



Rep. Frank J. Mautino

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LRB098 12398 RPM 59289 a

1 AMENDMENT TO SENATE BILL 2590

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 2590, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

5 "Section 5. The Illinois Insurance Code is amended by  
6 changing Sections 500-10 and 500-100 and by adding Section  
7 500-108 as follows:

8 (215 ILCS 5/500-10)

9 (Section scheduled to be repealed on January 1, 2017)

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

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

16 "Car rental limited line licensee" means a person

1 authorized under the provisions of Section 500-105 to sell  
2 certain coverages relating to the rental of vehicles.

3 "Home state" means the District of Columbia and any state  
4 or territory of the United States in which an insurance  
5 producer maintains his or her principal place of residence or  
6 principal place of business and is licensed to act as an  
7 insurance producer.

8 "Insurance" means any of the lines of authority in Section  
9 500-35, any health care plan under the Health Maintenance  
10 Organization Act, or any limited health care plan under the  
11 Limited Health Service Organization Act.

12 "Insurance producer" means a person required to be licensed  
13 under the laws of this State to sell, solicit, or negotiate  
14 insurance.

15 "Insurer" means a company as defined in subsection (e) of  
16 Section 2 of this Code, a health maintenance organization as  
17 defined in the Health Maintenance Organization Act, or a  
18 limited health service organization as defined in the Limited  
19 Health Service Organization Act.

20 "License" means a document issued by the Director  
21 authorizing an individual to act as an insurance producer for  
22 the lines of authority specified in the document or authorizing  
23 a business entity to act as an insurance producer. The license  
24 itself does not create any authority, actual, apparent, or  
25 inherent, in the holder to represent or commit an insurance  
26 carrier.

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

5 "Limited lines producer" means a person authorized by the  
6 Director to sell, solicit, or negotiate limited lines  
7 insurance.

8 "Negotiate" means the act of conferring directly with or  
9 offering advice directly to a purchaser or prospective  
10 purchaser of a particular contract of insurance concerning any  
11 of the substantive benefits, terms, or conditions of the  
12 contract, provided that the person engaged in that act either  
13 sells insurance or obtains insurance from insurers for  
14 purchasers.

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

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

19 "Rental company" means a person, or a franchisee of the  
20 person, in the business of providing primarily private  
21 passenger vehicles to the public under a rental agreement for a  
22 period not to exceed 30 days.

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

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

1 "Self-service storage facility limited line licensee"  
2 means a person authorized under the provisions of Section  
3 500-107 to sell certain coverages relating to the rental of  
4 self-service storage facilities.

5 "Sell" means to exchange a contract of insurance by any  
6 means, for money or its equivalent, on behalf of an insurance  
7 company.

8 "Solicit" means attempting to sell insurance or asking or  
9 urging a person to apply for a particular kind of insurance  
10 from a particular company.

11 "Terminate" means the cancellation of the relationship  
12 between an insurance producer and the insurer or the  
13 termination of a producer's authority to transact insurance.

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

24 "Uniform Business Entity Application" means the current  
25 version of the National Association of Insurance  
26 Commissioners' Uniform Business Entity Application for

1 nonresident business entities.

2 "Uniform Application" means the current version of the  
3 National Association of Insurance Commissioners' Uniform  
4 Application for nonresident producer licensing.

5 "Vehicle" or "rental vehicle" means a motor vehicle of (1)  
6 the private passenger type, including passenger vans, mini  
7 vans, and sport utility vehicles or (2) the cargo type,  
8 including cargo vans, pickup trucks, and trucks with a gross  
9 vehicle weight of less than 26,000 pounds the operation of  
10 which does not require the operator to possess a commercial  
11 driver's license.

12 "Webinar" means an online educational presentation during  
13 which a live and participating instructor and participating  
14 viewers, whose attendance is periodically verified throughout  
15 the presentation, actively engage in discussion and in the  
16 submission and answering of questions.

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

18 (215 ILCS 5/500-100)

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

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

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

25 (1) travel insurance, as defined in Section 500-10 of

1        ~~this Article on baggage or limited travel health, accident,~~  
2        ~~or trip cancellation insurance sold in connection with~~  
3        ~~transportation provided by a common carrier;~~

4            (2) industrial life insurance, as defined in Section  
5        228 of this Code;

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

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

10           (5) legal expense insurance;

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

13           (7) a limited health care plan issued by an  
14        organization having a certificate of authority under the  
15        Limited Health Service Organization Act;

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

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

1 company, health maintenance organization, or limited health  
2 service organization must pay the fee required by Section  
3 500-135.

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

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

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

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

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

1 Section 500-70. Failure of the car rental limited line licensee  
2 to pay the license fee or to submit the required documents  
3 shall cause immediate suspension of the car rental limited line  
4 license. A car rental limited line license for rental companies  
5 may be voluntarily terminated by the car rental limited line  
6 licensee. The license fee shall not be refunded upon  
7 termination of the car rental limited line license by the car  
8 rental limited line licensee.

9 (g-5) A business entity may be issued a limited lines  
10 producer license for credit life and credit accident and health  
11 insurance and other credit insurance policies approved or  
12 permitted by the Director, provided that:

13 (1) application for the limited lines producer license  
14 for credit insurance is made on a form specified by the  
15 Director;

16 (2) the appointing insurance company has paid the  
17 application fee amount required by the Director for the  
18 business entity's application; and

19 (3) the business entity has designated an individual  
20 with an in force limited license producer license issued  
21 under paragraph (8) of subsection (a) of this Section to be  
22 responsible for the business entity's compliance with the  
23 insurance laws and regulations of this State related to  
24 credit life and credit accident and health insurance and  
25 other credit insurance policies approved or permitted by  
26 the Director that are offered or sold by that business



1       entity.

2       Except as specifically authorized by paragraph (8) of  
3 subsection (a) of this Section or this subsection (g-5), a  
4 business entity holding a limited lines license under this  
5 subsection (g-5) may not advertise, represent, or otherwise  
6 hold itself or any of its employees out as licensed insurers,  
7 insurance producers, insurance agents, or insurance brokers.

8       (h) A limited lines producer issued a license pursuant to  
9 this Section is not subject to the requirements of Section  
10 500-30.

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

18       (Source: P.A. 98-159, eff. 8-2-13; revised 11-12-13.)

19       (215 ILCS 5/500-108 new)

20       Sec. 500-108. Travel insurance business entity license.

21       (a) As used in this Section:

22       "Offering and disseminating" means the following:

23       (1) Providing information to a prospective or current  
24 policyholder on behalf of a limited lines travel insurance  
25 entity, including brochures, buyer guides, descriptions of

1       coverage, and price.

2       (2) Referring specific questions regarding coverage  
3       features and benefits from a prospective or current  
4       policyholder to a limited lines travel insurance entity.

5       (3) Disseminating and processing applications for  
6       coverage, coverage selection forms, or other similar forms  
7       in response to a request from a prospective or current  
8       policyholder.

9       (4) Collecting premiums from a prospective or current  
10       policyholder on behalf of a limited lines travel insurance  
11       entity.

12       (5) Receiving and recording information from a  
13       policyholder to share with a limited lines travel insurance  
14       entity.

15       "Travel insurance business entity" means a licensed  
16       insurance producer designated by an insurer as set forth in  
17       subsection (i) of this Section.

18       "Travel retailer" means a business organization that  
19       makes, arranges, or offers travel services and, with respect to  
20       travel insurance, is limited to offering and disseminating as  
21       defined in this Section, unless otherwise licensed under  
22       subsection (c) of this Section.

23       (b) The Director may issue to a travel insurance business  
24       entity, that registers travel retailers under its license as  
25       described in paragraph (2) of subsection (d) of this Section, a  
26       producer license as provided in paragraph (6) of subsection (a)

1 of Section 500-35 of this Code. A travel insurance business  
2 entity license issued under this Section shall also authorize  
3 any employee of the travel insurance business entity to act  
4 individually on behalf and under the supervision of the travel  
5 insurance business entity licensee with respect to the coverage  
6 specified in this Section. Each travel insurance business  
7 entity licensed under this Section shall pay the Department a  
8 fee of \$500 for its initial license and \$500 for each renewal  
9 license, payable on May 31 annually.

10 (c) The Director may issue to a travel retailer a limited  
11 line producer license. A travel retailer license issued under  
12 this Section shall also authorize any employee of the travel  
13 retailer limited line licensee to act individually on behalf  
14 and under the supervision of the travel retailer limited line  
15 licensee with respect to the coverage specified in this  
16 Section.

17 (d) Notwithstanding any other provision of law, a travel  
18 retailer may do the limited activities of offering and  
19 disseminating travel insurance on behalf of and under the  
20 license of a supervising travel insurance business entity if  
21 the following conditions are met:

22 (1) the travel insurance business entity or travel  
23 retailer provides to purchasers of travel insurance:

24 (A) a description of the material terms or the  
25 actual material terms of the insurance coverage;

26 (B) a description of the process for filing a

1           claim;

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

4           (D) the identity and contact information of the  
5           insurer and travel insurance business entity;

6           (2) at the time of licensure, the travel insurance  
7           business entity shall establish and maintain a register on  
8           a form prescribed by the Director of each travel retailer  
9           that offers travel insurance on the travel insurance  
10           business entity's behalf; the register shall be maintained  
11           and updated continuously by the travel insurance business  
12           entity and shall include the name, address, and contact  
13           information of the travel retailer and an officer or person  
14           who directs or controls the travel retailer's operations  
15           and the travel retailer's federal tax identification  
16           number; the travel insurance business entity shall submit  
17           the register to the Director annually on a form and in a  
18           manner approved by the Director; the limited lines producer  
19           shall also certify that the travel retailer personnel who  
20           is offering and disseminating insurance under the travel  
21           retailer's registration complies with 18 U.S.C. 1033;

22           (3) the travel insurance business entity has  
23           designated one of its employees as a licensed individual  
24           producer (a designated responsible producer or DRP)  
25           responsible for the travel insurance business entity's and  
26           its travel retailer's compliance with the travel insurance

1 laws, rules, and regulations of the State;

2 (4) the travel insurance business entity has paid all  
3 applicable insurance producer licensing fees as set forth  
4 in this Code; and

5 (5) the travel insurance business entity requires each  
6 employee and authorized representative of the travel  
7 retailer whose duties include offering and disseminating  
8 travel insurance to receive a program of instruction or  
9 training that shall be subject to review by the Director;  
10 the training material shall, at a minimum, contain  
11 instructions on the types of insurance offered, ethical  
12 sales practices, and required disclosures to prospective  
13 customers.

14 (e) Any travel retailer offering or disseminating travel  
15 insurance shall make available to prospective purchasers  
16 brochures or other written materials that:

17 (1) provide the identity and contact information of the  
18 insurer and the travel insurance business entity;

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

22 (3) explain that an unlicensed travel retailer is  
23 permitted to provide general information about the  
24 insurance offered by the travel retailer, including a  
25 description of the coverage and price, but is not qualified  
26 or authorized to answer technical questions about the terms

1 and conditions of the insurance offered by the travel  
2 retailer or to evaluate the adequacy of the customer's  
3 existing insurance coverage.

4 (f) A travel retailer's employee or authorized  
5 representative who is not licensed as an insurance producer may  
6 not:

7 (1) evaluate or interpret the technical terms,  
8 benefits, and conditions of the offered travel insurance  
9 coverage;

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

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

14 (g) A travel retailer whose insurance-related activities,  
15 and those of its employees and authorized representatives, are  
16 limited to offering and disseminating travel insurance on  
17 behalf of and under the direction of a travel insurance  
18 business entity meeting the conditions stated in this Section  
19 is authorized to do so and receive related compensation upon  
20 registration by the travel insurance business entity as  
21 described in paragraph (2) of subsection (d) of this Section.

22 (h) Travel insurance may be provided under an individual  
23 policy or under a group or master policy.

24 (i) As the insurer designee, the travel insurance business  
25 entity is responsible for the acts of the travel retailer that  
26 is registered under its license.

1       (j) Any entity that violates any provision of this Article  
2       shall be subject to all appropriate regulatory action as set  
3       forth in this Code.".