

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 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8 (Section scheduled to be repealed on January 1, 2017)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
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
8 to: (1) the interruption or cancellation of a trip or event,
9 (2) the loss of baggage or personal effects, (3) damages to
10 accommodations or rental vehicles, or (4) sickness, accident,
11 disability, or death occurring during travel. "Travel
12 insurance" does not include major medical plans that provide
13 comprehensive medical protection for travelers with trips
14 lasting 6 months or longer, including those working overseas as
15 an ex-patriot or as 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 (8) credit life and credit accident and health
9 insurance and other credit insurance policies approved or
10 permitted by the Director; a credit insurance company must
11 conduct a training program in which an applicant shall
12 receive basic instruction about the credit insurance
13 products that he or she will be selling.

14 (b) The application for a limited lines producer license
15 must be submitted on a form prescribed by the Director by a
16 designee of the insurance company, health maintenance
17 organization, or limited health service organization
18 appointing the limited insurance representative. The insurance
19 company, health maintenance organization, or limited health
20 service organization must pay the fee required by Section
21 500-135.

22 (c) A limited lines producer may represent more than one
23 insurance company, health maintenance organization, or limited
24 health service organization.

25 (d) An applicant who has met the requirements of this
26 Section shall be issued a perpetual limited lines producer

1 license.

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

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

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

1 (h) A limited lines producer issued a license pursuant to
2 this Section is not subject to the requirements of Section
3 500-30.

4 (i) A limited lines producer license must contain the name,
5 address and personal identification number of the licensee, the
6 date the license was issued, general conditions relative to the
7 license's expiration or termination, and any other information
8 the Director considers proper. A limited line producer license,
9 if applicable, must also contain the name and address of the
10 appointing insurance company.

11 (Source: P.A. 98-159, eff. 8-2-13; 98-756, eff. 7-16-14.)

12 (215 ILCS 5/500-108 new)

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

14 (a) As used in this Section:

15 "Offering and disseminating" means the following:

16 (1) Providing information to a prospective or current
17 policyholder on behalf of a limited lines travel insurance
18 entity, including brochures, buyer guides, descriptions of
19 coverage, and price.

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

23 (3) Disseminating and processing applications for
24 coverage, coverage selection forms, or other similar forms
25 in response to a request from a prospective or current

1 policyholder.

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

5 (5) Receiving and recording information from a
6 policyholder to share with a limited lines travel insurance
7 entity.

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

11 "Travel retailer" means a business organization that
12 makes, arranges, or offers travel services and, with respect to
13 travel insurance, is limited to offering and disseminating as
14 defined in this Section, unless otherwise licensed under
15 subsection (c) of this Section.

16 (b) The Director may issue to a travel insurance business
17 entity that registers travel retailers under its license as
18 described in paragraph (2) of subsection (d) of this Section a
19 producer license as provided in paragraph (6) of subsection (a)
20 of Section 500-35 of this Code. A travel insurance business
21 entity license issued under this Section shall also authorize
22 any employee of the travel insurance business entity to act
23 individually on behalf and under the supervision of the travel
24 insurance business entity licensee with respect to the coverage
25 specified in this Section. Each travel insurance business
26 entity licensed under this Section shall pay the Department a

1 fee of \$500 for its initial license and \$500 for each renewal
2 license, payable on May 31 annually.

3 (c) The Director may issue to a travel retailer a limited
4 lines producer license. A travel retailer license issued under
5 this Section shall also authorize any employee of the travel
6 retailer limited line licensee to act individually on behalf
7 and under the supervision of the travel retailer limited line
8 licensee with respect to the coverage specified in this
9 Section.

10 (d) Notwithstanding any other provision of law, a travel
11 retailer may do the limited activities of offering and
12 disseminating travel insurance on behalf of and under the
13 license of a supervising travel insurance business entity if
14 the following conditions are met:

15 (1) the travel insurance business entity or travel
16 retailer provides to purchasers of travel insurance:

17 (A) a description of the material terms or the
18 actual material terms of the insurance coverage;

19 (B) a description of the process for filing a
20 claim;

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

23 (D) the identity and contact information of the
24 insurer and travel insurance business entity;

25 (2) at the time of licensure, the travel insurance
26 business entity shall establish and maintain a register on

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

15 (3) the travel insurance business entity has
16 designated one of its employees as a licensed individual
17 producer (a designated responsible producer or DRP)
18 responsible for the travel insurance business entity's and
19 its travel retailer's compliance with the travel insurance
20 laws, rules, and regulations of the State;

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

24 (5) the travel insurance business entity requires each
25 employee and authorized representative of the travel
26 retailer whose duties include offering and disseminating

1 travel insurance to receive a program of instruction or
2 training that shall be subject to review by the Director;
3 the training material shall, at a minimum, contain
4 instructions on the types of insurance offered, ethical
5 sales practices, and required disclosures to prospective
6 customers.

7 (e) Any travel retailer offering or disseminating travel
8 insurance shall make available to prospective purchasers
9 brochures or other written materials that:

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

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

15 (3) explain that an unlicensed travel retailer is
16 permitted to provide general information about the
17 insurance offered by the travel retailer, including a
18 description of the coverage and price, but is not qualified
19 or authorized to answer technical questions about the terms
20 and conditions of the insurance offered by the travel
21 retailer or to evaluate the adequacy of the customer's
22 existing insurance coverage.

23 (f) A travel retailer's employee or authorized
24 representative who is not licensed as an insurance producer may
25 not:

26 (1) evaluate or interpret the technical terms,

1 benefits, and conditions of the offered travel insurance
2 coverage;

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

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

7 (g) A travel retailer whose insurance-related activities,
8 and those of its employees and authorized representatives, are
9 limited to offering and disseminating travel insurance on
10 behalf of and under the direction of a travel insurance
11 business entity meeting the conditions stated in this Section
12 is authorized to do so and receive related compensation upon
13 registration by the travel insurance business entity as
14 described in paragraph (2) of subsection (d) of this Section.

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

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

20 (j) Any entity that violates any provision of this Article
21 shall be subject to all appropriate regulatory action as set
22 forth in this Code.