



Sen. William R. Haine

Filed: 3/20/2014

09800SB2590sam001

LRB098 12398 RPM 57187 a

1 AMENDMENT TO SENATE BILL 2590

2 AMENDMENT NO. _____. Amend Senate Bill 2590 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by
5 changing Sections 500-10 and 500-100 and by adding Section
6 500-108 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8 (Section scheduled to be repealed on January 1, 2017)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

1 certain coverages relating to the rental of vehicles.

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

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

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

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

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

26 "Limited lines insurance" means those lines of insurance

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

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

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

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

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

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

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

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

26 "Self-service storage facility limited line licensee"

1 means a person authorized under the provisions of Section
2 500-107 to sell certain coverages relating to the rental of
3 self-service storage facilities.

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

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

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

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

23 "Uniform Business Entity Application" means the current
24 version of the National Association of Insurance
25 Commissioners' Uniform Business Entity Application for
26 nonresident business entities.

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

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

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

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

17 (215 ILCS 5/500-100)

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

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

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

24 (1) travel insurance, as defined in Section 500-10 of
25 this Article ~~on baggage or limited travel health, accident,~~

1 ~~or trip cancellation insurance sold in connection with~~
2 ~~transportation provided by a common carrier;~~

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

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

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

9 (5) legal expense insurance;

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

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

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

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

1 service organization must pay the fee required by Section
2 500-135.

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

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

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

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

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

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

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 enterprise
21 license.

22 (a) As used in this Section:

23 "Offer and disseminate" means providing general
24 information, including a description of the coverage and price,
25 as well as processing the application, collecting premiums, and

1 performing other non-licensable activities permitted by the
2 State.

3 "Travel insurance business enterprise" means a licensed
4 insurance producer designated by an insurer as set forth in
5 subsection (i) of this Section.

6 "Travel retailer" means a business organization that
7 makes, arranges, or offers travel services.

8 (b) The Director may issue to a travel insurance business
9 enterprise, that registers travel retailers under its license
10 as described in paragraph (2) of subsection (d) of this
11 Section, a producer license as provided in paragraph (6) of
12 subsection (a) of Section 500-35 of this Code. A travel
13 insurance business enterprise license issued under this
14 Section shall also authorize any employee of the travel
15 insurance business enterprise to act individually on behalf and
16 under the supervision of the travel insurance business
17 enterprise licensee with respect to the coverage specified in
18 this Section.

19 (c) The Director may issue to a travel retailer a limited
20 line producer license. A travel retailer license issued under
21 this Section shall also authorize any employee of the travel
22 retailer limited line licensee to act individually on behalf
23 and under the supervision of the travel retailer limited line
24 licensee with respect to the coverage specified in this
25 Section.

26 (d) Notwithstanding any other provision of law, a travel

1 retailer may do the limited activities of offering and
2 disseminating travel insurance on behalf of and under the
3 license of a supervising travel insurance business enterprise
4 if the following conditions are met:

5 (1) the travel insurance business enterprise or travel
6 retailer provides to purchasers of travel insurance:

7 (A) a description of the material terms or the
8 actual material terms of the insurance coverage;

9 (B) a description of the process for filing a
10 claim;

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

13 (D) the identity and contact information of the
14 insurer and travel insurance business enterprise;

15 (2) at the time of licensure, the travel insurance
16 business enterprise shall establish and maintain a
17 register on a form prescribed by the Director of each
18 travel retailer that offers travel insurance on the travel
19 insurance business enterprise's behalf; the register shall
20 be maintained and updated annually by the travel insurance
21 business enterprise and shall include the name, address,
22 and contact information of the travel retailer and an
23 officer or person who directs or controls the travel
24 retailer's operations and the travel retailer's federal
25 tax identification number; the travel insurance business
26 enterprise shall submit the register to the Director upon

1 reasonable request; the limited lines producer shall also
2 certify that the travel retailer registered complies with
3 18 U.S.C. 1033;

4 (3) the travel insurance business enterprise has
5 designated one of its employees as a licensed individual
6 producer (a designated responsible producer or DRP)
7 responsible for the travel insurance business enterprise's
8 compliance with the travel insurance laws, rules, and
9 regulations of the State;

10 (4) the travel insurance business enterprise has paid
11 all applicable insurance producer licensing fees as set
12 forth in this Code; and

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

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

25 (1) provide the identity and contact information of the
26 insurer and the travel insurance business enterprise;

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

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

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

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

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

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

22 (g) A travel retailer whose insurance-related activities,
23 and those of its employees and authorized representatives, are
24 limited to offering and disseminating travel insurance on
25 behalf of and under the direction of a travel insurance
26 business enterprise meeting the conditions stated in this

1 Section is authorized to do so and receive related compensation
2 upon registration by the travel insurance business enterprise
3 as described in paragraph (2) of subsection (d) of this
4 Section.

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

7 (i) As the insurer designee, the travel insurance business
8 enterprise is responsible for the acts of the travel retailer
9 that is registered under its license and shall use reasonable
10 means to ensure compliance by the travel retailer within this
11 Section."