

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 Intergovernmental Cooperation Act is  
5 amended by changing Section 6 as follows:

6 (5 ILCS 220/6) (from Ch. 127, par. 746)

7 Sec. 6. Joint self-insurance. An intergovernmental  
8 contract may, among other undertakings, authorize public  
9 agencies to jointly self-insure and authorize each public  
10 agency member of the contract to utilize its funds to pay to a  
11 joint insurance pool its costs and reserves to protect, wholly  
12 or partially, itself or any public agency member of the  
13 contract against liability or loss in the designated insurable  
14 area.

15 A joint insurance pool shall have an annual audit performed  
16 by an independent certified public accountant and shall file an  
17 annual audited financial report with the Director of Insurance  
18 no later than 150 days after the end of the pool's immediately  
19 preceding fiscal year. The Director of Insurance shall issue  
20 rules necessary to implement this audit and report requirement.  
21 The rule shall establish the due date for filing the initial  
22 annual audited financial report. Within 30 days after January  
23 1, 1991, and within 30 days after each January 1 thereafter,

1 public agencies that are jointly self-insured to protect  
2 against liability under the Workers' Compensation Act and the  
3 Workers' Occupational Diseases Act shall file with the Illinois  
4 Workers' Compensation Commission a report indicating an  
5 election to self-insure.

6 The joint insurance pool shall also annually file with the  
7 Director a statement of actuarial opinion that conforms to the  
8 Actuarial Standards of Practice issued by the Actuarial  
9 Standards Board. All statements of actuarial opinion shall be  
10 issued by an independent actuary who is an associate or fellow  
11 of the Casualty Actuarial Society or of the Society of  
12 Actuaries. The statement of actuarial opinion shall include a  
13 statement ~~in a casualty actuarial society~~ that the pool's  
14 reserves are calculated in accordance with sound  
15 loss-reserving standards and adequate for the payment of  
16 claims. This opinion shall be filed no later than 150 days  
17 after the end of each fiscal year. The joint insurance pool  
18 shall be exempt from filing a statement of actuarial opinion by  
19 an independent actuary who is an associate or fellow of the  
20 Casualty Actuarial Society or of the Society of Actuaries ~~in a~~  
21 ~~casualty actuarial society~~ that the joint insurance pool's  
22 reserves are in accordance with sound loss-reserving standards  
23 and payment of claims for the primary level of coverage if the  
24 joint insurance pool files with the Director, by the reporting  
25 deadline, a statement of actuarial opinion from the provider of  
26 the joint pool's aggregate coverage, reinsurance, or other

1 similar excess insurance coverage. Any statement of actuarial  
2 opinion must be prepared by an actuary who satisfies the  
3 qualification standards set forth by the American Academy of  
4 Actuaries to issue the opinion in the particular area of  
5 actuarial practice.

6 The Director may assess penalties against a joint insurance  
7 pool that fails to comply with the auditing, statement of  
8 actuarial opinion, and examination requirements of this  
9 Section in an amount equal to \$500 per day for each violation,  
10 up to a maximum of \$10,000 for each violation. The Director (or  
11 his or her staff) or a Director-selected independent auditor  
12 (or actuarial firm) that is not owned or affiliated with an  
13 insurance brokerage firm, insurance company, or other  
14 insurance industry affiliated entity may examine, as often as  
15 the Director deems advisable, the affairs, transactions,  
16 accounts, records, and assets and liabilities of each joint  
17 insurance pool that fails to comply with this Section. The  
18 joint insurance pool shall cooperate fully with the Director's  
19 representatives in all evaluations and audits of the joint  
20 insurance pool and resolve issues raised in those evaluations  
21 and audits. The failure to resolve those issues may constitute  
22 a violation of this Section, and may, after notice and an  
23 opportunity to be heard, result in the imposition of penalties  
24 pursuant to this Section. No sanctions under this Section may  
25 become effective until 30 days after the date that a notice of  
26 sanctions is delivered by registered or certified mail to the

1 joint insurance pool. The Director shall have the authority to  
2 extend the time for filing any statement by any joint insurance  
3 pool for reasons that he or she considers good and sufficient.

4 If a joint insurance pool requires a member to submit  
5 written notice in order for the member to withdraw from a  
6 qualified pool, then the period in which the member must  
7 provide the written notice cannot be greater than 120 days,  
8 except that this requirement applies only to joint insurance  
9 pool agreements entered into, modified, or renewed on or after  
10 the effective date of this amendatory Act of the 98th General  
11 Assembly.

12 For purposes of this Section, "public agency member" means  
13 any public agency defined or created under this Act, any local  
14 public entity as defined in Section 1-206 of the Local  
15 Governmental and Governmental Employees Tort Immunity Act, and  
16 any public agency, authority, instrumentality, council, board,  
17 service region, district, unit, bureau, or, commission, or any  
18 municipal corporation, college, or university, whether  
19 corporate or otherwise, and any other local governmental body  
20 or similar entity that is presently existing or created after  
21 the effective date of this amendatory Act of the 92nd General  
22 Assembly, whether or not specified in this Section. Only public  
23 agency members with tax receipts, tax revenues, taxing  
24 authority, or other resources sufficient to pay costs and to  
25 service debt related to intergovernmental activities described  
26 in this Section, or public agency members created by or as part

1 of a public agency with these powers, may enter into contracts  
2 or otherwise associate among themselves as permitted in this  
3 Section.

4 No joint insurance pool or other intergovernmental  
5 cooperative offering health insurance shall interfere with the  
6 statutory obligation of any public agency member to bargain  
7 over or to reach agreement with a labor organization over a  
8 mandatory subject of collective bargaining as those terms are  
9 used in the Illinois Public Labor Relations Act. No  
10 intergovernmental contract of insurance offering health  
11 insurance shall limit the rights or obligations of public  
12 agency members to engage in collective bargaining, and it shall  
13 be unlawful for a joint insurance pool or other  
14 intergovernmental cooperative offering health insurance to  
15 discriminate against public agency members or otherwise  
16 retaliate against such members for limiting their  
17 participation in a joint insurance pool as a result of a  
18 collective bargaining agreement.

19 It shall not be considered a violation of this Section for  
20 an intergovernmental contract of insurance relating to health  
21 insurance coverage, life insurance coverage, or both to permit  
22 the pool or cooperative, if a member withdraws employees or  
23 officers into a union-sponsored program, to re-price the costs  
24 of benefits provided to the continuing employees or officers  
25 based upon the same underwriting criteria used by that pool or  
26 cooperative in the normal course of its business, but no member

1 shall be expelled from a pool or cooperative if the continuing  
2 employees or officers meet the general criteria required of  
3 other members.

4 (Source: P.A. 98-504, eff. 1-1-14.)

5 Section 10. The Illinois Insurance Code is amended by  
6 changing Sections 26, 53, 174, and 245.1 as follows:

7 (215 ILCS 5/26) (from Ch. 73, par. 638)

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

9 Sec. 26. Deposit.

10 (a) A company subject to the provisions of this Article  
11 shall make and maintain with the Director for the protection of  
12 all creditors, policyholders and policy obligations of the  
13 company, a deposit of securities ~~which are authorized~~  
14 ~~investments under Section 126.11A(1), 126.11A(2), 126.24A(1),~~  
15 ~~or 126.24A(2)~~ having a fair market value equal to the minimum  
16 capital and surplus required to be maintained under Section 13.  
17 The Director may release the required deposit of securities  
18 upon receipt of an order of a court having proper jurisdiction  
19 or upon: (i) certification by the company that it has no  
20 outstanding creditors, policyholders, or policy obligations in  
21 effect and no plans to engage in the business of insurance;  
22 (ii) receipt of a lawful resolution of the company's board of  
23 directors effecting the surrender of its articles of  
24 incorporation for administrative dissolution by the Director;

1 and (iii) receipt of the name and forwarding address for each  
2 of the final officers and directors of the company, together  
3 with a plan of dissolution approved by the Director.

4 (b) All deposits by insurers subject to this Article must  
5 be limited to the following types:

6 (1) United States government bonds, notes, and bills  
7 for which the full faith and credit of the government of  
8 the United States is pledged for the payment of principal  
9 and interest.

10 (2) United States public bonds and notes of any state  
11 or of the District of Columbia, or Canadian public bonds  
12 and notes of any province thereof, for which the full faith  
13 and credit of the issuer has been pledged for the payment  
14 of principal and interest.

15 (3) United States and Canadian county, provincial,  
16 municipal, and district bonds and notes for which the  
17 issuer has lawful authority to levy taxes or make  
18 assessments for the payment of principal and interest.

19 (4) Bonds and notes of any federal agency that are  
20 guaranteed as to payment of principal and interest by the  
21 United States.

22 (5) International development bank bonds, bonds issued  
23 by the State of Israel and sold through the Development  
24 Corporation for Israel or its successor entities, and notes  
25 issued, assumed, and guaranteed by the International Bank  
26 for Reconstruction and Development, the Inter-American

1 Development Bank, the Asian Development Bank, the African  
2 Development Bank, or the International Finance  
3 Corporation.

4 (6) Corporate bonds and notes of any private  
5 corporations that are not affiliates or subsidiaries of the  
6 insurer, which corporations are organized under the laws of  
7 the United States, Canada, any state, the District of  
8 Columbia, any territory or possession of the United States,  
9 or any province of Canada.

10 (7) Certificates of deposit.

11 (c) To be eligible for deposit under subsection (b), any  
12 bond or note must have the following characteristics:

13 (1) The bond or note must be interest-bearing or  
14 interest-accruing, and the insurer must be the exclusive  
15 owner of the interest accruing thereon and entitled to  
16 receive the interest for its account.

17 (2) The issuer must be in a solvent financial condition  
18 and the bond or note must not be in default.

19 (3) The bond, note, or debt of the issuing country must  
20 be rated in one of the 4 highest classifications by an  
21 established, nationally recognized investment rating  
22 service or must have been given a rating of 1 by the  
23 Securities Valuation Office of the National Association of  
24 Insurance Commissioners.

25 (4) The market value of the bond or note must be  
26 readily ascertainable or the value of the bond or note must



1 be obtainable by the insurer or its custodian from the  
2 issuer's fiscal agent.

3 (5) The bond or note must be the direct obligation of  
4 the issuer.

5 (6) The bond or note must be stated in United States  
6 dollar denominations.

7 (7) The bond or note must be eligible for book-entry  
8 form on the books of the Federal Reserve's book-entry  
9 system or in a depository trust clearing system or on the  
10 books of the issuer's transfer agent or evidenced by a  
11 certificate delivered to the insurer or its custodian.

12 (d) To be eligible for deposit under item (7) of subsection  
13 (b), a certificate of deposit must have the following  
14 characteristics:

15 (1) The certificate of deposit must be issued by a  
16 bank, savings bank, or savings association that is  
17 organized under the laws of the United States, of this  
18 State, or of any other state and that has a principal  
19 office or branch office in this State that is authorized to  
20 receive deposits in this State.

21 (2) The certificate of deposit must be  
22 interest-bearing and may not be issued in discounted form.

23 (3) The certificate of deposit must be issued for a  
24 period of not less than one year.

25 (4) The issuing bank, savings bank, or savings  
26 association must agree to the terms and conditions of the

1 Director regarding the rights to the certificate of deposit  
2 and must have executed a written certificate of deposit  
3 agreement with the Director. The terms and conditions of  
4 the agreement shall include, but need not be limited to:

5 (A) Exclusive authorized signature authority for  
6 the chief financial officer.

7 (B) An agreement to pay, without protest, the  
8 proceeds of its certificate of deposit to the Director  
9 within 30 business days after presentation.

10 (C) A prohibition against levies, setoffs,  
11 survivorship, or other conditions that might hinder  
12 the Director's ability to recover the full face value  
13 of a certificate of deposit.

14 (D) Instructions regarding interest payments,  
15 renewals, taxpayer identification, and early  
16 withdrawal penalties.

17 (E) An agreement to be subject to the jurisdiction  
18 of the courts of this State, or those of the United  
19 States that are located in this State, for the purposes  
20 of any litigation arising out of this Section.

21 (F) Such other conditions as the Director  
22 requires.

23 (e) The Director may refuse to accept certain securities or  
24 refuse to accept the reported market value of certain  
25 securities offered pursuant to this Section in order to ensure  
26 that sufficient cash and securities are on hand to meet the

1 purposes of the deposit. In making a refusal under this  
2 subsection (e), the guidelines for use of the Director may  
3 include, but need not be limited to, whether the market value  
4 of the securities cannot be readily ascertained and the lack of  
5 liquidity of the securities. Securities refused under this  
6 subsection (e) are not acceptable as deposits.

7 (f) All deposits required of a domestic insurer pursuant to  
8 the laws of another state, province, or country must be  
9 comprised of securities of the kinds required under subsection  
10 (b), having the characteristics required under subsections (c)  
11 and (d), and permitted by the laws of the other state,  
12 province, or country, except common stocks, mortgages or loans  
13 of any kind, real estate investment trust funds or programs,  
14 commercial paper, and letters of credit.

15 (Source: P.A. 98-110, eff. 1-1-14.)

16 (215 ILCS 5/53) (from Ch. 73, par. 665)

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

18 Sec. 53. Deposit.

19 (a) A company subject to the provisions of this Article  
20 shall make and maintain with the Director for the protection of  
21 all creditors, policyholders and policy obligations of the  
22 company, a deposit of securities ~~which are authorized~~  
23 ~~investments under Section 126.11A(1), 126.11A(2), 126.24A(1),~~  
24 ~~or 126.24A(2)~~ having a fair market value equal to the minimum  
25 surplus required to be maintained under Section 43. The

1 Director may release the required deposit of securities upon  
2 receipt of an order of a court having proper jurisdiction or  
3 upon: (i) certification by the company that it has no  
4 outstanding creditors, policyholders, or policy obligations in  
5 effect and no plans to engage in the business of insurance;  
6 (ii) receipt of a lawful resolution of the company's board of  
7 directors effecting the surrender of its articles of  
8 incorporation for administrative dissolution by the Director;  
9 and (iii) receipt of the name and forwarding address for each  
10 of the final officers and directors of the company, together  
11 with a plan of dissolution approved by the Director.

12 (b) All deposits by insurers subject to this Article must  
13 be limited to the following types:

14 (1) United States government bonds, notes, and bills  
15 for which the full faith and credit of the government of  
16 the United States is pledged for the payment of principal  
17 and interest.

18 (2) United States public bonds and notes of any state  
19 or of the District of Columbia, or Canadian public bonds  
20 and notes of any province thereof, for which the full faith  
21 and credit of the issuer has been pledged for the payment  
22 of principal and interest.

23 (3) United States and Canadian county, provincial,  
24 municipal, and district bonds and notes for which the  
25 issuer has lawful authority to levy taxes or make  
26 assessments for the payment of principal and interest.

1           (4) Bonds and notes of any federal agency that are  
2 guaranteed as to payment of principal and interest by the  
3 United States.

4           (5) International development bank bonds, bonds issued  
5 by the State of Israel and sold through the Development  
6 Corporation for Israel or its successor entities, and notes  
7 issued, assumed, and guaranteed by the International Bank  
8 for Reconstruction and Development, the Inter-American  
9 Development Bank, the Asian Development Bank, the African  
10 Development Bank, or the International Finance  
11 Corporation.

12           (6) Corporate bonds and notes of any private  
13 corporations that are not affiliates or subsidiaries of the  
14 insurer, which corporations are organized under the laws of  
15 the United States, Canada, any state, the District of  
16 Columbia, any territory or possession of the United States,  
17 or any province of Canada.

18           (7) Certificates of deposit.

19           (c) To be eligible for deposit under subsection (b), any  
20 bond or note must have the following characteristics:

21           (1) The bond or note must be interest-bearing or  
22 interest-accruing, and the insurer must be the exclusive  
23 owner of the interest accruing thereon and entitled to  
24 receive the interest for its account.

25           (2) The issuer must be in a solvent financial condition  
26 and the bond or note must not be in default.

1           (3) The bond, note, or debt of the issuing country must  
2           be rated in one of the 4 highest classifications by an  
3           established, nationally recognized investment rating  
4           service or must have been given a rating of 1 by the  
5           Securities Valuation Office of the National Association of  
6           Insurance Commissioners.

7           (4) The market value of the bond or note must be  
8           readily ascertainable or the value of the bond or note must  
9           be obtainable by the insurer or its custodian from the  
10          issuer's fiscal agent.

11          (5) The bond or note must be the direct obligation of  
12          the issuer.

13          (6) The bond or note must be stated in United States  
14          dollar denominations.

15          (7) The bond or note must be eligible for book-entry  
16          form on the books of the Federal Reserve's book-entry  
17          system or in a depository trust clearing system or on the  
18          books of the issuer's transfer agent or evidenced by a  
19          certificate delivered to the insurer or its custodian.

20          (d) To be eligible for deposit under item (7) of subsection  
21          (b), a certificate of deposit must have the following  
22          characteristics:

23                 (1) The certificate of deposit must be issued by a  
24                 bank, savings bank, or savings association that is  
25                 organized under the laws of the United States, of this  
26                 State, or of any other state and that has a principal

1 office or branch office in this State that is authorized to  
2 receive deposits in this State.

3 (2) The certificate of deposit must be  
4 interest-bearing and may not be issued in discounted form.

5 (3) The certificate of deposit must be issued for a  
6 period of not less than one year.

7 (4) The issuing bank, savings bank, or savings  
8 association must agree to the terms and conditions of the  
9 Director regarding the rights to the certificate of deposit  
10 and must have executed a written certificate of deposit  
11 agreement with the Director. The terms and conditions of  
12 the agreement shall include, but need not be limited to:

13 (A) Exclusive authorized signature authority for  
14 the chief financial officer.

15 (B) An agreement to pay, without protest, the  
16 proceeds of its certificate of deposit to the Director  
17 within 30 business days after presentation.

18 (C) A prohibition against levies, setoffs,  
19 survivorship, or other conditions that might hinder  
20 the Director's ability to recover the full face value  
21 of a certificate of deposit.

22 (D) Instructions regarding interest payments,  
23 renewals, taxpayer identification, and early  
24 withdrawal penalties.

25 (E) An agreement to be subject to the jurisdiction  
26 of the courts of this State, or those of the United

1 States that are located in this State, for the purposes  
2 of any litigation arising out of this Section.

3 (F) Such other conditions as the Director  
4 requires.

5 (e) The Director may refuse to accept certain securities or  
6 refuse to accept the reported market value of certain  
7 securities offered pursuant to this Section in order to ensure  
8 that sufficient cash and securities are on hand to meet the  
9 purposes of the deposit. In making a refusal under this  
10 subsection (e), the guidelines for use of the Director may  
11 include, but need not be limited to, whether the market value  
12 of the securities cannot be readily ascertained and the lack of  
13 liquidity of the securities. Securities refused under this  
14 subsection (e) are not acceptable as deposits.

15 (f) All deposits required of a domestic insurer pursuant to  
16 the laws of another state, province, or country must be  
17 comprised of securities of the kinds required under subsection  
18 (b), having the characteristics required under subsections (c)  
19 and (d), and permitted by the laws of the other state,  
20 province, or country, except common stocks, mortgages or loans  
21 of any kind, real estate investment trust funds or programs,  
22 commercial paper, and letters of credit.

23 (Source: P.A. 98-110, eff. 1-1-14.)

24 (215 ILCS 5/174) (from Ch. 73, par. 786)

25 Sec. 174. Kinds of agreements requiring approval.



1           (1) The following kinds of reinsurance agreements shall not  
2 be entered into by any domestic company unless such agreements  
3 are approved in writing by the Director:

4           (a) Agreements of reinsurance of any such company  
5 transacting the kind or kinds of business enumerated in Class 1  
6 of Section 4, or as a Fraternal Benefit Society under Article  
7 XVII, a Mutual Benefit Association under Article XVIII, a  
8 Burial Society under Article XIX or an Assessment Accident and  
9 Assessment Accident and Health Company under Article XXI, cedes  
10 previously issued and outstanding risks to any company, or  
11 cedes any risks to a company not authorized to transact  
12 business in this State, or assumes any outstanding risks on  
13 which the aggregate reserves and claim liabilities exceed 20  
14 percent of the aggregate reserves and claim liabilities of the  
15 assuming company, as reported in the preceding annual  
16 statement, for the business of either life or accident and  
17 health insurance.

18           (b) Any agreement or agreements of reinsurance whereby any  
19 company transacting the kind or kinds of business enumerated in  
20 either Class 2 or Class 3 of Section 4 cedes to any company or  
21 companies at one time, or during a period of six consecutive  
22 months more than twenty per centum of the total amount of its  
23 previously retained unearned premium reserve liability.

24           (c) (Blank). ~~Any agreement or agreements of reinsurance~~  
25 ~~whereby any company transacting the kind or kinds of business~~  
26 ~~enumerated in either Class 2 or 3 of section 4 except Class~~

1 ~~2(a) cedes any outstanding risks to a stock company with less~~  
2 ~~than \$2,000,000 in capital and surplus or to a mutual or~~  
3 ~~reciprocal company with less than \$2,000,000 in surplus.~~

4 (2) An agreement which is not disapproved by the Director  
5 within thirty days after its submission shall be deemed  
6 approved.

7 (Source: P.A. 82-626.)

8 (215 ILCS 5/245.1) (from Ch. 73, par. 857.1)

9 Sec. 245.1. Assignability of Life Insurance.

10 No provision of the Illinois Insurance Code, or any other  
11 law prohibits an insured under any policy of life insurance, or  
12 any other person who may be the owner of any rights under such  
13 policy, from making an assignment of all or any part of his  
14 rights and privileges under the policy including but not  
15 limited to the right to designate a beneficiary thereunder and  
16 to have an individual policy issued in accordance with  
17 paragraphs (G), (H), and (K) of Section 231.1 ~~(d) and (g) of~~  
18 ~~Section 231~~ of the Illinois Insurance Code. Subject to the  
19 terms of the policy or any contract relating thereto, an  
20 assignment by an insured or by any other owner of rights under  
21 the policy, made before or after the effective date of this  
22 amendatory Act of 1969 is valid for the purpose of vesting in  
23 the assignee, in accordance with any provisions included  
24 therein as to the time at which it is effective, all rights and  
25 privileges so assigned. However, such assignment is without

1 prejudice to the company on account of any payment it makes or  
2 individual policy it issues in accordance with paragraphs (d)  
3 and (g) of Section 231 before receipt of notice of the  
4 assignment. This amendatory Act of 1969 acknowledges, declares  
5 and codifies the existing right of assignment of interests  
6 under life insurance policies.

7 (Source: P.A. 76-1443.)

8 (215 ILCS 5/Art. V.5 rep.)

9 (215 ILCS 5/Art. XVI rep.)

10 (215 ILCS 5/Art. XVIII rep.)

11 (215 ILCS 5/Art. XIXB rep.)

12 (215 ILCS 5/178 rep.)

13 (215 ILCS 5/359b rep.)

14 (215 ILCS 5/359c rep.)

15 Section 15. The Illinois Insurance Code is amended by  
16 repealing Articles V 1/2, XVI, XVIII, and XIXB and Sections  
17 178, 359b, and 359c.

1		INDEX
2		Statutes amended in order of appearance
3	5 ILCS 220/6	from Ch. 127, par. 746
4	215 ILCS 5/26	from Ch. 73, par. 638
5	215 ILCS 5/53	from Ch. 73, par. 665
6	215 ILCS 5/174	from Ch. 73, par. 786
7	215 ILCS 5/245.1	from Ch. 73, par. 857.1
8	215 ILCS 5/Art. V.5 rep.	
9	215 ILCS 5/Art. XVI rep.	
10	215 ILCS 5/Art. XVIII rep.	
11	215 ILCS 5/Art. XIXB rep.	
12	215 ILCS 5/155.39 rep.	
13	215 ILCS 5/178 rep.	
14	215 ILCS 5/359b rep.	
15	215 ILCS 5/359c rep.	