



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB2869

Introduced 2/4/2014, by Sen. Antonio Muñoz

SYNOPSIS AS INTRODUCED:

New Act
5 ILCS 120/1.02

from Ch. 102, par. 41.02

Creates the Insurance Advancement Corporation Act. Creates the Illinois Insurance Advancement Corporation as a non-profit corporation organized under the General Not For Profit Corporation Act of 1986 and qualifying under the Internal Revenue Code as an organization exempt from taxation. Provides that the Corporation shall be established for the purpose of receiving and disbursing funds from public and private sources to be used to retain Illinois domestic insurance companies and further bolster the overall well-being of the Illinois insurance competitive marketplace. Provides that the Corporation shall collaborate with the Department of Insurance, but the Corporation shall not be considered, in whole or in part, an agency, political subdivision, or instrumentality of the State. Sets forth provisions concerning the governance, operations, duties and responsibilities, and oversight of the Corporation and the Illinois Insurance Advancement Fund. Amends the Open Meetings Act to include in the definition of "meeting" the respective parts or portions of deliberations or meetings of the Board of Directors of the Corporation to the extent that such deliberations or meetings address the utilization of public funding. Effective immediately.

LRB098 17327 RPM 52423 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 1. Short title. This Act may be cited as the
5 Insurance Advancement Corporation Act.

6 Section 5. Findings; purpose.

7 (a) The General Assembly finds the following:

8 (1) Pursuant to the McCarran-Ferguson Act (15 U.S.C.
9 Section 1011), the 50 states, the District of Columbia, and
10 the U.S. territories regulate the business of insurance.
11 The Director of Insurance is charged under Section 401 of
12 the Illinois Insurance Code with the rights, powers, and
13 duties appertaining to the enforcement and execution of all
14 of the insurance laws of the State of Illinois.

15 (2) The Director of Insurance licenses, regulates,
16 examines, and if appropriate, disciplines individuals and
17 entities engaged in the business of insurance in Illinois.
18 The Director of Insurance's responsibilities include, but
19 are not limited to, all aspects of insurance company
20 solvency, the conduct of agents, brokers, and companies,
21 the collection of insurance taxes and assessments, and more
22 broadly, the authority to regulate any individual or
23 company involved with the management, distribution, sales,

1 or marketing of insurance or insurance-related matters in
2 Illinois.

3 (3) The Director of Insurance is the sole regulator of
4 all aspects of the business of insurance in Illinois, an
5 industry that collected over \$66,000,000,000 in
6 Illinois-based premium volume, and protects nearly every
7 Illinois business and resident on any given day.

8 (4) A robust insurance market is important to the
9 Illinois economy and both the public and private sectors
10 have a shared interest in promoting the strength and
11 intensity of the market.

12 (b) It is the purpose of this Act to execute insurance
13 advancement policy in Illinois by means of a collaboration
14 between government and private industry.

15 Section 10. Definitions. In this Act:

16 "Board" means the Board of Directors of the Illinois
17 Insurance Advancement Corporation.

18 "Chairperson" means the Board Chair of the Illinois
19 Insurance Advancement Corporation.

20 "Chief Executive Officer" means the Chief Executive
21 Officer of the Illinois Insurance Advancement Corporation.

22 "Corporation" means the Illinois Insurance Advancement
23 Corporation.

24 Section 15. Creation.

1 (a) There is created the Illinois Insurance Advancement
2 Corporation as a not-for-profit corporation organized under
3 the General Not For Profit Corporation Act of 1986 and
4 qualifying under Section 501(c)(6) of the Internal Revenue Code
5 as an organization exempt from taxation. Unless otherwise
6 provided in this Section, the Corporation is subject to the
7 provisions of the General Not For Profit Corporation Act of
8 1986. The Corporation shall be established for the purpose of
9 receiving and disbursing funds from public and private sources
10 to be used to retain Illinois domestic insurance companies and
11 further bolster the overall well-being of the Illinois
12 insurance competitive marketplace.

13 (b) The Corporation shall collaborate with the Department
14 of Insurance, but the Corporation shall not be considered, in
15 whole or in part, an agency, political subdivision, or
16 instrumentality of the State.

17 (c) The Corporation shall have the power to (1) accept
18 grants, loans, and appropriations from the federal government
19 and the State, or any agency or instrumentality thereof, to be
20 used for the operating expenses of the Corporation and (2)
21 enter into any agreements with the federal government or the
22 State, or any agency or instrumentality thereof, in relation to
23 those grants, loans, or appropriations.

24 (d) Except as provided in this Act, the Corporation shall
25 not be required to comply with any requirements that apply to a
26 State agency or political subdivision and shall not exercise

1 any sovereign power of the State.

2 (e) The Corporation does not have the authority to pledge
3 the credit of the State, and the State shall not be liable for
4 the debts or obligations of the Corporation. All debts and
5 obligations of the Corporation shall be payable solely from the
6 Corporation's funds.

7 (f) The Corporation shall be established, maintained, and
8 operated so that donations and bequests to it qualify as tax
9 deductible under State income tax laws and under Section
10 501(c)(3) of the Internal Revenue Code.

11 (g) The Corporation shall be established to execute
12 insurance advancement policy in Illinois by means of
13 collaborations between government and private industry.

14 Section 20. Governance.

15 (a) The bylaws of the Corporation shall provide for its
16 governance and its efficient management. In providing for its
17 governance, the bylaws of the Corporation shall provide for or
18 address the following:

19 (1) A Board of Directors to govern the Corporation. The
20 Board of Directors of the Corporation shall be composed of
21 9 members, including the Director of Insurance. The
22 Director of Insurance shall appoint the following 8
23 members:

24 (A) two people who have professional experience in
25 finance or investment banking;

1 (B) two people who have professional experience
2 working for an Illinois domestic mutual company;

3 (C) two people who have professional experience as
4 insurance producers;

5 (D) one person who has professional experience in
6 small business development;

7 (E) one person who has a demonstrated background in
8 consumer advocacy.

9 (2) The Director shall serve as the Chairperson.

10 (b) Members are not entitled to compensation for their
11 services, but may be reimbursed for necessary expenses incurred
12 in connection with the performance of their duties as members
13 from the funds of the Corporation.

14 (c) The membership of the Board should reflect the ethnic,
15 cultural, and geographic diversity of the State.

16 (d) Members of the Board shall be appointed for terms of 4
17 years, and until their successor is appointed. Of the initial
18 terms of the 8 members appointed by the Director of Insurance,
19 2 shall serve until the third Monday in January 2016, 3 shall
20 serve until the third Monday in January 2017, and 3 shall serve
21 until the third Monday in January 2018. All successors to the
22 original appointments shall hold office for a term of 4 years
23 commencing the third Monday in January of the year in which
24 their term commences, except in the case of an appointment to
25 fill a vacancy. Vacancies occurring among the members shall be
26 filled for the remainder of the unexpired term.

1 (e) A member of the Board may be removed from office by the
2 Director of Insurance for incompetence, neglect of duty, or
3 malfeasance in office.

4 (f) Five voting members of the Board constitute a quorum.
5 The affirmative vote of 5 members is necessary for any action
6 taken by the Board. A vacancy in membership does not impair the
7 right of a quorum to exercise all rights and perform all duties
8 of the Corporation.

9 (g) Meetings of the Board shall be held at the call of the
10 Chairperson or when 2 members so request in writing. The Board
11 shall meet at least once per quarter.

12 (h) The Board shall appoint a Chief Executive Officer to
13 manage the Corporation's daily operations and shall delegate
14 such powers and responsibilities to the Chief Executive Officer
15 as may be necessary for the Corporation's efficient operation.

16 (i) The Corporation may employ such personnel as may be
17 necessary for the efficient performance of the duties assigned
18 to the Corporation. All such personnel shall be considered
19 employees of a private, nonprofit corporation and shall be
20 exempt from the personnel requirements imposed on State
21 agencies and political subdivisions.

22 (j) The bylaws of the Corporation shall provide for the
23 financial operations of the Corporation, including the
24 authority to receive and expend funds from public and private
25 sources and to use its property, money, or other resources for
26 the purposes of the Corporation.

1 (k) The Board shall develop a budget, which shall be
2 submitted to the General Assembly as a part of the Department
3 of Insurance's budget request.

4 Section 25. Operations.

5 (a) The members of the Board of Directors of the
6 Corporation shall develop an insurance advancement strategy
7 for the State. By no later than January 1, 2016 and by January
8 1 of each year thereafter, the Corporation shall make
9 modifications to the insurance advancement strategy as the
10 modifications are warranted by changes in economic and
11 marketplace conditions or by other factors, including changes
12 in policy. In preparing the strategy and in making
13 modifications to the strategy, the Corporation shall take
14 cognizance of the special economic attributes of the various
15 component areas of the State and needs of consumers.

16 (b) In preparing the strategy or modifications to the
17 strategy, the Corporation shall work with the Department of
18 Insurance and any boards or commissions whose programs and
19 activities significantly affect insurance activity in the
20 State, as appropriate. The directors of the agencies, boards,
21 and commissions shall provide assistance to the Corporation as
22 deemed appropriate.

23 (c) In preparing the strategy or modifications to the
24 strategy, the Department of Insurance shall consult with local
25 organizations, local elected officials, community-based

1 organizations, industry representatives, and other
2 organizations whose programs and activities significantly
3 affect the Illinois insurance industry.

4 (d) The insurance advancement development strategy shall
5 identify goals for the next calendar year and shall include a
6 set of metrics that will be used to gauge and assess the extent
7 to which the Department of Insurance and the Corporation
8 achieve those goals.

9 (e) The strategy shall be presented to the Governor, the
10 President of the Senate, the Minority Leader of the Senate, the
11 Speaker of the House of Representatives, and the Minority
12 Leader of the House of Representatives on or before February 1,
13 2016 and on or before February 1 of each year thereafter.

14 (f) The strategy shall be published and made available to
15 the public in both paper and electronic media, on the
16 Corporation's Internet website, and by any other method which
17 the Board deems appropriate.

18 Section 30. Duties and responsibilities.

19 (a) The Board of Directors of the Corporation and the Chief
20 Executive Officer shall determine the activities and
21 priorities of the Corporation within the general parameters of
22 the duties and responsibilities described in this Act.

23 (b) The Corporation shall, to the extent that its bylaws
24 provide and within its public purpose, do all of the following:

25 (1) Consult with the Department of Insurance in the

1 creation of the comprehensive strategic plan provided for
2 in Section 25 of this Act for insurance advancement.

3 (2) Maintain and develop data and research that is
4 beneficial to insurance advancement in this State.

5 (3) Develop and implement effective marketing and
6 promotional programs for the Department of Insurance and
7 other related State programs that may be beneficial to
8 insurance business development in the State.

9 (4) Formulate and pursue programs for encouraging the
10 location of new insurance companies in the State and for
11 retaining and fostering the growth of existing insurance
12 companies.

13 (5) Solicit the involvement of the private sector,
14 including support and funding, for business development
15 initiatives in the State.

16 (6) Encourage, stimulate, and support the development
17 and expansion of the State's insurance industry.

18 Section 35. Oversight.

19 (a) When engaged in activities that utilize public funding,
20 the Corporation shall comply with the provisions of this
21 Section.

22 (b) An annual audit of the Corporation performed by a
23 certified public accountant in accordance with generally
24 accepted accounting principles shall be filed with the office
25 of the Auditor General and made available to the public.

1 (c) The respective parts or portions of deliberations or
2 meetings of the Board of Directors of the Corporation that
3 address the utilization of public funding shall be conducted in
4 accordance with the Open Meetings Act.

5 (d) Minutes of the parts or portions of meetings conducted
6 in accordance with subsection (c) of this Section shall be
7 subject to the Freedom of Information Act.

8 Section 40. Illinois Insurance Advancement Fund.

9 (a) The Illinois Insurance Advancement Fund is hereby
10 created as a fund outside of the State treasury to be used
11 exclusively for the Illinois Insurance Advancement Corporation
12 to provide funding for the operation and administration of the
13 Corporation in carrying out the purpose authorized in this Act.

14 (b) The Illinois Insurance Advancement Fund shall be funded
15 by an initial transfer of \$2,500,000 from the Illinois
16 Insurance Financial and Corporate Regulatory Fund and an
17 initial transfer of \$2,500,000 from the Illinois Insurance
18 Producer Regulatory Fund.

19 Section 45. Illinois Insurance Advancement Fund; uses. The
20 moneys deposited into the Illinois Insurance Advancement Fund
21 shall be used only to (i) develop and implement effective
22 marketing and promotional programs for the Department of
23 Insurance and other related State programs that may be
24 beneficial to insurance business development in the State; (ii)

1 formulate and pursue programs for encouraging the location of
2 new insurance companies in the State and for retaining and
3 fostering the growth of existing insurance companies; (iii)
4 solicit the involvement of the private sector, including
5 support and funding, for business development initiatives in
6 the State; and (iv) encourage, stimulate, and support the
7 development and expansion of the State's insurance industry.

8 Section 900. The Open Meetings Act is amended by changing
9 Section 1.02 as follows:

10 (5 ILCS 120/1.02) (from Ch. 102, par. 41.02)

11 Sec. 1.02. For the purposes of this Act:

12 "Meeting" means any gathering, whether in person or by
13 video or audio conference, telephone call, electronic means
14 (such as, without limitation, electronic mail, electronic
15 chat, and instant messaging), or other means of contemporaneous
16 interactive communication, of a majority of a quorum of the
17 members of a public body held for the purpose of discussing
18 public business or, for a 5-member public body, a quorum of the
19 members of a public body held for the purpose of discussing
20 public business. "Meeting" includes the respective parts or
21 portions of deliberations or meetings of the Board of Directors
22 of the Illinois Insurance Advancement Corporation to the extent
23 that such deliberations or meetings address the utilization of
24 public funding.

1 Accordingly, for a 5-member public body, 3 members of the
2 body constitute a quorum and the affirmative vote of 3 members
3 is necessary to adopt any motion, resolution, or ordinance,
4 unless a greater number is otherwise required.

5 "Public body" includes all legislative, executive,
6 administrative or advisory bodies of the State, counties,
7 townships, cities, villages, incorporated towns, school
8 districts and all other municipal corporations, boards,
9 bureaus, committees or commissions of this State, and any
10 subsidiary bodies of any of the foregoing including but not
11 limited to committees and subcommittees which are supported in
12 whole or in part by tax revenue, or which expend tax revenue,
13 except the General Assembly and committees or commissions
14 thereof. "Public body" includes tourism boards and convention
15 or civic center boards located in counties that are contiguous
16 to the Mississippi River with populations of more than 250,000
17 but less than 300,000. "Public body" includes the Health
18 Facilities and Services Review Board. "Public body" does not
19 include a child death review team or the Illinois Child Death
20 Review Teams Executive Council established under the Child
21 Death Review Team Act, an ethics commission acting under the
22 State Officials and Employees Ethics Act, or the Illinois
23 Independent Tax Tribunal.

24 (Source: P.A. 96-31, eff. 6-30-09; 97-1129, eff. 8-28-12.)

25 Section 999. Effective date. This Act takes effect upon
26 becoming law.