



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB5260

Introduced 2/10/2026, by Rep. Bob Morgan

#### SYNOPSIS AS INTRODUCED:

5 ILCS 100/5-75	from Ch. 127, par. 1005-75
215 ILCS 5/143.11b	
215 ILCS 5/155.49	
215 ILCS 5/356z.73	
215 ILCS 5/404	from Ch. 73, par. 1016
215 ILCS 5/500-35	
215 ILCS 123/Act rep.	
215 ILCS 124/3	

Amends the Illinois Administrative Procedure Act. Provides that, for any law implementing the federal Patient Protection and Affordable Care Act, the Department of Insurance may adopt rules that include incorporations by reference of federal rules and regulations without identifying the incorporated matter by date and without including a statement that the incorporation does not include later amendments. Amends the Illinois Insurance Code. Makes changes concerning the assignment or transfer of property and casualty policies; formatting requirements for the insurance company supplier diversity report; and insurance coverage for dependent parents. Provides that the Director of Insurance shall maintain as confidential any records or information received from the National Association of Insurance Commissioners or other state, federal, and international regulatory agencies (instead of insurance regulatory officials of other states) that are confidential in that other jurisdiction. Provides that the Department may waive registration and course certification fees if the pre-licensing or continuing education course is provided by a government entity free of charge. Amends the Network Adequacy and Transparency Act. In applicability provisions, removes language concerning exemptions for short-term, limited-duration health insurance coverage with a network plan. Repeals the Health Care Purchasing Group Act. Effective immediately.

LRB104 18373 BAB 31815 b

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 Administrative Procedure Act is  
5 amended by changing Section 5-75 as follows:

6 (5 ILCS 100/5-75) (from Ch. 127, par. 1005-75)

7 Sec. 5-75. Incorporation by reference.

8 (a) An agency may incorporate by reference, in its rules  
9 adopted under Section 5-35, rules, regulations, standards, and  
10 guidelines of an agency of the United States or a nationally or  
11 state recognized organization or association without  
12 publishing the incorporated material in full. The reference in  
13 the agency rules must fully identify the incorporated matter  
14 by publisher address and date in order to specify how a copy of  
15 the material may be obtained and must state that the rule,  
16 regulation, standard, or guideline does not include any later  
17 amendments or editions. An agency may incorporate by reference  
18 these matters in its rules only if the agency, organization,  
19 or association originally issuing the matter makes copies  
20 readily available to the public. This Section does not apply  
21 to any agency internal manual.

22 For any law imposing taxes on or measured by income, the  
23 Department of Revenue may promulgate rules that include

1 incorporations by reference of federal rules or regulations  
2 without identifying the incorporated matter by date and  
3 without including a statement that the incorporation does not  
4 include later amendments.

5 For any law implementing the federal Patient Protection  
6 and Affordable Care Act (Pub. L. 111-148), the Department of  
7 Insurance may adopt rules that include incorporations by  
8 reference of federal rules and regulations without identifying  
9 the incorporated matter by date and without including a  
10 statement that the incorporation does not include later  
11 amendments.

12 (b) Use of the incorporation by reference procedure under  
13 this Section shall be reviewed by the Joint Committee on  
14 Administrative Rules during the rulemaking process as set  
15 forth in this Act.

16 (c) The agency adopting a rule, regulation, standard, or  
17 guideline under this Section shall maintain a copy of the  
18 referenced rule, regulation, standard, or guideline in at  
19 least one of its principal offices and shall make it available  
20 to the public upon request for inspection and copying at no  
21 more than cost. Requests for copies of materials incorporated  
22 by reference shall not be deemed Freedom of Information Act  
23 requests unless so labeled by the requestor. The agency shall  
24 designate by rule the agency location at which incorporated  
25 materials are maintained and made available to the public for  
26 inspection and copying. These rules may be adopted under the

1 procedures in Section 5-15. In addition, the agency may  
2 include the designation of the agency location of incorporated  
3 materials in a rulemaking under Section 5-35, but emergency  
4 and peremptory rulemaking procedures may not be used solely  
5 for this purpose.

6 (Source: P.A. 90-155, eff. 7-23-97.)

7 Section 10. The Illinois Insurance Code is amended by  
8 changing Sections 143.11b, 155.49, 356z.73, 404, and 500-35 as  
9 follows:

10 (215 ILCS 5/143.11b)

11 Sec. 143.11b. Assignment or transfer of property and  
12 casualty policies. An assignment or transfer of a policy of  
13 insurance to which Section 143.11 applies among or between  
14 insurers within an insurance holding company system or  
15 insurers under common management or control, or as a result of  
16 a merger, acquisition, or restructuring of an insurance  
17 company, is considered ~~not~~ a renewal ~~nonrenewal~~ for purposes  
18 of the notification requirements under Sections 143.12 through  
19 143.24. However, ~~a in the event of an increase in the renewal~~  
20 ~~premium of 30% or more, change in deductibles or change in~~  
21 ~~coverage that materially alters any policy to which subsection~~  
22 ~~b of Section 143.17a applies, the company shall adhere to the~~  
23 ~~provisions set forth in subsection b of Section 143.17a. A~~  
24 company making an assignment or transfer of a policy among or

1 between insurers within an insurance holding company system or  
2 insurers under common management or control, or as a result of  
3 a merger, acquisition, or restructuring of an insurance  
4 company, shall have delivered to the named insured notice of  
5 such assignment or transfer at least 60 days prior to the  
6 renewal date. An exact and unaltered copy of the notice shall  
7 also be sent to the insured's producer, if known, and agent of  
8 record. The assignment or transfer of a policy or policies of  
9 insurance among or between insurers shall not occur without  
10 the producer or agent of record, or both, having a signed  
11 agency contract with the entity to which the policy or  
12 policies are to be assigned or transferred. If there is not a  
13 signed agency contract, all of the notice requirements of  
14 Sections 143.17 and 143.17a shall apply. Nothing in this  
15 Section shall contravene any existing producer and company  
16 contract rights. For purposes of this Section, the insured's  
17 producer, if known, and agent of record may opt to accept  
18 notification of assignment or transfer of policies  
19 electronically.

20 (Source: P.A. 93-713, eff. 1-1-05.)

21 (215 ILCS 5/155.49)

22 Sec. 155.49. Insurance company supplier diversity report.

23 (a) Every company authorized to do business in this State  
24 or accredited by this State with assets of at least  
25 \$50,000,000 shall submit a ~~2~~-page report on its voluntary

1 supplier diversity program, or the company's procurement  
2 program if there is no supplier diversity program, to the  
3 Department. The report shall set forth all of the following:

4 (1) The name, address, phone number, and email address  
5 of the point of contact for the supplier diversity program  
6 for vendors to register with the program.

7 (2) Local and State certifications the company accepts  
8 or recognizes for minority-owned, women-owned, LGBT-owned,  
9 or veteran-owned business status.

10 (3) On the second page, a narrative explaining the  
11 results of the program and the tactics to be employed to  
12 achieve the goals of its voluntary supplier diversity  
13 program.

14 (4) The voluntary goals for the calendar year for  
15 which the report is made in each category for the entire  
16 budget of the company and the commodity codes or a  
17 description of particular goods and services for the area  
18 of procurement in which the company expects most of those  
19 goals to focus on in that year.

20 Each company is required to submit the ~~a searchable~~  
21 report, in the format designated by the Department ~~Portable~~  
22 ~~Document Format (PDF)~~, to the Department on or before April 1,  
23 2024 and on or before April 1 every year thereafter.

24 (b) For each report submitted under subsection (a), the  
25 Department shall publish the results on its Internet website  
26 for 5 years after submission. The Department is not

1 responsible for collecting the reports or for the content of  
2 the reports.

3 (c) The Department shall hold an annual insurance company  
4 supplier diversity workshop in July of 2024 and every July  
5 thereafter to discuss the reports with representatives of the  
6 companies and vendors.

7 (d) The Department shall prepare a ~~one-page~~ template, ~~not~~  
8 including the narrative section, for the voluntary supplier  
9 diversity reports.

10 (e) The Department may adopt such rules as it deems  
11 necessary to implement this Section.

12 (Source: P.A. 103-426, eff. 8-4-23.)

13 (215 ILCS 5/356z.73)

14 Sec. 356z.73. Insurance coverage for dependent parents.

15 (a) A group or individual policy of accident and health  
16 insurance issued, amended, delivered, or renewed on or after  
17 January 1, 2026 that provides dependent coverage shall make  
18 that dependent coverage available to the parent or stepparent  
19 of the insured if the parent or stepparent meets the  
20 definition of a qualifying relative under 26 U.S.C. 152(d) and  
21 lives or resides within the accident and health insurance  
22 policy's service area.

23 (b) This Section does not apply to ~~specialized health care~~  
24 ~~service plans, including~~ student health insurance coverage,  
25 excepted benefits, or coverage under Article V of the Illinois

1 Public Aid Code or under the Children's Health Insurance  
2 Program Act. However, this Section applies to stand-alone  
3 dental plans available through the Illinois Health Benefits  
4 Exchange, including when the same policy form is offered  
5 outside the Exchange.; ~~Medicare supplement insurance;~~  
6 ~~hospital only policies; accident only policies; or specified~~  
7 ~~disease insurance policies that reimburse for hospital,~~  
8 ~~medical, or surgical expenses.~~

9 (Source: P.A. 103-700, eff. 1-1-25; 104-189, eff. 8-15-25;  
10 104-334, eff. 8-15-25; 104-417, eff. 8-15-25; revised  
11 9-12-25.)

12 (215 ILCS 5/404) (from Ch. 73, par. 1016)

13 Sec. 404. Office of Director; a public office; destruction  
14 or disposal of records, papers, documents, and memoranda.

15 (1) (a) The office of the Director shall be a public office  
16 and the records, books, and papers thereof on file therein,  
17 except those records or documents containing or disclosing any  
18 analysis, opinion, calculation, ratio, recommendation, advice,  
19 viewpoint, or estimation by any Department staff regarding the  
20 financial or market condition of an insurer not otherwise made  
21 part of the public record by the Director, shall be accessible  
22 to the inspection of the public, except as the Director, for  
23 good reason, may decide otherwise, or except as may be  
24 otherwise provided in this Code or as otherwise provided in  
25 Section 7 of the Freedom of Information Act.

1 (b) Except where another provision of this Code expressly  
2 prohibits a disclosure of confidential information to the  
3 specific officials or organizations described in this  
4 subsection, the Director may disclose or share any  
5 confidential records or information in his custody and control  
6 with any insurance regulatory officials of any state or  
7 country, with the law enforcement officials of this State, any  
8 other state, or the federal government, or with the National  
9 Association of Insurance Commissioners, upon the written  
10 agreement of the official or organization receiving the  
11 information to hold the information or records confidential  
12 and in a manner consistent with this Code.

13 (c) The Director shall maintain as confidential any  
14 records or information received from the National Association  
15 of Insurance Commissioners or other state, federal, or  
16 international regulatory agencies ~~insurance regulatory~~  
17 ~~officials of other states which~~ that are ~~is~~ confidential in  
18 that other jurisdiction.

19 (2) Upon the filing of the examination to which they  
20 relate, the Director is authorized to destroy or otherwise  
21 dispose of all working papers relative to any company which  
22 has been examined at any time prior to that last examination by  
23 the Department, so that in such circumstances only current  
24 working papers of that last examination may be retained by the  
25 Department.

26 (3) Five years after the conclusion of the transactions to

1 which they relate, the Director is authorized to destroy or  
2 otherwise dispose of all books, records, papers, memoranda and  
3 correspondence directly related to consumer complaints or  
4 inquiries.

5 (4) Two years after the conclusion of the transactions to  
6 which they relate, the Director is authorized to destroy or  
7 otherwise dispose of all books, records, papers, memoranda,  
8 and correspondence directly related to all void, obsolete, or  
9 superseded rate filings and schedules required to be filed by  
10 statute; and all individual company rating experience data and  
11 all records, papers, documents and memoranda in the possession  
12 of the Director relating thereto.

13 (5) Five years after the conclusion of the transactions to  
14 which they relate, the Director is authorized to destroy or  
15 otherwise dispose of all examination reports of companies made  
16 by the insurance supervisory officials of states other than  
17 Illinois; applications, requisitions, and requests for  
18 licenses; all records of hearings; and all similar records,  
19 papers, documents, and memoranda in the possession of the  
20 Director.

21 (6) Ten years after the conclusion of the transactions to  
22 which they relate, the Director is authorized to destroy or  
23 otherwise dispose of all official correspondence of foreign  
24 and alien companies, all foreign companies' and alien  
25 companies' annual statements, valuation reports, tax reports,  
26 and all similar records, papers, documents and memoranda in

1 the possession of the Director.

2 (7) Whenever any records, papers, documents or memoranda  
3 are destroyed or otherwise disposed of pursuant to the  
4 provisions of this section, the Director shall execute and  
5 file in a separate, permanent office file a certificate  
6 listing and setting forth by summary description the records,  
7 papers, documents or memoranda so destroyed or otherwise  
8 disposed of, and the Director may, in his discretion, preserve  
9 copies of any such records, papers, documents or memoranda by  
10 means of microfilming or photographing the same.

11 (8) This Section shall apply to records, papers,  
12 documents, and memoranda presently in the possession of the  
13 Director as well as to records, papers, documents, and  
14 memoranda hereafter coming into his possession.

15 (Source: P.A. 97-1004, eff. 8-17-12.)

16 (215 ILCS 5/500-35)

17 (Section scheduled to be repealed on January 1, 2027)

18 Sec. 500-35. License.

19 (a) Unless denied a license pursuant to Section 500-70,  
20 persons who have met the requirements of Sections 500-25 and  
21 500-30 shall be issued a 2-year insurance producer license. An  
22 insurance producer may receive qualification for a license in  
23 one or more of the following lines of authority:

24 (1) Life: insurance coverage on human lives including  
25 benefits of endowment and annuities, and may include

1 benefits in the event of death or dismemberment by  
2 accident and benefits for disability income.

3 (2) Variable life and variable annuity products:  
4 insurance coverage provided under variable life insurance  
5 contracts and variable annuities.

6 (3) Accident and health or sickness: insurance  
7 coverage for sickness, bodily injury, or accidental death  
8 and may include benefits for disability income.

9 (4) Property: insurance coverage for the direct or  
10 consequential loss or damage to property of every kind.

11 (5) Casualty: insurance coverage against legal  
12 liability, including that for death, injury, or disability  
13 or damage to real or personal property.

14 (6) Personal lines: property and casualty insurance  
15 coverage sold to individuals and families for primarily  
16 noncommercial purposes.

17 (7) Any other line of insurance permitted under State  
18 laws or rules.

19 (b) An insurance producer license shall remain in effect  
20 unless revoked or suspended as long as the fee set forth in  
21 Section 500-135 is paid and education requirements for  
22 resident individual producers are met by the due date.

23 (1) Before each license renewal, an insurance producer  
24 must satisfactorily complete at least 24 hours of course  
25 study or participation in a professional insurance  
26 association under paragraph (3) of this subsection in

1 accordance with rules prescribed by the Director. Three of  
2 the 24 hours of course study must consist of classroom or  
3 webinar ethics instruction. The Director may not approve a  
4 course of study unless the course provides for classroom,  
5 seminar, webinar, or self-study instruction methods. A  
6 course given in a combination instruction method of  
7 classroom, seminar, webinar, or self-study shall be deemed  
8 to be a self-study course unless the number of classroom,  
9 seminar, or webinar certified hours meets or exceeds  
10 two-thirds of total hours certified for the course. The  
11 self-study material used in the combination course must be  
12 directly related to and complement the classroom portion  
13 of the course in order to be considered for credit. An  
14 instruction method other than classroom or seminar shall  
15 be considered as self-study methodology. Self-study credit  
16 hours require the successful completion of an examination  
17 covering the self-study material. The examination may not  
18 be self-evaluated. However, if the self-study material is  
19 completed through the use of an approved computerized  
20 interactive format whereby the computer validates the  
21 successful completion of the self-study material, no  
22 additional examination is required. The self-study credit  
23 hours contained in a certified course shall be considered  
24 classroom hours when at least two-thirds of the hours are  
25 given as classroom or seminar instruction.

26 (2) An insurance producer license automatically

1 terminates when an insurance producer fails to  
2 successfully meet the requirements of paragraph (1) of  
3 this subsection. The producer must complete the course in  
4 advance of the renewal date to allow the education  
5 provider time to report the credit to the Department.

6 (3) An insurance producer's active participation in a  
7 State or national professional insurance association may  
8 be approved by the Director for up to 4 hours of continuing  
9 education credit per biennial reporting period. Credit  
10 shall be provided on an hour-for-hour basis. These hours  
11 shall be verified and submitted by the association on  
12 behalf of the insurance producer and credited upon timely  
13 filing with the Director or his or her designee on a  
14 biennial basis. Any association submitting continuing  
15 education credit hours on behalf of insurance producers  
16 must be registered as an education provider under Section  
17 500-135. Credit granted under these provisions shall not  
18 be used to satisfy ethics education requirements. Active  
19 participation in a State or national professional  
20 insurance association is defined by one of the following  
21 methods:

22 (A) service on a board of directors of a State or  
23 national chapter of the association;

24 (B) service on a formal committee of a State or  
25 national chapter of the association; or

26 (C) service on a formal subcommittee or task force

1 of a State or national chapter of the association.

2 (c) A provider of a pre-licensing or continuing education  
3 course required by Section 500-30 and this Section must pay a  
4 registration fee and a course certification fee for each  
5 course being certified as provided by Section 500-135. The  
6 Department may waive these fees if the pre-licensing or  
7 continuing education course is provided by a government entity  
8 free of charge.

9 (d) An individual insurance producer who allows his or her  
10 license to lapse may, within 12 months after the due date of  
11 the renewal fee, be issued a license without the necessity of  
12 passing a written examination. However, a penalty in the  
13 amount of double the unpaid renewal fee shall be required  
14 after the due date.

15 (e) A licensed insurance producer who is unable to comply  
16 with license renewal procedures due to military service may  
17 request a waiver of those procedures.

18 (f) The license must contain the licensee's name, address,  
19 and personal identification number, the date of issuance, the  
20 lines of authority, the expiration date, and any other  
21 information the Director deems necessary.

22 (g) Licensees must inform the Director by any means  
23 acceptable to the Director of a change of address within 30  
24 days after the change.

25 (h) In order to assist in the performance of the  
26 Director's duties, the Director may contract with a

1 non-governmental entity including the National Association of  
2 Insurance Commissioners (NAIC), or any affiliates or  
3 subsidiaries that the NAIC oversees, to perform any  
4 ministerial functions, including collection of fees, related  
5 to producer licensing that the Director and the  
6 non-governmental entity may deem appropriate.

7 (Source: P.A. 104-417, eff. 8-15-25.)

8 (215 ILCS 123/Act rep.)

9 Section 15. The Health Care Purchasing Group Act is  
10 repealed.

11 Section 20. The Network Adequacy and Transparency Act is  
12 amended by changing Section 3 as follows:

13 (215 ILCS 124/3)

14 Sec. 3. Applicability of Act. This Act applies to an  
15 individual or group policy of health insurance coverage with a  
16 network plan amended, delivered, issued, or renewed in this  
17 State on or after January 1, 2019. This Act does not apply to  
18 an individual or group policy for excepted benefits ~~or~~  
19 ~~short term, limited duration health insurance coverage with a~~  
20 ~~network plan~~. This Act does not apply to stand-alone dental  
21 plans. If federal law establishes network adequacy and  
22 transparency standards for stand-alone dental plans, the  
23 Department shall enforce those applicable federal

1 requirements.

2 (Source: P.A. 103-650, eff. 1-1-25; 103-777, eff. 1-1-25;  
3 104-334, eff. 8-15-25; 104-417, eff. 8-15-25.)

4 Section 99. Effective date. This Act takes effect upon  
5 becoming law.