



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

SB2590

Introduced 5/31/2013, by Sen. William R. Haine

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Insurance Code. Makes a change in the provision concerning limited lines producer licenses. Provides that the Director of Insurance may issue to a business entity that has filed with the Department an application for a limited license, in a form and manner prescribed by the Director, a limited lines travel insurance producer license that authorizes the limited lines travel insurance producer to sell, solicit, or negotiate travel insurance through a licensed insurer. Provides that notwithstanding any other provision of law, a travel retailer may offer and disseminate travel insurance on behalf of and under a limited lines producer business entity license only if certain conditions are met. Prohibits a travel retailer's employee or authorized representative who is not licensed as an insurance producer from certain actions. Provides that a travel retailer whose insurance-related activities, and those of its employees and authorized representatives, are limited to offering and disseminating travel insurance on behalf of and under the direction of a limited lines producer meeting certain conditions is authorized to do so and receive related compensation upon registration by the limited lines producer. Provides that travel insurance may be provided under an individual policy or under a group or master policy. Provides that as the insurer designee, the limited lines producer is responsible for the acts of the travel retailer and the travel insurance supervising entity and shall use reasonable means to ensure compliance by the travel retailer with the provision concerning travel insurance limited line license for limited lines travel insurance producers. Requires an annual fee of \$90 for a limited lines producer license.

LRB098 12398 RPM 46783 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning regulation.

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, 500-100, and 500-135 and by adding  
6 Section 500-108 as follows:

7 (215 ILCS 5/500-10)

8 (Section scheduled to be repealed on January 1, 2017)

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

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

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

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

23 "Insurance" means any of the lines of authority in Section

1 500-35, any health care plan under the Health Maintenance  
2 Organization Act, or any limited health care plan under the  
3 Limited Health Service Organization Act.

4 "Insurance producer" means a person required to be licensed  
5 under the laws of this State to sell, solicit, or negotiate  
6 insurance.

7 "Insurer" means a company as defined in subsection (e) of  
8 Section 2 of this Code, a health maintenance organization as  
9 defined in the Health Maintenance Organization Act, or a  
10 limited health service organization as defined in the Limited  
11 Health Service Organization Act.

12 "License" means a document issued by the Director  
13 authorizing an individual to act as an insurance producer for  
14 the lines of authority specified in the document or authorizing  
15 a business entity to act as an insurance producer. The license  
16 itself does not create any authority, actual, apparent, or  
17 inherent, in the holder to represent or commit an insurance  
18 carrier.

19 "Limited lines insurance" means those lines of insurance  
20 defined in Section 500-100 or any other line of insurance that  
21 the Director may deem it necessary to recognize for the  
22 purposes of complying with subsection (e) of Section 500-40.

23 "Limited lines producer" means a person authorized by the  
24 Director to sell, solicit, or negotiate limited lines  
25 insurance.

26 "Negotiate" means the act of conferring directly with or

1 offering advice directly to a purchaser or prospective  
2 purchaser of a particular contract of insurance concerning any  
3 of the substantive benefits, terms, or conditions of the  
4 contract, provided that the person engaged in that act either  
5 sells insurance or obtains insurance from insurers for  
6 purchasers.

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

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

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

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

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

19 "Self-service storage facility limited line licensee"  
20 means a person authorized under the provisions of Section  
21 500-107 to sell certain coverages relating to the rental of  
22 self-service storage facilities.

23 "Sell" means to exchange a contract of insurance by any  
24 means, for money or its equivalent, on behalf of an insurance  
25 company.

26 "Solicit" means attempting to sell insurance or asking or

1 urging a person to apply for a particular kind of insurance  
2 from a particular company.

3 "Terminate" means the cancellation of the relationship  
4 between an insurance producer and the insurer or the  
5 termination of a producer's authority to transact insurance.

6 "Travel insurance" means insurance coverage for personal  
7 risks incident to planned travel, including, but not limited to  
8 (1) interruption or cancellation of a trip or event, (2) loss  
9 of baggage or personal effects, (3) damages to accommodations  
10 or rental vehicles, or (4) sickness, accident, disability, or  
11 death occurring during travel. "Travel insurance" does not  
12 include major medical plans that provide comprehensive medical  
13 protection for travelers with trips lasting 6 months or longer,  
14 including those working overseas as an ex-patriot or as  
15 military personnel on deployment.

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

1 vehicle weight of less than 26,000 pounds the operation of  
2 which does not require the operator to possess a commercial  
3 driver's license.

4 "Webinar" means an online educational presentation during  
5 which a live and participating instructor and participating  
6 viewers, whose attendance is periodically verified throughout  
7 the presentation, actively engage in discussion and in the  
8 submission and answering of questions.

9 (Source: P.A. 97-113, eff. 7-14-11.)

10 (215 ILCS 5/500-100)

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

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

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

17 (1) travel insurance as defined in Section 500-10 of  
18 this Article ~~on baggage or limited travel health, accident,~~  
19 ~~or trip cancellation insurance sold in connection with~~  
20 ~~transportation provided by a common carrier;~~

21 (2) industrial life insurance, as defined in Section  
22 228 of this Code;

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

25 (4) insurance issued by a company organized under the

1 Farm Mutual Insurance Company Act of 1986;  
2 (5) legal expense insurance;  
3 (6) enrollment of recipients of public aid or medicare  
4 in a health maintenance organization;  
5 (7) a limited health care plan issued by an  
6 organization having a certificate of authority under the  
7 Limited Health Service Organization Act.

8 (b) The application for a limited lines producer license  
9 must be submitted on a form prescribed by the Director by a  
10 designee of the insurance company, health maintenance  
11 organization, or limited health service organization  
12 appointing the limited insurance representative. The insurance  
13 company, health maintenance organization, or limited health  
14 service organization must pay the fee required by Section  
15 500-135.

16 (c) A limited lines producer may represent more than one  
17 insurance company, health maintenance organization, or limited  
18 health service organization.

19 (d) An applicant who has met the requirements of this  
20 Section shall be issued a perpetual limited lines producer  
21 license.

22 (e) A limited lines producer license shall remain in effect  
23 as long as the appointing insurance company pays the respective  
24 fee required by Section 500-135 prior to January 1 of each  
25 year, unless the license is revoked or suspended pursuant to  
26 Section 500-70. Failure of the insurance company to pay the

1 license fee or to submit the required documents shall cause  
2 immediate termination of the limited line insurance producer  
3 license with respect to which the failure occurs.

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

6 (g) A person whom the Director considers to be competent,  
7 trustworthy, and of good business reputation may be issued a  
8 car rental limited line license. A car rental limited line  
9 license for a rental company shall remain in effect as long as  
10 the car rental limited line licensee pays the respective fee  
11 required by Section 500-135 prior to the next fee date unless  
12 the car rental license is revoked or suspended pursuant to  
13 Section 500-70. Failure of the car rental limited line licensee  
14 to pay the license fee or to submit the required documents  
15 shall cause immediate suspension of the car rental limited line  
16 license. A car rental limited line license for rental companies  
17 may be voluntarily terminated by the car rental limited line  
18 licensee. The license fee shall not be refunded upon  
19 termination of the car rental limited line license by the car  
20 rental limited line licensee.

21 (h) A limited lines producer issued a license pursuant to  
22 this Section is not subject to the requirements of Section  
23 500-30.

24 (i) A limited lines producer license must contain the name,  
25 address and personal identification number of the licensee, the  
26 date the license was issued, general conditions relative to the



1 license's expiration or termination, and any other information  
2 the Director considers proper. A limited line producer license,  
3 if applicable, must also contain the name and address of the  
4 appointing insurance company.

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

6 (215 ILCS 5/500-108 new)

7 Sec. 500-108. Travel insurance limited line license for  
8 limited lines travel insurance producers.

9 (a) As used in this Section:

10 "Limited lines travel insurance producer" means a licensed  
11 insurance producer or limited lines producer designated by an  
12 insurer as the travel insurance supervising entity as set forth  
13 in subsection (h) of this Section.

14 "Offer and disseminate" means providing general  
15 information, including a description of the coverage and price,  
16 as well as processing the application, collecting premiums, and  
17 performing other non-licensable activities permitted by this  
18 State.

19 "Travel retailer" means a business entity that makes,  
20 arranges, or offers travel services and may offer and  
21 disseminate travel insurance as a service to its customers on  
22 behalf of and under the direction of a limited lines travel  
23 insurance producer.

24 (b) The Director may issue to a business entity that has  
25 filed with the Department an application for a limited license,

1 in a form and manner prescribed by the Director, a limited  
2 lines travel insurance producer license that authorizes the  
3 limited lines travel insurance producer to sell, solicit, or  
4 negotiate travel insurance through a licensed insurer.

5 (c) Notwithstanding any other provision of law, a travel  
6 retailer may offer and disseminate travel insurance on behalf  
7 of and under a limited lines producer business entity license  
8 only if the following conditions are met:

9 (1) the limited lines producer or travel retailer  
10 provides to purchasers of travel insurance:

11 (A) a description of the material terms or the  
12 actual terms of the insurance coverage;

13 (B) a description of the process for filing a  
14 claim;

15 (C) a description of the review or cancellation  
16 process for the travel insurance policy; and

17 (D) the identity and contact information of the  
18 insurer and limited lines producer.

19 (2) at the time of licensure, the limited lines  
20 producer shall establish and maintain a register on a form  
21 prescribed by the Director of each travel retailer that  
22 offers travel insurance on the limited lines producer's  
23 behalf; the register shall be maintained and updated  
24 annually by the limited lines producer and shall include  
25 the name, address, and contact information of the travel  
26 retailer and an officer or person who directs or controls

1 the travel retailer's operations and the travel retailer's  
2 federal tax identification number; the limited lines  
3 producer shall submit the register to the Director upon  
4 reasonable request; the limited lines producer shall also  
5 certify that the travel retailer registered complies with  
6 18 USC 1033;

7 (3) the limited lines producer has designated one of  
8 its employees as a licensed individual producer (a  
9 designated responsible producer or DRP) responsible for  
10 the limited lines producer's compliance with the travel  
11 insurance laws, rules, and regulations of this State;

12 (4) the limited lines producer has paid all applicable  
13 insurance producer licensing fees as set forth in this  
14 Code; and

15 (5) the limited lines producer requires each employee  
16 and authorized representative of the travel retailer whose  
17 duties include offering and disseminating travel insurance  
18 to complete a program of instruction or training that shall  
19 be subject to review by the Director; the training material  
20 shall, at a minimum, contain instructions on the types of  
21 insurance offered, ethical sales practices, and required  
22 disclosures to prospective customers.

23 (d) Any travel retailer offering or disseminating travel  
24 insurance shall make available to prospective purchasers  
25 brochures or other written materials that:

26 (1) provide the identity and contact information of the

1 insurer and the limited lines producer;

2 (2) explain that the purchase of travel insurance is  
3 not required in order to purchase any other product or  
4 service from the travel retailer; and

5 (3) explain that an unlicensed travel retailer is  
6 permitted to provide general information about the  
7 insurance offered by the travel retailer, including a  
8 description of the coverage and price, but is not qualified  
9 or authorized to answer technical questions about the terms  
10 and conditions of the insurance offered by the travel  
11 retailer or to evaluate the adequacy of the customer's  
12 existing insurance coverage.

13 (e) A travel retailer's employee or authorized  
14 representative who is not licensed as an insurance producer may  
15 not:

16 (1) evaluate or interpret the technical terms,  
17 benefits, and conditions of the offered travel insurance  
18 coverage;

19 (2) evaluate or provide advice concerning a  
20 prospective purchaser's existing insurance coverage; or

21 (3) hold himself, herself, or itself out as a licensed  
22 insurer, licensed producer, or insurance expert.

23 (f) A travel retailer whose insurance-related activities,  
24 and those of its employees and authorized representatives, are  
25 limited to offering and disseminating travel insurance on  
26 behalf of and under the direction of a limited lines producer

1 meeting the conditions stated in this Section is authorized to  
2 do so and receive related compensation upon registration by the  
3 limited lines producer as described in item (2) of subsection  
4 (c) of this Section.

5 (g) Travel insurance may be provided under an individual  
6 policy or under a group or master policy.

7 (h) As the insurer designee, the limited lines producer is  
8 responsible for the acts of the travel retailer and the travel  
9 insurance supervising entity and shall use reasonable means to  
10 ensure compliance by the travel retailer within this Section.

11 (215 ILCS 5/500-135)

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

13 Sec. 500-135. Fees.

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

15 (1) a fee of \$180 for a person who is a resident of  
16 Illinois, and \$250 for a person who is not a resident of  
17 Illinois, payable once every 2 years for an insurance  
18 producer license;

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

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

23 (4) an annual \$50 fee for a limited line producer  
24 license issued under items (1) through (7) of subsection

25 (a) of Section 500-100;

1 (5) a \$50 application fee for the processing of a  
2 request to take the written examination for an insurance  
3 producer license;

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

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

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

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

19 (10) a fee of \$50 payable once every 2 years for a  
20 self-service storage facility limited line license; ~~:-~~

21 (11) an annual fee of \$90 for a limited lines producer  
22 license issued under item (1) of subsection (a) of Section  
23 500-100 of this Code.

24 (b) Except as otherwise provided, all fees paid to and  
25 collected by the Director under this Section shall be paid  
26 promptly after receipt thereof, together with a detailed

1 statement of such fees, into a special fund in the State  
2 Treasury to be known as the Insurance Producer Administration  
3 Fund. The moneys deposited into the Insurance Producer  
4 Administration Fund may be used only for payment of the  
5 expenses of the Department in the execution, administration,  
6 and enforcement of the insurance laws of this State, and shall  
7 be appropriated as otherwise provided by law for the payment of  
8 those expenses with first priority being any expenses incident  
9 to or associated with the administration and enforcement of  
10 this Article.

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

1 INDEX

2 Statutes amended in order of appearance

3 215 ILCS 5/500-10

4 215 ILCS 5/500-100

5 215 ILCS 5/500-108 new

6 215 ILCS 5/500-135