

# HB3117



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB3117

Introduced 2/23/2011, by Rep. Charles E. Jefferson

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/424

from Ch. 73, par. 1031

Amends the Illinois Insurance Code to include in those practices defined as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance, basing the compensation of employees or contracted claims personnel, including performance bonuses or incentives, on a certain factor. Effective immediately.

LRB097 08430 RPM 48557 b

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 Section 424 as follows:

6 (215 ILCS 5/424) (from Ch. 73, par. 1031)

7 Sec. 424. Unfair methods of competition and unfair or  
8 deceptive acts or practices defined. The following are hereby  
9 defined as unfair methods of competition and unfair and  
10 deceptive acts or practices in the business of insurance:

11 (1) The commission by any person of any one or more of the  
12 acts defined or prohibited by Sections 134, 143.24c, 147, 148,  
13 149, 151, 155.22, 155.22a, 236, 237, 364, and 469 of this Code.

14 (2) Entering into any agreement to commit, or by any  
15 concerted action committing, any act of boycott, coercion or  
16 intimidation resulting in or tending to result in unreasonable  
17 restraint of, or monopoly in, the business of insurance.

18 (3) Making or permitting, in the case of insurance of the  
19 types enumerated in Classes 1, 2, and 3 of Section 4, any  
20 unfair discrimination between individuals or risks of the same  
21 class or of essentially the same hazard and expense element  
22 because of the race, color, religion, or national origin of  
23 such insurance risks or applicants. The application of this

1 Article to the types of insurance enumerated in Class 1 of  
2 Section 4 shall in no way limit, reduce, or impair the  
3 protections and remedies already provided for by Sections 236  
4 and 364 of this Code or any other provision of this Code.

5 (4) Engaging in any of the acts or practices defined in or  
6 prohibited by Sections 154.5 through 154.8 of this Code.

7 (5) Making or charging any rate for insurance against  
8 losses arising from the use or ownership of a motor vehicle  
9 which requires a higher premium of any person by reason of his  
10 physical handicap, race, color, religion, or national origin.

11 (6) Basing the compensation of employees or contracted  
12 claims personnel, including performance bonuses or incentives,  
13 on one the following:

14 (a) the number of policies canceled or rescinded;

15 (b) the number of times coverage is denied;

16 (c) the use of a quota or cap limiting or restricting  
17 the number or volume of claims; or

18 (d) the use of an arbitrary quota or cap limiting or  
19 restricting the amount paid to satisfy a claim without due  
20 consideration to the merits of the claim.

21 (Source: P.A. 92-399, eff. 8-16-01; 92-651, eff. 7-11-02;  
22 92-669, eff. 1-1-03.)

23 Section 99. Effective date. This Act takes effect upon  
24 becoming law.