



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB4006

Introduced 2/6/2026, by Sen. Julie A. Morrison

SYNOPSIS AS INTRODUCED:

See Index

Amends the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois. Creates the Strengthen Illinois Homes Fund. On or before July 1, 2028, and depending on availability of funds, provides that the Department of Insurance shall identify areas of need to administer a pilot grant program known as the Strengthen Illinois Homes Program. Requires the Department of Commerce and Economic Opportunity, in conjunction with the Department of Insurance, to develop a standard application and grant award rubric for the eligible program grantees. Establishes program requirements for contractors. Amends the State Finance Act to make a conforming change. Amends the Illinois Insurance Code. Establishes notice requirements for companies providing flood coverage. Creates the Climate Risk Disclosure Article, which may be referred to as the Climate Risk Disclosure Law. Requires all companies, corporations, and organizations subject to the Article to, upon direction from the Department, participate in climate surveys issued by the National Association of Insurance Commissioners. Creates the Strengthen Illinois Homes Article, which may be referred to as the Strengthen Illinois Homes Act. Provides that, for homeowners insurance policies, an insurer shall provide an actuarially justified premium discount or insurance rate reduction to a specified owner. Provides that the Director of Insurance may adopt rules that establish standard discount amounts, targets, or benchmarks for the coverage of insurable property meeting the specified mitigation program standards. Provides that an insurer writing homeowners insurance policies that provide coverage of an insurable property that is a nonfortified insurable property shall offer an optional rider, endorsement, or supplemental policy provision that provides the insured a right to receive claim payments for the cost to upgrade an insurable property to mitigation program standards for a specified claim. Makes other changes. Amends the Dental Service Plan Act, the Health Maintenance Organization Act, and the Limited Health Service Organization Act to establish conforming requirements.

LRB104 19837 BAB 33287 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 Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of Illinois
6 is amended by adding Section 871 as follows:

7 (20 ILCS 605/871 new)

8 Sec. 871. Strengthen Illinois Homes Program.

9 (a) In this Section:

10 "Area of need" means regions throughout the State of
11 Illinois at the highest risk of catastrophic wind and hail
12 events based on historical data determined by the Department.

13 "County area median family income" means the
14 county-specific area median family income guidelines published
15 by the Illinois Housing Development Authority.

16 "Eligible grantee" means units of local government, local
17 and regional economic development corporations, and
18 not-for-profit organizations approved to receive grants under
19 the requirements of the Grant Accountability and Transparency
20 Act.

21 "IBHS" means the Insurance Institute for Business and Home
22 Safety.

23 "Low-income limit" means the low-income limit guidelines

1 published by the Illinois Housing Development Authority.

2 "State median family income" means the State median family
3 income guidelines published by the Illinois Housing
4 Development Authority.

5 "Very low-income limit" means the very low-income limit
6 guidelines updated annually in the Federal Register by the
7 United States Department of Housing and Urban Development and
8 published by the Illinois Housing Development Authority.

9 (b) Terms not otherwise defined in this Section shall have
10 the meanings given to those terms under Article XLIX of the
11 Illinois Insurance Code.

12 (c) Subject to appropriation, the Department shall use
13 moneys deposited into the Strengthen Illinois Homes Fund to
14 make grants to eligible grantees for the purpose of providing
15 financial grants to insurable property owners to assist and
16 promote the mitigation of insurable property to resist losses
17 due to catastrophic wind and hail events in accordance with
18 mitigation program standards.

19 (d) The Strengthen Illinois Homes Fund is hereby created
20 as a special fund in the State treasury. The Department may
21 accept gifts, grants, donations, or other revenues or
22 transfers for deposit into the Strengthen Illinois Homes Fund.
23 Moneys in the fund shall be used by the Department for the
24 purpose of implementing and administering the program
25 established under this Section and may be used to contribute
26 toward administrative and staffing needs of administering the

1 program.

2 (e) Moneys in the fund not expended at the close of a
3 fiscal year shall not lapse but shall be carried forward to the
4 next fiscal year.

5 (f) To the extent funding is available, the Director shall
6 implement and administer the program in accordance with this
7 Section.

8 (g) On or before July 1, 2028, and depending on
9 availability of funds, the Department of Insurance shall
10 identify areas of need to administer a pilot grant program
11 known as the Strengthen Illinois Homes Program. The Department
12 of Insurance shall identify the determined areas of need by
13 rule and by other communication to the public. Areas of need
14 shall be determined based on the following factors:

15 (1) areas that, based on historical data, have a
16 higher susceptibility of catastrophic wind and hail
17 events;

18 (2) areas where the average written premium exceeds
19 the median household income;

20 (3) areas where the average written premium exceeds
21 the insurable property value; or

22 (4) any other factors the Director of Insurance
23 determines to meet the purpose of the program.

24 (h) Individual grant awards shall be determined based on
25 availability of funds, the expected cost of the mitigation
26 project, and the percentage of family income relative to

1 either the county area median family income or the State
2 median family income of the area of need, adjusted for family
3 size as published by the Illinois Housing Development
4 Authority, whichever is higher. Acceptance of individual grant
5 awards applications shall be determined by the eligible
6 grantee, in accordance with this Act. Applicants within an
7 area of need whose income is equal to or less than 80% of the
8 county area median family income adjusted for family size as
9 published by the Illinois Housing Development Authority shall
10 be prioritized by the eligible grantee. All other applications
11 within an area of need shall be accepted on a first-come,
12 first-served basis, depending on availability of funds by the
13 eligible grantee.

14 (i) The Department, in conjunction with the Department of
15 Insurance, shall develop a standard application and grant
16 award rubric for the eligible grantees. No individual grant
17 award shall exceed \$15,000. If the cost of the mitigation
18 project exceeds the amount of the grant award, the remaining
19 cost of the mitigation project is the insurable property
20 owner's responsibility. Grant awards must not be used for
21 normal maintenance and repairs an insurable property owner is
22 expected to perform but may be used in conjunction with
23 repairs or reconstruction as necessitated by damages from a
24 catastrophic weather event. An individual grant application
25 must be approved by the eligible grantee before mitigation
26 work on the insurable property is commenced to be eligible to

1 receive a grant under this Section. After a grant application
2 is approved by the eligible grantee, the contractor meeting
3 the requirements of this Section selected by the insurable
4 property owner may begin the work required to bring the
5 insurable property into compliance with mitigation program
6 standards.

7 (j) Once the mitigation work is completed, the contractor
8 must submit a copy of the signed contract to the eligible
9 grantee, along with an invoice seeking payment and an
10 affidavit stating the mitigation program standards were met by
11 the work completed. Grant money shall be disbursed by the
12 eligible grantee only after a certificate of compliance has
13 been issued for the insurable property and is provided to the
14 eligible grantee. The eligible grantee may, on behalf of the
15 insurable property owner, directly pay the contractor that
16 performed the mitigation work. The Department may delineate a
17 sliding scale of grant awards based on the requirements of
18 subsection (h).

19 (k) After the first operating year of the program, the
20 Department of Insurance may expand the program to additional
21 areas of need, depending on availability of funds, at the
22 Director of Insurance's discretion. If the program is
23 expanded, applications shall continue to be prioritized
24 according to subsection (h).

25 (l) Nothing in this Section shall be construed to create
26 an entitlement for property owners or obligate the State of

1 Illinois to pay for residential property in Illinois to be
2 inspected or retrofitted. All mitigation under this Section is
3 contingent upon securing all required local permits and
4 applicable inspections to comply with local building codes and
5 applicable FORTIFIED program standards. A mitigation project
6 receiving a grant under this Section is subject to random
7 reinspection at a later date.

8 (m) To be eligible to work as a contractor on a project
9 funded by a grant under this Act, the contractor must meet all
10 of the following program requirements and must maintain a
11 current copy of all certificates, licenses, and proof of
12 insurance coverage. The eligible contractor must:

13 (1) hold a valid residential building contractor and
14 residential remodeler license issued by the appropriate
15 local or State authority for the jurisdiction where the
16 insurable property is located;

17 (2) not be subject to disciplinary action by the
18 contractor's licensing authority;

19 (3) hold any other valid State or jurisdictional
20 business license or work permits required by law;

21 (4) possess an in-force general liability policy with
22 \$1,000,000 in liability coverage;

23 (5) possess an in-force workers compensation policy;

24 (6) register the contractor's business with the
25 Department of Revenue;

26 (7) register as a FORTIFIED certified contractor with

1 the Department and maintain a valid email address on file
2 with the Department; and

3 (8) successfully complete the FORTIFIED Roof for High
4 Wind and Hail training provided by the IBHS and maintain
5 an active certification. The training may be offered as
6 separate courses.

7 (n) An eligible contractor must not have a financial
8 interest, other than payment on behalf of the insurable
9 property owner, in any project for which the eligible
10 contractor performs work toward a FORTIFIED designation under
11 the program. An eligible contractor is prohibited from acting
12 as the evaluator for a mitigation program standard designation
13 on any project funded by the program. An eligible contractor
14 must report to the Department regarding any potential conflict
15 of interest before work commences on any job funded by the
16 program.

17 (o) The Department shall maintain a certified contractor
18 database in order for eligible grantees to ensure
19 certification before individual grant application approval.

20 (p) To be eligible to work as an evaluator on a project
21 funded by a grant under this Act, the evaluator must meet all
22 program eligibility requirements and must maintain a copy of
23 all current certificates and licenses. The evaluator must:

24 (1) be in good standing with IBHS and maintain an
25 active certification as a FORTIFIED home evaluator for
26 high wind and hail or a successor certification;

1 (2) possess an Illinois business license and be
2 registered with the Secretary of State; and

3 (3) successfully complete the program training.

4 (q) An evaluator must not have a financial interest in any
5 project that the evaluator inspects for designation purposes
6 for the program. An evaluator must not be an eligible
7 contractor or supplier of any material, product, or system
8 installed in any insurable property that the evaluator
9 inspects for designation purposes for the program. An
10 evaluator must not be a sales agent for any home being
11 designated for the program. An evaluator must inform the
12 Department of any potential conflict of interest impacting the
13 evaluator's participation in the program.

14 (r) The Department may adopt rules to implement this
15 Section.

16 Section 10. The State Finance Act is amended by adding
17 Section 5.1038 as follows:

18 (30 ILCS 105/5.1038 new)

19 Sec. 5.1038. The Strengthen Illinois Homes Fund.

20 Section 15. The Illinois Insurance Code is amended by
21 changing Sections 143.16 and 143.17 and by adding Section
22 143.21e, Article XLVIII, and Article XLIX as follows:

1 (215 ILCS 5/143.16) (from Ch. 73, par. 755.16)

2 Sec. 143.16. Mailing of cancellation notice. All notices
3 of cancellation of insurance to which Section 143.11 applies,
4 ~~except for those defined in subsections (a), (b) and (c) of~~
5 ~~Section 143.13~~ must be mailed at least 30 days prior to the
6 effective date of cancellation during the first 60 days of
7 coverage. After the coverage has been effective for 61 days or
8 more, all notices must be mailed at least 60 days prior to the
9 effective date of cancellation. However, where cancellation is
10 for nonpayment of premium, the notice of cancellation must be
11 mailed at least 10 days before the effective date of the
12 cancellation. All such notices shall include a specific
13 explanation of the reason or reasons for cancellation and
14 shall be mailed to the named insured at the last mailing
15 address known to the company. For purposes of this Section,
16 the mortgagee or lien holder, if known, may opt to accept
17 notification electronically.

18 (Source: P.A. 100-475, eff. 1-1-18.)

19 (215 ILCS 5/143.17) (from Ch. 73, par. 755.17)

20 Sec. 143.17. Notice of intention not to renew.

21 a. No company shall fail to renew any policy of insurance,
22 as defined in subsections (a), (b), (c), and (h) of Section
23 143.13, to which Section 143.11 applies, unless it shall send
24 by mail to the named insured at least 60 ~~30~~ days advance notice
25 of its intention not to renew. The company shall maintain

1 proof of mailing of such notice on a recognized U.S. Post
2 Office form or a form acceptable to the U. S. Post Office or
3 other commercial mail delivery service. The nonrenewal shall
4 not become effective until at least 60 ~~30~~ days from the proof
5 of mailing date of the notice to the name insured.
6 Notification shall also be sent to the insured's broker, if
7 known, or the agent of record, if known, and to the last known
8 mortgagee or lien holder. For purposes of this Section, the
9 mortgagee or lien holder, insured's broker, or the agent of
10 record may opt to accept notification electronically. However,
11 where cancellation is for nonpayment of premium, the notice of
12 cancellation must be mailed at least 10 days before the
13 effective date of the cancellation.

14 b. This Section does not apply if the company has
15 manifested its willingness to renew directly to the named
16 insured. Such written notice shall specify the premium amount
17 payable, including any premium payment plan available, and the
18 name of any person or persons, if any, authorized to receive
19 payment on behalf of the company. If no person is so
20 authorized, the premium notice shall so state.

21 b-5. This Section does not apply if the company manifested
22 its willingness to renew directly to the named insured.
23 However, no company may impose changes in deductibles or
24 coverage for any policy forms applicable to an entire line of
25 business enumerated in subsections (a), (b), (c), and (h) of
26 Section 143.13 to which Section 143.11 applies unless the

1 company mails to the named insured written notice of the
2 change in deductible or coverage at least 60 days prior to the
3 renewal or anniversary date. Notice shall also be sent to the
4 insured's broker, if known, or the agent of record.

5 c. Should a company fail to comply with (a) or (b) of this
6 Section, the policy shall terminate only on the effective date
7 of any similar insurance procured by the insured with respect
8 to the same subject or location designated in both policies.

9 d. Renewal of a policy does not constitute a waiver or
10 estoppel with respect to grounds for cancellation which
11 existed before the effective date of such renewal.

12 e. In all notices of intention not to renew any policy of
13 insurance, as defined in Section 143.11 the company shall
14 provide the named insured a specific explanation of the
15 reasons for nonrenewal.

16 f. For purposes of this Section, the insured's broker, if
17 known, or the agent of record and the mortgagee or lien holder
18 may opt to accept notification electronically.

19 (Source: P.A. 100-475, eff. 1-1-18.)

20 (215 ILCS 5/143.21e new)

21 Sec. 143.21e. Flood coverage; notice.

22 (a) In response to all applications for a policy of fire
23 and extended coverage, before the applicant agrees to a
24 policy, the company shall provide, and the applicant and
25 insurance producer shall sign, a written notice regarding:

1 (1) the flood coverage in the policy and the flood
2 coverage that is available to the applicant through the
3 company, including the coverage limits and costs thereof;
4 and

5 (2) the availability of flood coverage through the
6 National Flood Insurance Program, whether the company can
7 write such coverage, and how the applicant can obtain
8 coverage through the National Flood Insurance Program. The
9 notice must contain attestation language that flood
10 coverage options were explained to the applicant in plain
11 language.

12 (b) At least 30 days prior to each renewal of any policy of
13 fire and extended coverage, the company shall provide the
14 insured with a written notice containing the same information
15 required in subsection (a), except that a signature and the
16 attestation language are not required.

17 (c) The Department may require insurers to use a standard
18 form developed by the Department and published on the
19 Department's website.

20 (215 ILCS 5/Art. XLVIII heading new)

21 ARTICLE XLVIII. CLIMATE RISK DISCLOSURE

22 (215 ILCS 5/1801 new)

23 Sec. 1801. Short title. This Article may be referred to as
24 the Climate Risk Disclosure Law.

1 (215 ILCS 5/1805 new)

2 Sec. 1805. Purpose. The purpose of this Article is to
3 enhance transparency about how insurers manage climate-related
4 risks and to clarify the Department's authority to require
5 companies to participate in climate surveys issued by
6 entities, including, but not limited to, the Department and
7 the National Association of Insurance Commissioners. This
8 Article shall be liberally interpreted to carry into effect
9 the intent of this Section.

10 (215 ILCS 5/1810 new)

11 Sec. 1810. Applicability. This Article applies to every
12 company licensed in Illinois under Classes 1, 2, or 3 of
13 Section 4 of this Code and every dental service plan
14 corporation, health maintenance organization, or limited
15 health service organization licensed in Illinois when such
16 company, corporation, or organization writes \$100,000,000 or
17 more annually in direct premiums nationwide. This threshold
18 may be altered by rule.

19 (215 ILCS 5/1815 new)

20 Sec. 1815. Climate disclosure survey participation. All
21 companies, corporations, and organizations subject to this
22 Article shall, upon direction from the Department, participate
23 in climate surveys issued by the National Association of

1 Insurance Commissioners.

2 (215 ILCS 5/Art. XLIX heading new)

3 ARTICLE XLIX. STRENGTHEN ILLINOIS HOMES

4 (215 ILCS 5/1901 new)

5 Sec. 1901. Short title. This Article may be referred to as
6 the Strengthen Illinois Homes Act.

7 (215 ILCS 5/1902 new)

8 Sec. 1902. Purpose. The purpose of this Article is to
9 create the Strengthen Illinois Homes Program to assist in and
10 promote the mitigation of insurable property to resist losses
11 due to catastrophic wind and hail events.

12 (215 ILCS 5/1905 new)

13 Sec. 1905. Applicability. This Article applies to
14 applicable policies offered, issued, or renewed on or after
15 January 1, 2028.

16 (215 ILCS 5/1910 new)

17 Sec. 1910. Definitions. In this Article:

18 "Certificate of compliance" means a certificate of
19 compliance with the most recent version of mitigation program
20 standards or any certificate of compliance that may be issued
21 by other acceptable standards to be permitted by

1 administrative rule.

2 "Homeowners insurance" means the personal multi-peril
3 property coverages commonly known as homeowners insurance.

4 "Insurable property" means an owner-occupied dwelling in
5 the State of Illinois that may be covered by homeowners
6 insurance.

7 "Mitigation program standards" means a designation of
8 either FORTIFIED Roof (Roof), FORTIFIED Silver (Silver),
9 FORTIFIED Gold (Gold), or a successor designation, including a
10 hail supplement, as administered by the Insurance Institute
11 for Business and Home Safety (IBHS) or a successor entity.
12 Other acceptable standards may be determined by the Director
13 of Insurance by rule.

14 "Nonfortified insurable property" means an insurable
15 property that does not otherwise comply with mitigation
16 program standards.

17 (215 ILCS 5/1920 new)

18 Sec. 1920. Mitigation program insurance premium discounts.

19 (a) For homeowners insurance policies, an insurer shall
20 provide an actuarially justified premium discount or insurance
21 rate reduction to an owner who either:

22 (1) builds or locates a new insurable property in
23 Illinois that meets the mitigation program standards; or

24 (2) retrofits an existing insurable property in
25 Illinois to meet the mitigation program standards.

1 (b) The Director may by rule permit other acceptable
2 standards by which insurers must provide a premium discount or
3 an insurance rate reduction.

4 (c) An insurer shall differentiate the premium discount or
5 insurance rate reduction according to which designation of
6 mitigation program standards the policyholder achieves.

7 (d) Nothing in this Section is intended to restrict an
8 insurer from implementing additional premium discounts or
9 insurance rate reductions related to mitigation efforts that
10 may not adhere to all mitigation program standards.

11 (e) An insurer shall provide the premium discount or
12 insurance rate reduction on the coverage of the insured's
13 insurable property after the insurer obtains or receives a
14 certificate of compliance for that insurable property. An
15 insurer is not required to obtain or receive a certificate of
16 compliance in order to provide a premium discount or insurance
17 rate reduction under subsection (a) of this Section.

18 (f) Upon initial implementation of this Section, companies
19 must file with the Department a stand-alone rate filing
20 showing compliance.

21 (g) The Director may adopt rules that establish standard
22 discount amounts, targets, or benchmarks for the coverage of
23 insurable property meeting the mitigation program standards
24 outlined in subsection (a) of this Section. Any standard
25 discount amounts, targets, or benchmarks adopted by rule shall
26 be:

1 (1) optional; and
2 (2) primarily for the benefit of insurers that are
3 unable to obtain actuarially valid data to provide a
4 premium discount or rate reduction under subsection (a) of
5 this Section due to inadequate resources or experience.

6 (h) An insurer operating in the State of Illinois shall
7 make information regarding the availability of such a discount
8 accessible on its website in a manner that is searchable and
9 accessible to the general public without requiring an
10 individual to create any account.

11 (215 ILCS 5/1925 new)

12 Sec. 1925. Mitigation program discount disclosure to
13 policyholder.

14 (a) Upon the premium discount or insurance rate reduction
15 described in subsection (a) of Section 1920 becoming effective
16 to an insured's policy, an insurer shall, in plain language,
17 provide the policyholder with information either in writing or
18 electronically regarding the following:

19 (1) the premium discount or insurance rate reduction
20 the policyholder will be receiving, either as a percentage
21 or dollar amount; and

22 (2) specific information regarding whether the premium
23 discount or insurance rate reduction was attributed to the
24 policyholder's homeowners insurance or the policyholder's
25 coverage for wind or hail damage or other peril-specific

1 coverage as defined by the insurer.

2 (b) An insurer shall provide this disclosure in a separate
3 notification to the policyholder on initial implementation of
4 the premium discount or insurance rate reduction and maintain
5 the information on the policyholder's declarations page.

6 (c) Nothing in this Section shall be construed to require
7 an insurer to share proprietary information or trade secrets
8 with the policyholder in the disclosure required by subsection
9 (a) of this Section.

10 (215 ILCS 5/1930 new)

11 Sec. 1930. Endorsement offer to upgrade insurable property
12 to mitigation program standards.

13 (a) An insurer writing homeowners insurance policies that
14 provide coverage of an insurable property that is a
15 nonfortified insurable property shall offer an optional rider,
16 endorsement, or supplemental policy provision that provides
17 the insured a right to receive claim payments for the cost to
18 upgrade an insurable property to mitigation program standards
19 for a claim that:

20 (1) is covered under the insurance policy contract;
21 and

22 (2) requires total replacement of the covered
23 insurable property's roof as defined by the insurance
24 policy or contract.

25 (b) The rider, endorsement, or supplemental policy

1 provision must upgrade the nonfortified insurable property
2 consistent with any designation under mitigation program
3 standards.

4 (c) The rider, endorsement, or supplemental policy offer
5 must be made at the time that:

6 (1) a new policy on a nonfortified insurable property
7 is written; and

8 (2) upon first renewal of an existing policy on a
9 nonfortified insurable property.

10 (d) Upon initial implementation of this Section, companies
11 must file with the Department a stand-alone rate filing
12 showing compliance. Additional premiums associated with this
13 feature shall be based on actuarially sound methods.

14 (e) An insurer operating in the State of Illinois shall
15 make information regarding the availability of the rider,
16 endorsement, or supplemental policy provision option
17 accessible on its website in a manner that is searchable and
18 accessible to the general public without requiring an
19 individual to create any account.

20 (f) The Director may adopt rules necessary to implement
21 this Section.

22 (215 ILCS 5/143.15 rep.)

23 Section 20. The Illinois Insurance Code is amended by
24 repealing Section 143.15.

1 Section 25. The Dental Service Plan Act is amended by
2 changing Section 25 as follows:

3 (215 ILCS 110/25) (from Ch. 32, par. 690.25)

4 Sec. 25. Application of Insurance Code provisions. Dental
5 service plan corporations and all persons interested therein
6 or dealing therewith shall be subject to the provisions of
7 Articles IIA, XI, ~~and~~ XII 1/2, and XLVIII and Sections 3.1,
8 133, 136, 139, 140, 143, 143.31, 143c, 149, 155.49, 355.2,
9 355.3, 367.2, 401, 401.1, 402, 403, 403A, 408, 408.2, and 412,
10 and subsection (15) of Section 367 of the Illinois Insurance
11 Code.

12 (Source: P.A. 103-426, eff. 8-4-23; 103-656, eff. 1-1-25.)

13 Section 30. The Health Maintenance Organization Act is
14 amended by changing Section 5-3 as follows:

15 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

16 Sec. 5-3. Illinois Insurance Code provisions.

17 (a) Health Maintenance Organizations shall be subject to
18 the provisions of Sections 133, 134, 136, 137, 139, 140,
19 141.1, 141.2, 141.3, 143, 143.31, 143c, 147, 148, 149, 151,
20 152, 153, 154, 154.5, 154.6, 154.7, 154.8, 155.04, 155.22a,
21 155.49, 352c, 355.2, 355.3, 355.6, 355.7, 355b, 355c, 356f,
22 356g, 356g.5-1, 356m, 356q, 356u.10, 356v, 356w, 356x, 356z.2,
23 356z.3a, 356z.4, 356z.4a, 356z.5, 356z.6, 356z.8, 356z.9,

1 356z.10, 356z.11, 356z.12, 356z.13, 356z.14, 356z.15, 356z.17,
2 356z.18, 356z.19, 356z.20, 356z.21, 356z.22, 356z.23, 356z.24,
3 356z.25, 356z.26, 356z.28, 356z.29, 356z.30, 356z.31, 356z.32,
4 356z.33, 356z.34, 356z.35, 356z.36, 356z.37, 356z.38, 356z.39,
5 356z.40, 356z.40a, 356z.41, 356z.44, 356z.45, 356z.46,
6 356z.47, 356z.48, 356z.49, 356z.50, 356z.51, 356z.53, 356z.54,
7 356z.55, 356z.56, 356z.57, 356z.58, 356z.59, 356z.60, 356z.61,
8 356z.62, 356z.63, 356z.64, 356z.65, 356z.66, 356z.67, 356z.68,
9 356z.69, 356z.70, 356z.71, 356z.72, 356z.73, 356z.74, 356z.75,
10 356z.76, 356z.77, 356z.78, 356z.79, 356z.80, 356z.81, 356z.82,
11 356z.83, 356z.84, 356z.85, 364, 364.01, 364.3, 367.2, 367.2-5,
12 367i, 368a, 368b, 368c, 368d, 368e, 370a, 370c, 370c.1, 401,
13 401.1, 402, 403, 403A, 408, 408.2, 409, 412, 444, and 444.1,
14 paragraph (c) of subsection (2) of Section 367, and Articles
15 IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, XXVI, ~~and~~
16 XXXIIB, and XLVIII of the Illinois Insurance Code.

17 (b) For purposes of the Illinois Insurance Code, except
18 for Sections 444 and 444.1 and Articles XIII and XIII 1/2,
19 Health Maintenance Organizations in the following categories
20 are deemed to be "domestic companies":

21 (1) a corporation authorized under the Dental Service
22 Plan Act or the Voluntary Health Services Plans Act;

23 (2) a corporation organized under the laws of this
24 State; or

25 (3) a corporation organized under the laws of another
26 state, 30% or more of the enrollees of which are residents

1 of this State, except a corporation subject to
2 substantially the same requirements in its state of
3 organization as is a "domestic company" under Article VIII
4 1/2 of the Illinois Insurance Code.

5 (c) In considering the merger, consolidation, or other
6 acquisition of control of a Health Maintenance Organization
7 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

8 (1) the Director shall give primary consideration to
9 the continuation of benefits to enrollees and the
10 financial conditions of the acquired Health Maintenance
11 Organization after the merger, consolidation, or other
12 acquisition of control takes effect;

13 (2) (i) the criteria specified in subsection (1) (b) of
14 Section 131.8 of the Illinois Insurance Code shall not
15 apply and (ii) the Director, in making his determination
16 with respect to the merger, consolidation, or other
17 acquisition of control, need not take into account the
18 effect on competition of the merger, consolidation, or
19 other acquisition of control;

20 (3) the Director shall have the power to require the
21 following information:

22 (A) certification by an independent actuary of the
23 adequacy of the reserves of the Health Maintenance
24 Organization sought to be acquired;

25 (B) pro forma financial statements reflecting the
26 combined balance sheets of the acquiring company and

1 the Health Maintenance Organization sought to be
2 acquired as of the end of the preceding year and as of
3 a date 90 days prior to the acquisition, as well as pro
4 forma financial statements reflecting projected
5 combined operation for a period of 2 years;

6 (C) a pro forma business plan detailing an
7 acquiring party's plans with respect to the operation
8 of the Health Maintenance Organization sought to be
9 acquired for a period of not less than 3 years; and

10 (D) such other information as the Director shall
11 require.

12 (d) The provisions of Article VIII 1/2 of the Illinois
13 Insurance Code and this Section 5-3 shall apply to the sale by
14 any health maintenance organization of greater than 10% of its
15 enrollee population (including, without limitation, the health
16 maintenance organization's right, title, and interest in and
17 to its health care certificates).

18 (e) In considering any management contract or service
19 agreement subject to Section 141.1 of the Illinois Insurance
20 Code, the Director (i) shall, in addition to the criteria
21 specified in Section 141.2 of the Illinois Insurance Code,
22 take into account the effect of the management contract or
23 service agreement on the continuation of benefits to enrollees
24 and the financial condition of the health maintenance
25 organization to be managed or serviced, and (ii) need not take
26 into account the effect of the management contract or service

1 agreement on competition.

2 (f) Except for small employer groups as defined in the
3 Small Employer Rating, Renewability and Portability Health
4 Insurance Act and except for medicare supplement policies as
5 defined in Section 363 of the Illinois Insurance Code, a
6 Health Maintenance Organization may by contract agree with a
7 group or other enrollment unit to effect refunds or charge
8 additional premiums under the following terms and conditions:

9 (i) the amount of, and other terms and conditions with
10 respect to, the refund or additional premium are set forth
11 in the group or enrollment unit contract agreed in advance
12 of the period for which a refund is to be paid or
13 additional premium is to be charged (which period shall
14 not be less than one year); and

15 (ii) the amount of the refund or additional premium
16 shall not exceed 20% of the Health Maintenance
17 Organization's profitable or unprofitable experience with
18 respect to the group or other enrollment unit for the
19 period (and, for purposes of a refund or additional
20 premium, the profitable or unprofitable experience shall
21 be calculated taking into account a pro rata share of the
22 Health Maintenance Organization's administrative and
23 marketing expenses, but shall not include any refund to be
24 made or additional premium to be paid pursuant to this
25 subsection (f)). The Health Maintenance Organization and
26 the group or enrollment unit may agree that the profitable

1 or unprofitable experience may be calculated taking into
2 account the refund period and the immediately preceding 2
3 plan years.

4 The Health Maintenance Organization shall include a
5 statement in the evidence of coverage issued to each enrollee
6 describing the possibility of a refund or additional premium,
7 and upon request of any group or enrollment unit, provide to
8 the group or enrollment unit a description of the method used
9 to calculate (1) the Health Maintenance Organization's
10 profitable experience with respect to the group or enrollment
11 unit and the resulting refund to the group or enrollment unit
12 or (2) the Health Maintenance Organization's unprofitable
13 experience with respect to the group or enrollment unit and
14 the resulting additional premium to be paid by the group or
15 enrollment unit.

16 In no event shall the Illinois Health Maintenance
17 Organization Guaranty Association be liable to pay any
18 contractual obligation of an insolvent organization to pay any
19 refund authorized under this Section.

20 (g) Rulemaking authority to implement Public Act 95-1045,
21 if any, is conditioned on the rules being adopted in
22 accordance with all provisions of the Illinois Administrative
23 Procedure Act and all rules and procedures of the Joint
24 Committee on Administrative Rules; any purported rule not so
25 adopted, for whatever reason, is unauthorized.

26 (Source: P.A. 103-84, eff. 1-1-24; 103-91, eff. 1-1-24;

1 103-123, eff. 1-1-24; 103-154, eff. 6-30-23; 103-420, eff.
2 1-1-24; 103-426, eff. 8-4-23; 103-445, eff. 1-1-24; 103-551,
3 eff. 8-11-23; 103-605, eff. 7-1-24; 103-618, eff. 1-1-25;
4 103-649, eff. 1-1-25; 103-656, eff. 1-1-25; 103-700, eff.
5 1-1-25; 103-718, eff. 7-19-24; 103-751, eff. 8-2-24; 103-753,
6 eff. 8-2-24; 103-758, eff. 1-1-25; 103-777, eff. 8-2-24;
7 103-808, eff. 1-1-26; 103-914, eff. 1-1-25; 103-918, eff.
8 1-1-25; 103-1024, eff. 1-1-25; 104-1, eff. 6-9-25; 104-28,
9 eff. 1-1-26; 104-42, eff. 8-1-25; 104-68, eff. 1-1-26; 104-73,
10 eff. 1-1-26; 104-98, eff. 1-1-26; 104-289, eff. 1-1-26;
11 104-324, eff. 1-1-26; 104-334, eff. 8-15-25; 104-379, eff.
12 1-1-26; 104-417, eff. 8-15-25; revised 11-21-25.)

13 Section 35. The Limited Health Service Organization Act is
14 amended by changing Section 4003 as follows:

15 (215 ILCS 130/4003) (from Ch. 73, par. 1504-3)

16 Sec. 4003. Illinois Insurance Code provisions. Limited
17 health service organizations shall be subject to the
18 provisions of Sections 133, 134, 136, 137, 139, 140, 141.1,
19 141.2, 141.3, 143, 143.31, 143c, 147, 148, 149, 151, 152, 153,
20 154, 154.5, 154.6, 154.7, 154.8, 155.04, 155.37, 155.49, 352c,
21 355.2, 355.3, 355b, 355d, 356m, 356q, 356v, 356z.4, 356z.4a,
22 356z.10, 356z.21, 356z.22, 356z.25, 356z.26, 356z.29, 356z.32,
23 356z.33, 356z.41, 356z.46, 356z.47, 356z.51, 356z.53, 356z.54,
24 356z.57, 356z.59, 356z.61, 356z.64, 356z.67, 356z.68, 356z.71,

1 356z.73, 356z.74, 356z.75, 356z.79, 356z.80, 356z.81, 356z.83,
2 356z.84, 356z.85, 364.3, 368a, 370a, 401, 401.1, 402, 403,
3 403A, 408, 408.2, 409, 412, 444, and 444.1 and Articles IIA,
4 VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, XXVI, ~~and~~ XXXIIB,
5 and XLVIII of the Illinois Insurance Code. Nothing in this
6 Section shall require a limited health care plan to cover any
7 service that is not a limited health service. For purposes of
8 the Illinois Insurance Code, except for Sections 444 and 444.1
9 and Articles XIII and XIII 1/2, limited health service
10 organizations in the following categories are deemed to be
11 domestic companies:

12 (1) a corporation under the laws of this State; or

13 (2) a corporation organized under the laws of another
14 state, 30% or more of the enrollees of which are residents
15 of this State, except a corporation subject to
16 substantially the same requirements in its state of
17 organization as is a domestic company under Article VIII
18 1/2 of the Illinois Insurance Code.

19 (Source: P.A. 103-84, eff. 1-1-24; 103-91, eff. 1-1-24;
20 103-420, eff. 1-1-24; 103-426, eff. 8-4-23; 103-445, eff.
21 1-1-24; 103-605, eff. 7-1-24; 103-649, eff. 1-1-25; 103-656,
22 eff. 1-1-25; 103-700, eff. 1-1-25; 103-718, eff. 7-19-24;
23 103-751, eff. 8-2-24; 103-758, eff. 1-1-25; 103-832, eff.
24 1-1-25; 103-1024, eff. 1-1-25; 104-1, eff. 6-9-25; 104-42,
25 eff. 8-1-25; 104-73, eff. 1-1-26; 104-98, eff. 1-1-26;
26 104-289, eff. 1-1-26; 104-324, eff. 1-1-26; 104-334, eff.

1 8-15-25; 104-379, eff. 1-1-26; 104-417, eff. 8-15-25; revised
2 11-21-25.)

1	INDEX	
2	Statutes amended in order of appearance	
3	20 ILCS 605/871 new	
4	30 ILCS 105/5.1038 new	
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6	215 ILCS 5/143.17	from Ch. 73, par. 755.17
7	215 ILCS 5/143.21e new	
8	215 ILCS 5/Art. XLVIII	
9	heading new	
10	215 ILCS 5/1801 new	
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23	215 ILCS 5/143.15 rep.	
24	215 ILCS 110/25	from Ch. 32, par. 690.25
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1 215 ILCS 130/4003

from Ch. 73, par. 1504-3