



Sen. Bill Cunningham

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LRB103 03216 BMS 60136 a

1 AMENDMENT TO SENATE BILL 762

2 AMENDMENT NO. _____. Amend Senate Bill 762 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by
5 changing Sections 408 and 534.4 and by adding Article XLVII as
6 follows:

7 (215 ILCS 5/408) (from Ch. 73, par. 1020)

8 Sec. 408. Fees and charges.

9 (1) The Director shall charge, collect and give proper
10 acquittances for the payment of the following fees and
11 charges:

12 (a) For filing all documents submitted for the
13 incorporation or organization or certification of a
14 domestic company, except for a fraternal benefit society,
15 \$2,000.

16 (b) For filing all documents submitted for the

1 incorporation or organization of a fraternal benefit
2 society, \$500.

3 (c) For filing amendments to articles of incorporation
4 and amendments to declaration of organization, except for
5 a fraternal benefit society, a mutual benefit association,
6 a burial society or a farm mutual, \$200.

7 (d) For filing amendments to articles of incorporation
8 of a fraternal benefit society, a mutual benefit
9 association or a burial society, \$100.

10 (e) For filing amendments to articles of incorporation
11 of a farm mutual, \$50.

12 (f) For filing bylaws or amendments thereto, \$50.

13 (g) For filing agreement of merger or consolidation:

14 (i) for a domestic company, except for a fraternal
15 benefit society, a mutual benefit association, a
16 burial society, or a farm mutual, \$2,000.

17 (ii) for a foreign or alien company, except for a
18 fraternal benefit society, \$600.

19 (iii) for a fraternal benefit society, a mutual
20 benefit association, a burial society, or a farm
21 mutual, \$200.

22 (h) For filing agreements of reinsurance by a domestic
23 company, \$200.

24 (i) For filing all documents submitted by a foreign or
25 alien company to be admitted to transact business or
26 accredited as a reinsurer in this State, except for a

1 fraternal benefit society, \$5,000.

2 (j) For filing all documents submitted by a foreign or
3 alien fraternal benefit society to be admitted to transact
4 business in this State, \$500.

5 (k) For filing declaration of withdrawal of a foreign
6 or alien company, \$50.

7 (l) For filing annual statement by a domestic company,
8 except a fraternal benefit society, a mutual benefit
9 association, a burial society, or a farm mutual, \$200.

10 (m) For filing annual statement by a domestic
11 fraternal benefit society, \$100.

12 (n) For filing annual statement by a farm mutual, a
13 mutual benefit association, or a burial society, \$50.

14 (o) For issuing a certificate of authority or renewal
15 thereof except to a foreign fraternal benefit society,
16 \$400.

17 (p) For issuing a certificate of authority or renewal
18 thereof to a foreign fraternal benefit society, \$200.

19 (q) For issuing an amended certificate of authority,
20 \$50.

21 (r) For each certified copy of certificate of
22 authority, \$20.

23 (s) For each certificate of deposit, or valuation, or
24 compliance or surety certificate, \$20.

25 (t) For copies of papers or records per page, \$1.

26 (u) For each certification to copies of papers or

1 records, \$10.

2 (v) For multiple copies of documents or certificates
3 listed in subparagraphs (r), (s), and (u) of paragraph (1)
4 of this Section, \$10 for the first copy of a certificate of
5 any type and \$5 for each additional copy of the same
6 certificate requested at the same time, unless, pursuant
7 to paragraph (2) of this Section, the Director finds these
8 additional fees excessive.

9 (w) For issuing a permit to sell shares or increase
10 paid-up capital:

11 (i) in connection with a public stock offering,
12 \$300;

13 (ii) in any other case, \$100.

14 (x) For issuing any other certificate required or
15 permissible under the law, \$50.

16 (y) For filing a plan of exchange of the stock of a
17 domestic stock insurance company, a plan of
18 demutualization of a domestic mutual company, or a plan of
19 reorganization under Article XII, \$2,000.

20 (z) For filing a statement of acquisition of a
21 domestic company as defined in Section 131.4 of this Code,
22 \$2,000.

23 (aa) For filing an agreement to purchase the business
24 of an organization authorized under the Dental Service
25 Plan Act or the Voluntary Health Services Plans Act or of a
26 health maintenance organization or a limited health

1 service organization, \$2,000.

2 (bb) For filing a statement of acquisition of a
3 foreign or alien insurance company as defined in Section
4 131.12a of this Code, \$1,000.

5 (cc) For filing a registration statement as required
6 in Sections 131.13 and 131.14, the notification as
7 required by Sections 131.16, 131.20a, or 141.4, or an
8 agreement or transaction required by Sections 124.2(2),
9 141, 141a, or 141.1, \$200.

10 (dd) For filing an application for licensing of:

11 (i) a religious or charitable risk pooling trust
12 or a workers' compensation pool, \$1,000;

13 (ii) a workers' compensation service company,
14 \$500;

15 (iii) a self-insured automobile fleet, \$200; or

16 (iv) a renewal of or amendment of any license
17 issued pursuant to (i), (ii), or (iii) above, \$100.

18 (ee) For filing articles of incorporation for a
19 syndicate to engage in the business of insurance through
20 the Illinois Insurance Exchange, \$2,000.

21 (ff) For filing amended articles of incorporation for
22 a syndicate engaged in the business of insurance through
23 the Illinois Insurance Exchange, \$100.

24 (gg) For filing articles of incorporation for a
25 limited syndicate to join with other subscribers or
26 limited syndicates to do business through the Illinois

1 Insurance Exchange, \$1,000.

2 (hh) For filing amended articles of incorporation for
3 a limited syndicate to do business through the Illinois
4 Insurance Exchange, \$100.

5 (ii) For a permit to solicit subscriptions to a
6 syndicate or limited syndicate, \$100.

7 (jj) For the filing of each form as required in
8 Section 143 of this Code, \$50 per form. Informational and
9 advertising filings shall be \$25 per filing. The fee for
10 advisory and rating organizations shall be \$200 per form.

11 (i) For the purposes of the form filing fee,
12 filings made on insert page basis will be considered
13 one form at the time of its original submission.
14 Changes made to a form subsequent to its approval
15 shall be considered a new filing.

16 (ii) Only one fee shall be charged for a form,
17 regardless of the number of other forms or policies
18 with which it will be used.

19 (iii) Fees charged for a policy filed as it will be
20 issued regardless of the number of forms comprising
21 that policy shall not exceed \$1,500. For advisory or
22 rating organizations, fees charged for a policy filed
23 as it will be issued regardless of the number of forms
24 comprising that policy shall not exceed \$2,500.

25 (iv) The Director may by rule exempt forms from
26 such fees.

1 (kk) For filing an application for licensing of a
2 reinsurance intermediary, \$500.

3 (ll) For filing an application for renewal of a
4 license of a reinsurance intermediary, \$200.

5 (mm) For filing a plan of division of a domestic stock
6 company under Article IIB, \$10,000.

7 (nn) For filing all documents submitted by a foreign
8 or alien company to be a certified reinsurer in this
9 State, except for a fraternal benefit society, \$1,000.

10 (oo) For filing a renewal by a foreign or alien
11 company to be a certified reinsurer in this State, except
12 for a fraternal benefit society, \$400.

13 (pp) For filing all documents submitted by a reinsurer
14 domiciled in a reciprocal jurisdiction, \$1,000.

15 (qq) For filing a renewal by a reinsurer domiciled in
16 a reciprocal jurisdiction, \$400.

17 (rr) For registering a captive management company or
18 renewal thereof, \$50.

19 (ss) For filing an insurance business transfer plan
20 under Article XLVII, \$25,000.

21 (2) When printed copies or numerous copies of the same
22 paper or records are furnished or certified, the Director may
23 reduce such fees for copies if he finds them excessive. He may,
24 when he considers it in the public interest, furnish without
25 charge to state insurance departments and persons other than
26 companies, copies or certified copies of reports of

1 examinations and of other papers and records.

2 (3) The expenses incurred in any performance examination
3 authorized by law shall be paid by the company or person being
4 examined. The charge shall be reasonably related to the cost
5 of the examination including but not limited to compensation
6 of examiners, electronic data processing costs, supervision
7 and preparation of an examination report and lodging and
8 travel expenses. All lodging and travel expenses shall be in
9 accord with the applicable travel regulations as published by
10 the Department of Central Management Services and approved by
11 the Governor's Travel Control Board, except that out-of-state
12 lodging and travel expenses related to examinations authorized
13 under Section 132 shall be in accordance with travel rates
14 prescribed under paragraph 301-7.2 of the Federal Travel
15 Regulations, 41 C.F.R. 301-7.2, for reimbursement of
16 subsistence expenses incurred during official travel. All
17 lodging and travel expenses may be reimbursed directly upon
18 authorization of the Director. With the exception of the
19 direct reimbursements authorized by the Director, all
20 performance examination charges collected by the Department
21 shall be paid to the Insurance Producer Administration Fund,
22 however, the electronic data processing costs incurred by the
23 Department in the performance of any examination shall be
24 billed directly to the company being examined for payment to
25 the Technology Management Revolving Fund.

26 (4) At the time of any service of process on the Director

1 as attorney for such service, the Director shall charge and
2 collect the sum of \$40, which may be recovered as taxable costs
3 by the party to the suit or action causing such service to be
4 made if he prevails in such suit or action.

5 (5) (a) The costs incurred by the Department of Insurance
6 in conducting any hearing authorized by law shall be assessed
7 against the parties to the hearing in such proportion as the
8 Director of Insurance may determine upon consideration of all
9 relevant circumstances including: (1) the nature of the
10 hearing; (2) whether the hearing was instigated by, or for the
11 benefit of a particular party or parties; (3) whether there is
12 a successful party on the merits of the proceeding; and (4) the
13 relative levels of participation by the parties.

14 (b) For purposes of this subsection (5) costs incurred
15 shall mean the hearing officer fees, court reporter fees, and
16 travel expenses of Department of Insurance officers and
17 employees; provided however, that costs incurred shall not
18 include hearing officer fees or court reporter fees unless the
19 Department has retained the services of independent
20 contractors or outside experts to perform such functions.

21 (c) The Director shall make the assessment of costs
22 incurred as part of the final order or decision arising out of
23 the proceeding; provided, however, that such order or decision
24 shall include findings and conclusions in support of the
25 assessment of costs. This subsection (5) shall not be
26 construed as permitting the payment of travel expenses unless

1 calculated in accordance with the applicable travel
2 regulations of the Department of Central Management Services,
3 as approved by the Governor's Travel Control Board. The
4 Director as part of such order or decision shall require all
5 assessments for hearing officer fees and court reporter fees,
6 if any, to be paid directly to the hearing officer or court
7 reporter by the party(s) assessed for such costs. The
8 assessments for travel expenses of Department officers and
9 employees shall be reimbursable to the Director of Insurance
10 for deposit to the fund out of which those expenses had been
11 paid.

12 (d) The provisions of this subsection (5) shall apply in
13 the case of any hearing conducted by the Director of Insurance
14 not otherwise specifically provided for by law.

15 (6) The Director shall charge and collect an annual
16 financial regulation fee from every domestic company for
17 examination and analysis of its financial condition and to
18 fund the internal costs and expenses of the Interstate
19 Insurance Receivership Commission as may be allocated to the
20 State of Illinois and companies doing an insurance business in
21 this State pursuant to Article X of the Interstate Insurance
22 Receivership Compact. The fee shall be the greater fixed
23 amount based upon the combination of nationwide direct premium
24 income and nationwide reinsurance assumed premium income or
25 upon admitted assets calculated under this subsection as
26 follows:

1 (a) Combination of nationwide direct premium income
2 and nationwide reinsurance assumed premium.

3 (i) \$150, if the premium is less than \$500,000 and
4 there is no reinsurance assumed premium;

5 (ii) \$750, if the premium is \$500,000 or more, but
6 less than \$5,000,000 and there is no reinsurance
7 assumed premium; or if the premium is less than
8 \$5,000,000 and the reinsurance assumed premium is less
9 than \$10,000,000;

10 (iii) \$3,750, if the premium is less than
11 \$5,000,000 and the reinsurance assumed premium is
12 \$10,000,000 or more;

13 (iv) \$7,500, if the premium is \$5,000,000 or more,
14 but less than \$10,000,000;

15 (v) \$18,000, if the premium is \$10,000,000 or
16 more, but less than \$25,000,000;

17 (vi) \$22,500, if the premium is \$25,000,000 or
18 more, but less than \$50,000,000;

19 (vii) \$30,000, if the premium is \$50,000,000 or
20 more, but less than \$100,000,000;

21 (viii) \$37,500, if the premium is \$100,000,000 or
22 more.

23 (b) Admitted assets.

24 (i) \$150, if admitted assets are less than
25 \$1,000,000;

26 (ii) \$750, if admitted assets are \$1,000,000 or

1 more, but less than \$5,000,000;

2 (iii) \$3,750, if admitted assets are \$5,000,000 or
3 more, but less than \$25,000,000;

4 (iv) \$7,500, if admitted assets are \$25,000,000 or
5 more, but less than \$50,000,000;

6 (v) \$18,000, if admitted assets are \$50,000,000 or
7 more, but less than \$100,000,000;

8 (vi) \$22,500, if admitted assets are \$100,000,000
9 or more, but less than \$500,000,000;

10 (vii) \$30,000, if admitted assets are \$500,000,000
11 or more, but less than \$1,000,000,000;

12 (viii) \$37,500, if admitted assets are
13 \$1,000,000,000 or more.

14 (c) The sum of financial regulation fees charged to
15 the domestic companies of the same affiliated group shall
16 not exceed \$250,000 in the aggregate in any single year
17 and shall be billed by the Director to the member company
18 designated by the group.

19 (7) The Director shall charge and collect an annual
20 financial regulation fee from every foreign or alien company,
21 except fraternal benefit societies, for the examination and
22 analysis of its financial condition and to fund the internal
23 costs and expenses of the Interstate Insurance Receivership
24 Commission as may be allocated to the State of Illinois and
25 companies doing an insurance business in this State pursuant
26 to Article X of the Interstate Insurance Receivership Compact.

1 The fee shall be a fixed amount based upon Illinois direct
2 premium income and nationwide reinsurance assumed premium
3 income in accordance with the following schedule:

4 (a) \$150, if the premium is less than \$500,000 and
5 there is no reinsurance assumed premium;

6 (b) \$750, if the premium is \$500,000 or more, but less
7 than \$5,000,000 and there is no reinsurance assumed
8 premium; or if the premium is less than \$5,000,000 and the
9 reinsurance assumed premium is less than \$10,000,000;

10 (c) \$3,750, if the premium is less than \$5,000,000 and
11 the reinsurance assumed premium is \$10,000,000 or more;

12 (d) \$7,500, if the premium is \$5,000,000 or more, but
13 less than \$10,000,000;

14 (e) \$18,000, if the premium is \$10,000,000 or more,
15 but less than \$25,000,000;

16 (f) \$22,500, if the premium is \$25,000,000 or more,
17 but less than \$50,000,000;

18 (g) \$30,000, if the premium is \$50,000,000 or more,
19 but less than \$100,000,000;

20 (h) \$37,500, if the premium is \$100,000,000 or more.

21 The sum of financial regulation fees under this subsection
22 (7) charged to the foreign or alien companies within the same
23 affiliated group shall not exceed \$250,000 in the aggregate in
24 any single year and shall be billed by the Director to the
25 member company designated by the group.

26 (8) Beginning January 1, 1992, the financial regulation

1 fees imposed under subsections (6) and (7) of this Section
2 shall be paid by each company or domestic affiliated group
3 annually. After January 1, 1994, the fee shall be billed by
4 Department invoice based upon the company's premium income or
5 admitted assets as shown in its annual statement for the
6 preceding calendar year. The invoice is due upon receipt and
7 must be paid no later than June 30 of each calendar year. All
8 financial regulation fees collected by the Department shall be
9 paid to the Insurance Financial Regulation Fund. The
10 Department may not collect financial examiner per diem charges
11 from companies subject to subsections (6) and (7) of this
12 Section undergoing financial examination after June 30, 1992.

13 (9) In addition to the financial regulation fee required
14 by this Section, a company undergoing any financial
15 examination authorized by law shall pay the following costs
16 and expenses incurred by the Department: electronic data
17 processing costs, the expenses authorized under Section 131.21
18 and subsection (d) of Section 132.4 of this Code, and lodging
19 and travel expenses.

20 Electronic data processing costs incurred by the
21 Department in the performance of any examination shall be
22 billed directly to the company undergoing examination for
23 payment to the Technology Management Revolving Fund. Except
24 for direct reimbursements authorized by the Director or direct
25 payments made under Section 131.21 or subsection (d) of
26 Section 132.4 of this Code, all financial regulation fees and

1 all financial examination charges collected by the Department
2 shall be paid to the Insurance Financial Regulation Fund.

3 All lodging and travel expenses shall be in accordance
4 with applicable travel regulations published by the Department
5 of Central Management Services and approved by the Governor's
6 Travel Control Board, except that out-of-state lodging and
7 travel expenses related to examinations authorized under
8 Sections 132.1 through 132.7 shall be in accordance with
9 travel rates prescribed under paragraph 301-7.2 of the Federal
10 Travel Regulations, 41 C.F.R. 301-7.2, for reimbursement of
11 subsistence expenses incurred during official travel. All
12 lodging and travel expenses may be reimbursed directly upon
13 the authorization of the Director.

14 In the case of an organization or person not subject to the
15 financial regulation fee, the expenses incurred in any
16 financial examination authorized by law shall be paid by the
17 organization or person being examined. The charge shall be
18 reasonably related to the cost of the examination including,
19 but not limited to, compensation of examiners and other costs
20 described in this subsection.

21 (10) Any company, person, or entity failing to make any
22 payment of \$150 or more as required under this Section shall be
23 subject to the penalty and interest provisions provided for in
24 subsections (4) and (7) of Section 412.

25 (11) Unless otherwise specified, all of the fees collected
26 under this Section shall be paid into the Insurance Financial

1 Regulation Fund.

2 (12) For purposes of this Section:

3 (a) "Domestic company" means a company as defined in
4 Section 2 of this Code which is incorporated or organized
5 under the laws of this State, and in addition includes a
6 not-for-profit corporation authorized under the Dental
7 Service Plan Act or the Voluntary Health Services Plans
8 Act, a health maintenance organization, and a limited
9 health service organization.

10 (b) "Foreign company" means a company as defined in
11 Section 2 of this Code which is incorporated or organized
12 under the laws of any state of the United States other than
13 this State and in addition includes a health maintenance
14 organization and a limited health service organization
15 which is incorporated or organized under the laws of any
16 state of the United States other than this State.

17 (c) "Alien company" means a company as defined in
18 Section 2 of this Code which is incorporated or organized
19 under the laws of any country other than the United
20 States.

21 (d) "Fraternal benefit society" means a corporation,
22 society, order, lodge or voluntary association as defined
23 in Section 282.1 of this Code.

24 (e) "Mutual benefit association" means a company,
25 association or corporation authorized by the Director to
26 do business in this State under the provisions of Article

1 XVIII of this Code.

2 (f) "Burial society" means a person, firm,
3 corporation, society or association of individuals
4 authorized by the Director to do business in this State
5 under the provisions of Article XIX of this Code.

6 (g) "Farm mutual" means a district, county and
7 township mutual insurance company authorized by the
8 Director to do business in this State under the provisions
9 of the Farm Mutual Insurance Company Act of 1986.

10 (Source: P.A. 102-775, eff. 5-13-22.)

11 (215 ILCS 5/534.4) (from Ch. 73, par. 1065.84-4)

12 Sec. 534.4. "Insolvent company" means a company organized
13 as a stock company, mutual company, reciprocal or Lloyds (a)
14 which holds a certificate of authority to transact insurance
15 in this State either at the time the policy was issued or when
16 the insured event occurred, or any company which has assumed
17 or has been allocated such policy obligation through merger,
18 division, insurance business transfer, consolidation, or
19 reinsurance, whether or not such assuming company held a
20 certificate of authority to transact insurance in this State
21 at the time such policy was issued or when the insured event
22 occurred; and (b) against which a final Order of Liquidation
23 with a finding of insolvency to which there is no further right
24 of appeal has been entered by a court of competent
25 jurisdiction in the company's State of domicile after the

1 effective date of this Article.

2 (Source: P.A. 100-1190, eff. 4-5-19.)

3 (215 ILCS 5/Art. XLVII heading new)

4 ARTICLE XLVII. INSURANCE BUSINESS TRANSFERS

5 (215 ILCS 5/1701 new)

6 Sec. 1701. Short title. This Article may be cited as the
7 Insurance Business Transfer Law.

8 (215 ILCS 5/1703 new)

9 Sec. 1703. Purpose and intent. The purpose of this Article
10 is to provide a mechanism for insurers to transfer or assume
11 blocks of insurance business in an efficient and
12 cost-effective manner that provides needed legal finality for
13 such transfers in order to provide for improved operational
14 and capital efficiency for insurance companies, while
15 protecting the interests of the policyholders, reinsurers, and
16 claimants of the subject business. This new process is
17 intended to stimulate the economy by attracting segments of
18 the insurance industry to this State, make this State an
19 attractive home jurisdiction for insurance companies,
20 encourage economic growth and increased investment in the
21 financial services sector, and increase the availability of
22 quality insurance industry jobs in this State. These purposes
23 are accomplished by providing a basis and procedures for the

1 transfer and statutory novation of policies from a
2 transferring insurer to an assuming insurer by way of an
3 insurance business transfer without the affirmative consent of
4 policyholders or reinsureds, but with consideration of their
5 interests. This Article establishes the requirements for
6 notice and disclosure and standards and procedures for the
7 approval of the transfer and novation by a court pursuant to an
8 insurance business transfer plan. This Article does not limit
9 or restrict other means of effecting a transfer or novation.

10 (215 ILCS 5/1705 new)

11 Sec. 1705. Definitions. As used in this Article:

12 "Affiliate" means a person that directly or indirectly,
13 through one or more intermediaries, controls, is controlled
14 by, or is under common control with the person specified.

15 "Applicant" means a transferring insurer or reinsurer
16 applying under this Article.

17 "Assuming insurer" means an insurer domiciled in Illinois
18 and authorized to transact the type of business described in
19 clause (c) of Class 1, clauses (b) through (l) of Class 2, or
20 Class 3 of Section 4 that seeks to assume policies from a
21 transferring insurer pursuant to this Article.

22 "Court" means the circuit court of Sangamon County or Cook
23 County.

24 "Department" means the Department of Insurance.

25 "Director" means the Director of Insurance.

1 "Implementation order" means an order issued by a court
2 under this Article.

3 "Insurance business transfer" means a transfer and
4 novation that, once approved pursuant to this Article,
5 transfers insurance obligations or risks, or both, of existing
6 or in-force contracts of insurance or reinsurance from a
7 transferring insurer to an assuming insurer, and effects a
8 novation of the transferred contracts of insurance or
9 reinsurance with the result that the assuming insurer becomes
10 directly liable to the policyholders of the transferring
11 insurer and the transferring insurer's insurance obligations
12 or risks, or both, under the contracts are extinguished.

13 "Insurance business transfer plan" means the plan
14 submitted to the Department to accomplish the transfer and
15 novation pursuant to an insurance business transfer, including
16 any associated transfer of assets and rights from or on behalf
17 of the transferring insurer to the assuming insurer. An
18 "insurance business transfer plan" is limited to the types of
19 insurance described in clause (c) of Class 1, clauses (b)
20 through (l) of Class 2, or Class 3 of Section 4.

21 "Independent expert" means the impartial person procured
22 to assist the Director and the court in connection with their
23 review of a proposed transaction. The independent expert
24 shall:

25 (i) have no current or past, direct or indirect,
26 financial interest in either the assuming insurer or

1 transferring insurer or any of their respective
2 affiliates,

3 (ii) have not been employed by or acted as an officer,
4 director, consultant, or other independent contractor for
5 either the assuming insurer or transferring insurer or any
6 of their respective affiliates within the past 12 months,

7 (iii) not currently be appointed by the Director to
8 assist in any capacity in any proceeding initiated under
9 Article XIII, and

10 (iv) receive no compensation in connection with the
11 transaction governed by this Article other than a fee
12 based on a fixed or hourly basis that is not contingent on
13 the approval or consummation of an insurance business
14 transfer.

15 "Insurer" means an insurance, surety, or reinsurance
16 company, corporation, partnership, association, society,
17 order, individual, or aggregation of individuals engaging in
18 or proposing or attempting to engage in insurance or surety
19 business, including the exchanging of reciprocal or
20 inter-insurance contracts between individuals, partnerships,
21 and corporations.

22 "Policy" means a policy, certificate of insurance, or a
23 contract of reinsurance pursuant to which an insurer agrees to
24 assume an obligation or risk, or both, of the policyholder or
25 to make payments on behalf of, or to, the policyholder or its
26 beneficiaries, and includes property and casualty insurance.

1 "Policy" does not include any policy, contract, or certificate
2 of life, accident, or health insurance, including those
3 defined in clause (a) or (b) of Class 1 or clause (a) of Class
4 2 of Section 4.

5 "Policyholder" means an insured or a reinsured under a
6 policy that is part of the subject business.

7 "State guaranty association" means the Illinois Insurance
8 Guaranty Fund, the Illinois Life and Health Guaranty
9 Association, or any similar organization in another state.

10 "Subject business" means the policy or policies that are
11 the subject of the insurance business transfer plan.

12 "Transfer and novation" means the transfer of insurance
13 obligations or risks, or both, of existing or in-force
14 policies from a transferring insurer to an assuming insurer
15 that is intended to effect a novation of the transferred
16 policies with the result that the assuming insurer becomes
17 directly liable to the policyholders of the transferring
18 insurer on the transferred policies and the transferring
19 insurer's obligations or risks, or both, under the transferred
20 policies are extinguished.

21 "Transferring insurer" means an insurer or reinsurer that
22 transfers and novates or seeks to transfer and novate
23 obligations or risks, or both, under one or more policies to an
24 assuming insurer pursuant to an insurance business transfer
25 plan.

1 (215 ILCS 5/1710 new)

2 Sec. 1710. Court authority. Notwithstanding any other
3 provision of law, a court may issue any order, process, or
4 judgment that is necessary or appropriate to carry out the
5 provisions of this Article. No provision of this Article shall
6 be construed to preclude a court from, on its own motion,
7 taking any action or making any determination necessary or
8 appropriate to enforce or implement court orders or rules or
9 to prevent an abuse of power.

10 (215 ILCS 5/1715 new)

11 Sec. 1715. Notice requirements.

12 (a) Whenever notice is required to be given by an
13 applicant under this Article, except as otherwise permitted by
14 a court or the Director, the applicant shall within 15 days
15 after the event triggering the requirement transmit the
16 notice:

17 (1) to the chief insurance regulator in each
18 jurisdiction:

19 (A) in which the applicant holds or has ever held a
20 certificate of authority; and

21 (B) in which policies that are part of the subject
22 business were issued or policyholders currently
23 reside;

24 (2) to the National Conference of Insurance Guaranty
25 Funds, the National Organization of Life and Health

1 Insurance Guaranty Associations, and all state insurance
2 guaranty associations for the states:

3 (A) in which the applicant holds or has ever held a
4 certificate of authority; and

5 (B) in which policies that are part of the subject
6 business were issued or policyholders currently
7 reside;

8 (3) to reinsurers of the applicant pursuant to the
9 notice provisions of the reinsurance agreements applicable
10 to the policies that are part of the subject business or,
11 where an agreement has no provision for notice, by
12 internationally recognized delivery service;

13 (4) to all policyholders holding policies that are
14 part of the subject business at their last known address
15 as indicated by the records of the applicant or to the
16 address to which premium notices or other policy documents
17 are sent. A notice of transfer shall also be sent to the
18 transferring insurer's agents or brokers of record on the
19 subject business; and

20 (5) by publication in a newspaper of general
21 circulation in the state in which the applicant has its
22 principal place of business and in such other publications
23 that the Director requires.

24 (b) If notice is given in accordance with this Section,
25 any orders under this Article shall be conclusive with respect
26 to all intended recipients of the notice whether or not they

1 receive actual notice.

2 (c) If this Article requires that the applicant provide
3 notice but the Director has been named receiver of the
4 applicant pursuant to Article XIII, the Director shall provide
5 the required notice.

6 (d) Notice under this Section may take the form of
7 first-class mail, facsimile, or electronic notice. The court
8 may order that notice take a specific form.

9 (215 ILCS 5/1720 new)

10 Sec. 1720. Application procedure.

11 (a) Before filing an insurance business transfer plan, the
12 applicant shall file with the Department a notice of its
13 intention to file a plan and shall pay the required fee. Upon
14 request, the applicant and the assuming insurer shall provide
15 the Department with any information necessary for the
16 Department to procure an independent expert that meets the
17 requirements of this Article.

18 (b) An insurance business transfer plan shall be filed by
19 the applicant with the Director for his or her review and
20 approval. The plan may be supplemented by other information
21 deemed necessary by the Director, and shall contain the
22 following information or an explanation as to why the
23 following information is not included:

24 (1) the name, address, and telephone number of the
25 transferring insurer and the assuming insurer and their

1 respective direct and indirect controlling persons, if
2 any;

3 (2) a summary of the insurance business transfer plan;

4 (3) an identification and description of the subject
5 business;

6 (4) the most recent audited financial statements and
7 statutory annual and quarterly reports of the transferring
8 insurer and the assuming insurer filed with their
9 domiciliary regulator;

10 (5) the most recent actuarial report and opinion that
11 quantify the liabilities associated with the subject
12 business;

13 (6) pro forma financial statements showing the
14 projected statutory balance sheet, results of operation,
15 and cash flows of the assuming insurer for the 3 years
16 following the proposed transfer and novation;

17 (7) officers' certificates of the transferring insurer
18 and the assuming insurer attesting that each has obtained
19 all required internal approvals and authorizations
20 regarding the insurance business transfer plan and
21 completed all necessary and appropriate actions relating
22 thereto;

23 (8) a proposal for plan implementation and
24 administration, including the form of notice to be
25 provided under the insurance business transfer plan to any
26 policyholder whose policy is part of the subject business;

1 (9) a full description as to how notice under the
2 insurance business transfer plan shall be provided;

3 (10) a description of any reinsurance arrangements
4 that would pass to the assuming insurer under the
5 insurance business transfer plan;

6 (11) a description of any guarantees or additional
7 reinsurance that will cover the subject business following
8 the transfer and novation;

9 (12) a statement describing the assuming insurer's
10 proposed investment policies and any contemplated
11 third-party claims management and administration
12 arrangements;

13 (13) a description of how the transferring and
14 assuming insurers will be licensed for the purpose of
15 preserving state guaranty association coverage;

16 (14) a description of the financial implications of
17 the transaction including solvency, capital adequacy, cash
18 flow, reserves, asset quality, and risk-based capital;

19 (15) an analysis of the assuming insurer's corporate
20 governance structure to ensure that there is proper board
21 management oversight and expertise to manage the subject
22 business;

23 (16) an evaluation of the competency, experience, and
24 integrity of the persons who would control the operation
25 of an involved insurer;

26 (17) a certified statement that the transaction is not

1 being made for improper purposes, including fraud;

2 (18) evidence of approval or nonobjection of the
3 transfer from the chief insurance regulator of the state
4 of the transferring insurer's domicile; and

5 (19) a report from the independent expert that shall
6 provide the following:

7 (A) a statement of the independent expert's
8 professional qualifications and descriptions of the
9 experience that qualifies him or her as an expert
10 suitable for the engagement;

11 (B) a certified statement from the independent
12 expert that he or she meets the standards for an
13 independent expert under this Article;

14 (C) a description of the scope of the report;

15 (D) a summary of the terms of the insurance
16 business transfer plan to the extent relevant to the
17 report;

18 (E) a listing and summaries of documents, reports,
19 and other material information the independent expert
20 has considered in preparing the report and whether any
21 information requested was not provided;

22 (F) the extent to which the independent expert has
23 relied on information provided by or judgment of
24 others;

25 (G) the people on whom the independent expert has
26 relied and why, in his or her opinion, such reliance is

1 reasonable;

2 (H) the independent expert's opinion of the likely
3 effects of the insurance business transfer plan on
4 policyholders, reinsurers, and claimants,
5 distinguishing between:

6 (i) transferring policyholders, reinsurers,
7 and claimants;

8 (ii) policyholders, reinsurers, and claimants
9 of the transferring insurer whose policies will
10 not be transferred; and

11 (iii) policyholders, reinsurers, and claimants
12 of the assuming insurer;

13 (I) the facts and circumstances supporting each
14 opinion that the independent expert expresses in the
15 report; and

16 (J) consideration as to whether the security
17 position of policyholders that are affected by the
18 insurance business transfer are materially adversely
19 affected by the transfer, including, but not limited
20 to, state guaranty association coverage.

21 (c) The independent expert's report as required by
22 paragraph (19) of subsection (b) shall also include, but not
23 be limited to, a review of and report on the following:

24 (1) analysis of the transferring insurer's actuarial
25 review of resources for the subject business to determine
26 the reserve adequacy;

1 (2) analysis of the financial condition of the
2 transferring and assuming insurers and the effect the
3 transfer will have on the financial condition of each
4 company;

5 (3) review of the plans or proposals the assuming
6 insurer has with respect to the administration of the
7 policies subject to the proposed transfer;

8 (4) whether the proposed transfer has a material,
9 adverse impact on the policyholders, reinsurers, and
10 claimants of the transferring and the assuming insurers;

11 (5) analysis of the assuming insurer's corporate
12 governance structure to ensure that there is proper board
13 and management oversight and expertise to manage the
14 subject business;

15 (6) analysis of whether any policyholder or group of
16 policyholders will lose or gain state guaranty association
17 coverage as a result of the transaction; and

18 (7) any other information that the Director requests
19 in order to review the insurance business transfer.

20 (d) After the receipt of a complete insurance business
21 transfer plan, the Director shall review the plan to determine
22 if the applicant is authorized to submit it to a court.

23 (e) The Director shall authorize the submission of the
24 insurance business transfer plan to a court unless he or she
25 finds that the insurance business transfer would have a
26 material adverse impact on the interests of policyholders,

1 reinsurers, or claimants that are part of the subject
2 business.

3 (f) If the Director determines that the insurance business
4 transfer would have a material adverse impact on the interests
5 of policyholders, reinsurers, or claimants that are part of
6 the subject business, he or she shall notify the applicant and
7 specify any modifications, supplements, or amendments and any
8 additional information or documentation with respect to the
9 plan that must be provided to the Director before he or she
10 shall allow the applicant to proceed with the court filing.

11 (g) The applicant shall have 30 days following the date
12 the Director notifies him or her of a determination under
13 subsection (f) to file an amended insurance business transfer
14 plan providing the modifications, supplements, or amendments
15 and additional information or documentation as requested by
16 the Director. If necessary, the applicant may request in
17 writing an extension of time of 30 days. If the applicant does
18 not make an amended filing within the time period provided in
19 this subsection, including any extension of time granted by
20 the Director, the insurance business transfer plan filing
21 shall terminate and a subsequent filing by the applicant shall
22 be considered a new filing which shall require compliance with
23 all provisions of this Article as if the prior filing had never
24 been made.

25 (h) When the modification, supplement, amendment, or
26 additional information requested in subsection (f) is

1 received, the Director shall review the amended plan in
2 accordance with subsection (c).

3 (i) If the Director determines that the plan may proceed
4 with the court filing, the Director shall confirm that fact in
5 writing to the applicant.

6 (215 ILCS 5/1725 new)

7 Sec. 1725. Application to the court for approval of a
8 plan.

9 (a) Within 30 days after notice from the Director that the
10 applicant may proceed with the court filing, the applicant
11 shall apply to the court for approval of the insurance
12 business transfer plan. Upon written request by the applicant,
13 the Director may extend the period for filing an application
14 with the court for an additional 30 days.

15 (b) The applicant shall inform the court of the reasons
16 why he or she petitions the court to find no material adverse
17 impact to policyholders, reinsurers, or claimants affected by
18 the proposed transfer.

19 (c) The application shall be in the form of a verified
20 petition for implementation of the insurance business transfer
21 plan in the court. The petition shall include the insurance
22 business transfer plan and shall identify any documents and
23 witnesses which the applicant intends to present at a hearing
24 regarding the petition.

25 (d) The Director shall be a party to the proceedings

1 before the court concerning the petition and shall be served
2 with copies of all filings. The Director's position in the
3 proceeding shall not be limited by his or her initial review of
4 the plan. The Director shall have all the rights of a litigant
5 under the Illinois Supreme Court Rules and the Code of Civil
6 Procedure, including, but not limited to, the right to appeal.

7 (e) Following the filing of the petition, the applicant
8 shall file a motion for a scheduling order setting a hearing on
9 the petition.

10 (f) Within 15 days after receipt of the scheduling order,
11 the applicant shall cause notice of the hearing to be provided
12 in accordance with the notice provisions of Section 1715.
13 Following the date of distribution of the notice, there shall
14 be a 60-day comment period. The notice and all comments
15 received shall be part of the court record.

16 (g) The notice shall be filed with and approved by the
17 court before distribution, and the Director shall be given the
18 opportunity to review and comment on the sufficiency of the
19 notice before court approval. The notice shall state or
20 provide:

21 (1) the date and time of the approval hearing;

22 (2) the name, address, and telephone number of the
23 assuming insurer and transferring insurer;

24 (3) that the recipient may comment on or object to the
25 transfer and novation;

26 (4) the procedures and deadline for submitting

1 comments or objections on the plan;

2 (5) a summary of any effect that the transfer and
3 novation will have on the policyholder's rights;

4 (6) a statement that the assuming insurer is
5 authorized to assume the subject business and that court
6 approval of the plan shall extinguish all rights of
7 policyholders under policies that are part of the subject
8 business against the transferring insurer;

9 (7) a statement regarding whether any policyholder or
10 group of policyholders may or will lose or gain state
11 guaranty association coverage as a result of the transfer
12 and the implication of losing or gaining state guaranty
13 association coverage;

14 (8) that recipients shall not have the opportunity to
15 opt out of or otherwise reject the transfer and novation;

16 (9) contact information for the Department where the
17 policyholder may obtain further information;

18 (10) information on how an electronic copy of the
19 insurance business transfer plan may be accessed. If
20 policyholders are unable to readily access electronic
21 copies, the applicant shall provide hard copies by
22 first-class mail; and

23 (11) any other information that the court may require.

24 (h) Any person, including by their legal representative,
25 who considers himself, herself, or itself to be adversely
26 affected can present evidence or comments to the court at the

1 approval hearing. Any person participating in the approval
2 hearing must follow the process established by the court and
3 shall bear his or her own costs and attorney's fees.

4 (215 ILCS 5/1730 new)

5 Sec. 1730. Approval; denial; insurance business transfer
6 plans.

7 (a) After the comment period pursuant to subsection (f) of
8 Section 1725 has ended the insurance business transfer plan
9 shall be presented by the applicant for approval by the court.

10 (b) At any time before the court issues an order approving
11 the insurance business transfer plan, the applicant may
12 withdraw the petition without prejudice.

13 (c) If the court finds that the implementation of the
14 insurance business transfer plan would not materially
15 adversely affect the interests of policyholders, reinsurers,
16 or claimants that are part of the subject business, the court
17 shall enter a judgment and implementation order. The judgment
18 and implementation order shall:

19 (1) order implementation of the insurance business
20 transfer plan;

21 (2) order a statutory novation with respect to all
22 policyholders or reinsureds and their respective policies
23 and reinsurance agreements under the subject business,
24 including the extinguishment of all rights of
25 policyholders under policies that are part of the subject

1 business against the transferring insurer, and providing
2 that the transferring insurer shall have no further
3 rights, obligations, or liabilities with respect to such
4 policies, and that the assuming insurer shall have all
5 such rights, obligations, and liabilities as if it were
6 the original insurer of such policies;

7 (3) release the transferring insurer from all
8 obligations or liabilities under policies that are part of
9 the subject business;

10 (4) authorize and order the transfer of property or
11 liabilities, including, but not limited to, the ceded
12 reinsurance of transferred policies and contracts on the
13 subject business, notwithstanding any non-assignment
14 provisions in any such reinsurance contracts. The subject
15 business shall vest in and become liabilities of the
16 assuming insurer;

17 (5) order that the applicant provide notice of the
18 transfer and novation in accordance with the notice
19 provisions in Section 1715; and

20 (6) make such other provisions with respect to
21 incidental, consequential, and supplementary matters as
22 are necessary to assure the insurance business transfer
23 plan is fully and effectively carried out.

24 (d) If the court finds that the insurance business
25 transfer plan should not be approved, the court by its order
26 shall deny the petition.

1 (e) The applicant shall have 30 days following the
2 withdrawal or denial of the petition to file an amended
3 business transfer plan with the Director in accordance with
4 Section 1720.

5 (f) Nothing in this Section in any way affects the right of
6 appeal of any party.

7 (215 ILCS 5/1735 new)

8 Sec. 1735. Rules. The Department may adopt rules that are
9 consistent with the provisions of this Article.

10 (215 ILCS 5/1740 new)

11 Sec. 1740. Confidentiality. The portion of the application
12 for an insurance business transfer that would otherwise be
13 confidential, including any documents, materials,
14 communications, or other information submitted to the Director
15 in contemplation of such application, shall not lose such
16 confidentiality, except (i) the Director may disclose
17 confidential information as needed to procure the independent
18 expert and ensure that the expert meets the requirements under
19 this Article and (ii) if the Director determines that
20 disclosure of confidential information is necessary to fully
21 and fairly advise policyholders and others entitled to notice
22 of the material implications of the insurance business
23 transfer plan.

1 (215 ILCS 5/1745 new)

2 Sec. 1745. Department oversight. Insurers engaging in an
3 insurance business transfer under this Article consent to the
4 jurisdiction of the Director with regard to any aspect of the
5 transferred business or business transfer plan, including the
6 authority of the Director to conduct financial analysis and
7 examinations, regardless of whether the insurer has a
8 certificate of authority or another basis for the Director's
9 jurisdiction exists.

10 (215 ILCS 5/1750 new)

11 Sec. 1750. Fees and costs.

12 (a) All expenses incurred by the Director for the
13 compensation, costs, and expenses of the independent expert
14 and any consultants retained by the independent expert
15 incurred in fulfilling the obligations of the independent
16 expert under this Article shall be paid by the applicant.

17 (b) The Director may retain the services of any attorneys,
18 actuaries, accountants, and other professionals and
19 specialists as may be reasonably necessary to assist the
20 Director in reviewing the insurance business transfer plan.
21 All expenses incurred by the Director in connection with
22 proceedings under this Article, including, but not limited to,
23 expenses for the services of any attorneys, actuaries,
24 accountants, and other professionals and specialists, shall be
25 paid by the applicant.

1 (c) The transferring insurer and the assuming insurer
2 shall jointly be obligated to pay all debts incurred pursuant
3 to this Section. Nothing in this Article shall be construed to
4 create any duty for the independent expert to any party other
5 than the Department or a court.

6 (d) Failure to pay any of the requisite fees or costs
7 within 30 days after demand shall be grounds for the Director
8 to request that a court dismiss the petition for approval of
9 the insurance business transfer plan before the filing of an
10 implementation order by the court or, if after the filing of an
11 implementation order, the Director may suspend or revoke the
12 assuming insurer's certificate of authority to transact
13 insurance business in this State. The Director may also take
14 any other action authorized by law against an insurer who
15 fails to pay the requisite fees or costs.

16 Section 99. Effective date. This Act takes effect upon
17 becoming law, except that the changes to Section 408 and
18 Article XLVII of the Illinois Insurance Code take effect
19 January 1, 2025."