



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB1758

Introduced 2/15/2013, by Sen. William R. Haine

SYNOPSIS AS INTRODUCED:

215 ILCS 5/500-20
215 ILCS 5/500-100
215 ILCS 5/500-135

Amends the Illinois Insurance Code. Provides that a license as an insurance producer shall not be required of a person selling or soliciting lines of insurance that are exempt from the definition of insurance in the provision of the Code concerning financial institutions. Includes credit life and credit accident and health insurance and other credit insurance policies approved or permitted by the Director of Insurance among the classes of insurance for which a person may obtain a limited lines producer license; makes a corresponding change concerning fees. Provides that a credit insurance company must conduct a training program in which an applicant shall receive basic instruction about the credit insurance products that they will be selling. Effective immediately.

LRB098 08310 RPM 38415 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 500-20, 500-100, and 500-135 as follows:

6 (215 ILCS 5/500-20)

7 (Section scheduled to be repealed on January 1, 2017)

8 Sec. 500-20. Exceptions to licensing.

9 (a) Nothing in this Article shall be construed to require
10 an insurer to obtain an insurance producer license. In this
11 Section, the term "insurer" does not include an insurer's
12 officers, directors, employees, subsidiaries, or affiliates.

13 (b) A license as an insurance producer shall not be
14 required of the following:

15 (1) an officer, director, or employee of an insurer or
16 of an insurance producer, provided that the officer,
17 director, or employee does not receive any commission on
18 policies written or sold to insure risks residing, located,
19 or to be performed in this State and:

20 (A) the officer's, director's, or employee's
21 activities are executive, administrative, managerial,
22 clerical, or a combination of these, and are only
23 indirectly related to the sale, solicitation, or

1 negotiation of insurance;

2 (B) the officer's, director's, or employee's
3 function relates to underwriting, loss control,
4 inspection, or the processing, adjusting,
5 investigating, or settling of a claim on a contract of
6 insurance; or

7 (C) the officer, director, or employee is acting in
8 the capacity of a special agent or agency supervisor
9 assisting insurance producers if the person's
10 activities are limited to providing technical advice
11 and assistance to licensed insurance producers and do
12 not include the sale, solicitation, or negotiation of
13 insurance;

14 (2) a person who secures and furnishes information for
15 the purpose of group life insurance, group property and
16 casualty insurance, group annuities, or group or blanket
17 accident and health insurance or for the purpose of
18 enrolling individuals under plans, issuing certificates
19 under plans or otherwise assisting in administering plans
20 or who performs administrative services related to mass
21 marketed property and casualty insurance, if no commission
22 is paid to the person for the service;

23 (3) an employer or association or its officers,
24 directors, employees, or the trustees of an employee trust
25 plan, to the extent that the employers, officers,
26 employees, directors, or trustees are engaged in the

1 administration or operation of a program of employee
2 benefits for the employer's or association's own employees
3 or the employees of its subsidiaries or affiliates, which
4 program involves the use of insurance issued by an insurer,
5 as long as the employers, associations, officers,
6 directors, employees, or trustees are not in any manner
7 compensated, directly or indirectly, by the company
8 issuing the contracts;

9 (4) employees of insurers or organizations employed by
10 insurers who are engaging in the inspection, rating, or
11 classification of risks or in the supervision of the
12 training of insurance producers and who are not
13 individually engaged in the sale, solicitation, or
14 negotiation of insurance;

15 (5) a person whose activities in this State are limited
16 to advertising without the intent to solicit insurance in
17 this State through communications in printed publications
18 or forms of electronic mass media whose distribution is not
19 limited to residents of this State, provided that the
20 person does not sell, solicit, or negotiate insurance that
21 would insure risks residing, located, or to be performed in
22 this State;

23 (6) a person who is not a resident of this State who
24 sells, solicits, or negotiates a contract of insurance for
25 commercial property and casualty risks to an insured with
26 risks located in more than one state insured under that

1 contract, provided that the person is otherwise licensed as
2 an insurance producer to sell, solicit, or negotiate that
3 insurance in the state where the insured maintains its
4 principal place of business and the contract of insurance
5 insures risks located in that state; ~~or~~

6 (7) a salaried, full-time employee who counsels or
7 advises his or her employer relative to the insurance
8 interests of the employer or of the subsidiaries or
9 business affiliates of the employer provided that the
10 employee does not sell or solicit insurance or receive a
11 commission; or.

12 (8) a person selling or soliciting lines of insurance
13 exempt from the definition of insurance pursuant to Section
14 1402 of this Code.

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

16 (215 ILCS 5/500-100)

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

18 Sec. 500-100. Limited lines producer license.

19 (a) An individual who is at least 18 years of age and whom
20 the Director considers to be competent, trustworthy, and of
21 good business reputation may obtain a limited lines producer
22 license for one or more of the following classes:

23 (1) insurance on baggage or limited travel health,
24 accident, or trip cancellation insurance sold in
25 connection with transportation provided by a common

1 carrier;

2 (2) industrial life insurance, as defined in Section
3 228 of this Code;

4 (3) industrial accident and health insurance, as
5 defined in Section 368 of this Code;

6 (4) insurance issued by a company organized under the
7 Farm Mutual Insurance Company Act of 1986;

8 (5) legal expense insurance;

9 (6) enrollment of recipients of public aid or medicare
10 in a health maintenance organization;

11 (7) a limited health care plan issued by an
12 organization having a certificate of authority under the
13 Limited Health Service Organization Act;~~:-~~

14 (8) credit life and credit accident and health
15 insurance and other credit insurance policies approved or
16 permitted by the Director; a credit insurance company must
17 conduct a training program in which an applicant shall
18 receive basic instruction about the credit insurance
19 products that they will be selling.

20 (b) The application for a limited lines producer license
21 must be submitted on a form prescribed by the Director by a
22 designee of the insurance company, health maintenance
23 organization, or limited health service organization
24 appointing the limited insurance representative. The insurance
25 company, health maintenance organization, or limited health
26 service organization must pay the fee required by Section

1 500-135.

2 (c) A limited lines producer may represent more than one
3 insurance company, health maintenance organization, or limited
4 health service organization.

5 (d) An applicant who has met the requirements of this
6 Section shall be issued a perpetual limited lines producer
7 license.

8 (e) A limited lines producer license shall remain in effect
9 as long as the appointing insurance company pays the respective
10 fee required by Section 500-135 prior to January 1 of each
11 year, unless the license is revoked or suspended pursuant to
12 Section 500-70. Failure of the insurance company to pay the
13 license fee or to submit the required documents shall cause
14 immediate termination of the limited line insurance producer
15 license with respect to which the failure occurs.

16 (f) A limited lines producer license may be terminated by
17 the insurance company or the licensee.

18 (g) A person whom the Director considers to be competent,
19 trustworthy, and of good business reputation may be issued a
20 car rental limited line license. A car rental limited line
21 license for a rental company shall remain in effect as long as
22 the car rental limited line licensee pays the respective fee
23 required by Section 500-135 prior to the next fee date unless
24 the car rental license is revoked or suspended pursuant to
25 Section 500-70. Failure of the car rental limited line licensee
26 to pay the license fee or to submit the required documents

1 shall cause immediate suspension of the car rental limited line
2 license. A car rental limited line license for rental companies
3 may be voluntarily terminated by the car rental limited line
4 licensee. The license fee shall not be refunded upon
5 termination of the car rental limited line license by the car
6 rental limited line licensee.

7 (h) A limited lines producer issued a license pursuant to
8 this Section is not subject to the requirements of Section
9 500-30.

10 (i) A limited lines producer license must contain the name,
11 address and personal identification number of the licensee, the
12 date the license was issued, general conditions relative to the
13 license's expiration or termination, and any other information
14 the Director considers proper. A limited line producer license,
15 if applicable, must also contain the name and address of the
16 appointing insurance company.

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

18 (215 ILCS 5/500-135)

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

20 Sec. 500-135. Fees.

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

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

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

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

5 (4) an annual \$50 fee for a limited line producer
6 license issued under items (1) through (8) ~~(7)~~ of
7 subsection (a) of Section 500-100;

8 (5) a \$50 application fee for the processing of a
9 request to take the written examination for an insurance
10 producer license;

11 (6) an annual registration fee of \$1,000 for
12 registration of an education provider;

13 (7) a certification fee of \$50 for each certified
14 pre-licensing or continuing education course and an annual
15 fee of \$20 for renewing the certification of each such
16 course;

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

21 (9) a fee of \$200 payable once every 2 years for a
22 limited lines license other than the licenses issued under
23 items (1) through (8) ~~(7)~~ of subsection (a) of Section
24 500-100, a car rental limited line license, or a
25 self-service storage facility limited line license;

26 (10) a fee of \$50 payable once every 2 years for a

1 self-service storage facility limited line license.

2 (b) Except as otherwise provided, all fees paid to and
3 collected by the Director under this Section shall be paid
4 promptly after receipt thereof, together with a detailed
5 statement of such fees, into a special fund in the State
6 Treasury to be known as the Insurance Producer Administration
7 Fund. The moneys deposited into the Insurance Producer
8 Administration Fund may be used only for payment of the
9 expenses of the Department in the execution, administration,
10 and enforcement of the insurance laws of this State, and shall
11 be appropriated as otherwise provided by law for the payment of
12 those expenses with first priority being any expenses incident
13 to or associated with the administration and enforcement of
14 this Article.

15 (Source: P.A. 95-331, eff. 8-21-07.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.