

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

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

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

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

10 (viii) \$37,500, if admitted assets are
11 \$1,000,000,000 or more.

12 (c) The sum of financial regulation fees charged to the
13 domestic companies of the same affiliated group shall not
14 exceed \$250,000 in the aggregate in any single year and
15 shall be billed by the Director to the member company
16 designated by the group.

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

1 accordance with the following schedule:

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

4 (b) \$750, if the premium is \$500,000 or more, but less
5 than \$5,000,000 and there is no reinsurance assumed
6 premium; or if the premium is less than \$5,000,000 and the
7 reinsurance assumed premium is less than \$10,000,000;

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

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

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

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

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

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

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

24 (8) Beginning January 1, 1992, the financial regulation
25 fees imposed under subsections (6) and (7) of this Section
26 shall be paid by each company or domestic affiliated group

1 annually. After January 1, 1994, the fee shall be billed by
2 Department invoice based upon the company's premium income or
3 admitted assets as shown in its annual statement for the
4 preceding calendar year. The invoice is due upon receipt and
5 must be paid no later than June 30 of each calendar year. All
6 financial regulation fees collected by the Department shall be
7 paid to the Insurance Financial Regulation Fund. The Department
8 may not collect financial examiner per diem charges from
9 companies subject to subsections (6) and (7) of this Section
10 undergoing financial examination after June 30, 1992.

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

17 Electronic data processing costs incurred by the
18 Department in the performance of any examination shall be
19 billed directly to the company undergoing examination for
20 payment to the Statistical Services Revolving Fund. Except for
21 direct reimbursements authorized by the Director or direct
22 payments made under Section 131.21 or subsection (d) of Section
23 132.4 of this Code, all financial regulation fees and all
24 financial examination charges collected by the Department
25 shall be paid to the Insurance Financial Regulation Fund.

26 All lodging and travel expenses shall be in accordance with

1 applicable travel regulations published by the Department of
2 Central Management Services and approved by the Governor's
3 Travel Control Board, except that out-of-state lodging and
4 travel expenses related to examinations authorized under
5 Sections 132.1 through 132.7 shall be in accordance with travel
6 rates prescribed under paragraph 301-7.2 of the Federal Travel
7 Regulations, 41 C.F.R. 301-7.2, for reimbursement of
8 subsistence expenses incurred during official travel. All
9 lodging and travel expenses may be reimbursed directly upon the
10 authorization of the Director.

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

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

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

25 (12) For purposes of this Section:

26 (a) "Domestic company" means a company as defined in

1 Section 2 of this Code which is incorporated or organized
2 under the laws of this State, and in addition includes a
3 not-for-profit corporation authorized under the Dental
4 Service Plan Act or the Voluntary Health Services Plans
5 Act, a health maintenance organization, and a limited
6 health service organization.

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

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

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

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

24 (f) "Burial society" means a person, firm,
25 corporation, society or association of individuals
26 authorized by the Director to do business in this State

1 under the provisions of Article XIX of this Code.

2 (g) "Farm mutual" means a district, county and township
3 mutual insurance company authorized by the Director to do
4 business in this State under the provisions of the Farm
5 Mutual Insurance Company Act of 1986.

6 (Source: P.A. 93-32, eff. 7-1-03; 93-1083, eff. 2-7-05.)

7 Section 5. The Dental Service Plan Act is amended by
8 changing Section 25 as follows:

9 (215 ILCS 110/25) (from Ch. 32, par. 690.25)

10 Sec. 25. Application of Insurance Code provisions. Dental
11 service plan corporations and all persons interested therein or
12 dealing therewith shall be subject to the provisions of
13 Articles IIA and XII 1/2 and Sections 3.1, 133, 136, 139, 140,
14 143, 143c, 149, 355.2, 367.2, 401, 401.1, 402, 403, 403A, 408,
15 408.2, and 412, and subsection (15) of Section 367 of the
16 Illinois Insurance Code.

17 (Source: P.A. 91-549, eff. 8-14-99.)

18 Section 10. The Health Maintenance Organization Act is
19 amended by changing Section 5-3 as follows:

20 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

21 Sec. 5-3. Insurance Code provisions.

22 (a) Health Maintenance Organizations shall be subject to

1 the provisions of Sections 133, 134, 136, 137, 139, 140, 141.1,
2 141.2, 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154,
3 154.5, 154.6, 154.7, 154.8, 155.04, 355.2, 356g.5-1, 356m,
4 356v, 356w, 356x, 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8,
5 356z.9, 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15,
6 356z.17, 356z.18, 364.01, 367.2, 367.2-5, 367i, 368a, 368b,
7 368c, 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2,
8 409, 412, 444, and 444.1, paragraph (c) of subsection (2) of
9 Section 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII,
10 XIII 1/2, XXV, and XXVI of the Illinois Insurance Code.

11 (b) For purposes of the Illinois Insurance Code, except for
12 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health
13 Maintenance Organizations in the following categories are
14 deemed to be "domestic companies":

15 (1) a corporation authorized under the Dental Service
16 Plan Act or the Voluntary Health Services Plans Act;

17 (2) a corporation organized under the laws of this
18 State; or

19 (3) a corporation organized under the laws of another
20 state, 30% or more of the enrollees of which are residents
21 of this State, except a corporation subject to
22 substantially the same requirements in its state of
23 organization as is a "domestic company" under Article VIII
24 1/2 of the Illinois Insurance Code.

25 (c) In considering the merger, consolidation, or other
26 acquisition of control of a Health Maintenance Organization

1 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

2 (1) the Director shall give primary consideration to
3 the continuation of benefits to enrollees and the financial
4 conditions of the acquired Health Maintenance Organization
5 after the merger, consolidation, or other acquisition of
6 control takes effect;

7 (2) (i) the criteria specified in subsection (1) (b) of
8 Section 131.8 of the Illinois Insurance Code shall not
9 apply and (ii) the Director, in making his determination
10 with respect to the merger, consolidation, or other
11 acquisition of control, need not take into account the
12 effect on competition of the merger, consolidation, or
13 other acquisition of control;

14 (3) the Director shall have the power to require the
15 following information:

16 (A) certification by an independent actuary of the
17 adequacy of the reserves of the Health Maintenance
18 Organization sought to be acquired;

19 (B) pro forma financial statements reflecting the
20 combined balance sheets of the acquiring company and
21 the Health Maintenance Organization sought to be
22 acquired as of the end of the preceding year and as of
23 a date 90 days prior to the acquisition, as well as pro
24 forma financial statements reflecting projected
25 combined operation for a period of 2 years;

26 (C) a pro forma business plan detailing an

1 acquiring party's plans with respect to the operation
2 of the Health Maintenance Organization sought to be
3 acquired for a period of not less than 3 years; and

4 (D) such other information as the Director shall
5 require.

6 (d) The provisions of Article VIII 1/2 of the Illinois
7 Insurance Code and this Section 5-3 shall apply to the sale by
8 any health maintenance organization of greater than 10% of its
9 enrollee population (including without limitation the health
10 maintenance organization's right, title, and interest in and to
11 its health care certificates).

12 (e) In considering any management contract or service
13 agreement subject to Section 141.1 of the Illinois Insurance
14 Code, the Director (i) shall, in addition to the criteria
15 specified in Section 141.2 of the Illinois Insurance Code, take
16 into account the effect of the management contract or service
17 agreement on the continuation of benefits to enrollees and the
18 financial condition of the health maintenance organization to
19 be managed or serviced, and (ii) need not take into account the
20 effect of the management contract or service agreement on
21 competition.

22 (f) Except for small employer groups as defined in the
23 Small Employer Rating, Renewability and Portability Health
24 Insurance Act and except for medicare supplement policies as
25 defined in Section 363 of the Illinois Insurance Code, a Health
26 Maintenance Organization may by contract agree with a group or

1 other enrollment unit to effect refunds or charge additional
2 premiums under the following terms and conditions:

3 (i) the amount of, and other terms and conditions with
4 respect to, the refund or additional premium are set forth
5 in the group or enrollment unit contract agreed in advance
6 of the period for which a refund is to be paid or
7 additional premium is to be charged (which period shall not
8 be less than one year); and

9 (ii) the amount of the refund or additional premium
10 shall not exceed 20% of the Health Maintenance
11 Organization's profitable or unprofitable experience with
12 respect to the group or other enrollment unit for the
13 period (and, for purposes of a refund or additional
14 premium, the profitable or unprofitable experience shall
15 be calculated taking into account a pro rata share of the
16 Health Maintenance Organization's administrative and
17 marketing expenses, but shall not include any refund to be
18 made or additional premium to be paid pursuant to this
19 subsection (f)). The Health Maintenance Organization and
20 the group or enrollment unit may agree that the profitable
21 or unprofitable experience may be calculated taking into
22 account the refund period and the immediately preceding 2
23 plan years.

24 The Health Maintenance Organization shall include a
25 statement in the evidence of coverage issued to each enrollee
26 describing the possibility of a refund or additional premium,

1 and upon request of any group or enrollment unit, provide to
2 the group or enrollment unit a description of the method used
3 to calculate (1) the Health Maintenance Organization's
4 profitable experience with respect to the group or enrollment
5 unit and the resulting refund to the group or enrollment unit
6 or (2) the Health Maintenance Organization's unprofitable
7 experience with respect to the group or enrollment unit and the
8 resulting additional premium to be paid by the group or
9 enrollment unit.

10 In no event shall the Illinois Health Maintenance
11 Organization Guaranty Association be liable to pay any
12 contractual obligation of an insolvent organization to pay any
13 refund authorized under this Section.

14 (g) Rulemaking authority to implement Public Act 95-1045,
15 if any, is conditioned on the rules being adopted in accordance
16 with all provisions of the Illinois Administrative Procedure
17 Act and all rules and procedures of the Joint Committee on
18 Administrative Rules; any purported rule not so adopted, for
19 whatever reason, is unauthorized.

20 (Source: P.A. 95-422, eff. 8-24-07; 95-520, eff. 8-28-07;
21 95-876, eff. 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09;
22 95-1005, eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff.
23 1-1-10; 96-328, eff. 8-11-09; 96-639, eff. 1-1-10; 96-833, eff.
24 6-1-10; 96-1000, eff. 7-2-10.)

25 Section 15. The Limited Health Service Organization Act is

1 amended by changing Section 4003 as follows:

2 (215 ILCS 130/4003) (from Ch. 73, par. 1504-3)

3 Sec. 4003. Illinois Insurance Code provisions. Limited
4 health service organizations shall be subject to the provisions
5 of Sections 133, 134, 136, 137, 139, 140, 141.1, 141.2, 141.3,
6 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5, 154.6,
7 154.7, 154.8, 155.04, 155.37, 355.2, 356v, 356z.10, 368a, 401,
8 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and 444.1 and
9 Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and
10 XXVI of the Illinois Insurance Code. For purposes of the
11 Illinois Insurance Code, except for Sections 444 and 444.1 and
12 Articles XIII and XIII 1/2, limited health service
13 organizations in the following categories are deemed to be
14 domestic companies:

15 (1) a corporation under the laws of this State; or

16 (2) a corporation organized under the laws of another
17 state, 30% of more of the enrollees of which are residents
18 of this State, except a corporation subject to
19 substantially the same requirements in its state of
20 organization as is a domestic company under Article VIII
21 1/2 of the Illinois Insurance Code.

22 (Source: P.A. 95-520, eff. 8-28-07; 95-876, eff. 8-21-08.)

23 Section 20. The Voluntary Health Services Plans Act is
24 amended by changing Section 10 as follows:

1 (215 ILCS 165/10) (from Ch. 32, par. 604)

2 Sec. 10. Application of Insurance Code provisions. Health
3 services plan corporations and all persons interested therein
4 or dealing therewith shall be subject to the provisions of
5 Articles IIA and XII 1/2 and Sections 3.1, 133, 136, 139, 140,
6 143, 143c, 149, 155.37, 354, 355.2, 356g, 356g.5, 356g.5-1,
7 356r, 356t, 356u, 356v, 356w, 356x, 356y, 356z.1, 356z.2,
8 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10, 356z.11,
9 356z.12, 356z.13, 356z.14, 356z.15, 356z.18, 364.01, 367.2,
10 368a, 401, 401.1, 402, 403, 403A, 408, 408.2, and 412, and
11 paragraphs (7) and (15) of Section 367 of the Illinois
12 Insurance Code.

13 Rulemaking authority to implement Public Act 95-1045, if
14 any, is conditioned on the rules being adopted in accordance
15 with all provisions of the Illinois Administrative Procedure
16 Act and all rules and procedures of the Joint Committee on
17 Administrative Rules; any purported rule not so adopted, for
18 whatever reason, is unauthorized.

19 (Source: P.A. 95-189, eff. 8-16-07; 95-331, eff. 8-21-07;
20 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; 95-876, eff.
21 8-21-08; 95-958, eff. 6-1-09; 95-978, eff. 1-1-09; 95-1005,
22 eff. 12-12-08; 95-1045, eff. 3-27-09; 95-1049, eff. 1-1-10;
23 96-328, eff. 8-11-09; 96-833, eff. 6-1-10; 96-1000, eff.
24 7-2-10.)

1 (215 ILCS 110/36 rep.)

2 (215 ILCS 110/37 rep.)

3 Section 25. The Dental Service Plan Act is amended by
4 repealing Sections 36 and 37.

5 (215 ILCS 125/2-7 rep.)

6 Section 30. The Health Maintenance Organization Act is
7 amended by repealing Section 2-7.

8 (215 ILCS 130/2007 rep.)

9 Section 35. The Limited Health Service Organization Act is
10 amended by repealing Section 2007.

11 (215 ILCS 165/21 rep.)

12 (215 ILCS 165/22 rep.)

13 Section 40. The Voluntary Health Services Plans Act is
14 amended by repealing Sections 21 and 22.