



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB3024

Introduced 2/18/2016, by Sen. William R. Haine

SYNOPSIS AS INTRODUCED:

215 ILCS 5/500-100
215 ILCS 5/1403

Amends the Illinois Insurance Code. In a provision concerning limited lines producer licenses, provides that nothing in the Code shall be construed to require a limited lines producer license or any other form or class of producer's license for financial institutions, or their employees, if the financial institution has purchased or sponsored a group credit life, credit accident and health, credit casualty, or credit property insurance policy or program, under which the financial institution enrolls or performs other administrative services to enable individuals to purchase insurance coverage under the group credit insurance policy from a licensed producer in compliance with provisions concerning license exceptions and credit life and credit accident and health insurance policies under the Code. In a provision concerning licensure requirements for financial institutions, provides that nothing in the Code or in any other law of this State shall be construed to require a financial institution, or the officers or employees of the financial institution, to become licensed under the Code in order to offer any line of insurance that is excluded from the definition of insurance under the Code if that line of insurance is offered in relation to the financial institution's banking business. Provides that for limited purposes, a financial institution, or its officers or employees, that perform administrative services related to lines of insurance excluded from the definition of insurance under the Code, including, but not limited to, marketing, sponsorship, enrollment, and insurance plan certificate issuance services, shall be deemed to be offering insurance related to the financial institution's banking business. Effective immediately.

LRB099 20642 EGJ 45237 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 Insurance Code is amended by
5 changing Sections 500-100 and 1403 as follows:

6 (215 ILCS 5/500-100)

7 (Section scheduled to be repealed on January 1, 2017)

8 Sec. 500-100. Limited lines producer license.

9 (a) An individual who is at least 18 years of age and whom
10 the Director considers to be competent, trustworthy, and of
11 good business reputation may obtain a limited lines producer
12 license for one or more of the following classes:

13 (1) travel insurance, as defined in Section 500-10 of
14 this Article;

15 (2) industrial life insurance, as defined in Section
16 228 of this Code;

17 (3) industrial accident and health insurance, as
18 defined in Section 368 of this Code;

19 (4) insurance issued by a company organized under the
20 Farm Mutual Insurance Company Act of 1986;

21 (5) legal expense insurance;

22 (6) enrollment of recipients of public aid or medicare
23 in a health maintenance organization;

1 (7) a limited health care plan issued by an
2 organization having a certificate of authority under the
3 Limited Health Service Organization Act;

4 (8) credit life and credit accident and health
5 insurance and other credit insurance policies approved or
6 permitted by the Director; a credit insurance company must
7 conduct a training program in which an applicant shall
8 receive basic instruction about the credit insurance
9 products that he or she will be selling; nothing in this
10 Code shall be construed to require a limited producer
11 license or any other form or class of producer's license
12 for financial institutions, or their employees, if the
13 financial institution has purchased or sponsored a group
14 credit life, credit accident and health, credit casualty,
15 or credit property insurance policy or program, under which
16 the financial institution enrolls or performs other
17 administrative services to enable individuals to purchase
18 insurance coverage under the group credit insurance policy
19 from a licensed producer in compliance with Section 155.56
20 and paragraph (2) of subsection (b) of Section 500-20 of
21 this Code.

22 (b) The application for a limited lines producer license
23 must be submitted on a form prescribed by the Director by a
24 designee of the insurance company, health maintenance
25 organization, or limited health service organization
26 appointing the limited insurance representative. The insurance

1 company, health maintenance organization, or limited health
2 service organization must pay the fee required by Section
3 500-135.

4 (c) A limited lines producer may represent more than one
5 insurance company, health maintenance organization, or limited
6 health service organization.

7 (d) An applicant who has met the requirements of this
8 Section shall be issued a perpetual limited lines producer
9 license.

10 (e) A limited lines producer license shall remain in effect
11 as long as the appointing insurance company pays the respective
12 fee required by Section 500-135 prior to January 1 of each
13 year, unless the license is revoked or suspended pursuant to
14 Section 500-70. Failure of the insurance company to pay the
15 license fee or to submit the required documents shall cause
16 immediate termination of the limited line insurance producer
17 license with respect to which the failure occurs.

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

20 (g) A person whom the Director considers to be competent,
21 trustworthy, and of good business reputation may be issued a
22 car rental limited line license. A car rental limited line
23 license for a rental company shall remain in effect as long as
24 the car rental limited line licensee pays the respective fee
25 required by Section 500-135 prior to the next fee date unless
26 the car rental license is revoked or suspended pursuant to

1 Section 500-70. Failure of the car rental limited line licensee
2 to pay the license fee or to submit the required documents
3 shall cause immediate suspension of the car rental limited line
4 license. A car rental limited line license for rental companies
5 may be voluntarily terminated by the car rental limited line
6 licensee. The license fee shall not be refunded upon
7 termination of the car rental limited line license by the car
8 rental limited line licensee.

9 (g-5) A business entity may be issued a limited lines
10 producer license for credit life and credit accident and health
11 insurance and other credit insurance policies approved or
12 permitted by the Director, provided that:

13 (1) application for the limited lines producer license
14 for credit insurance is made on a form specified by the
15 Director;

16 (2) the appointing insurance company has paid the
17 application fee amount required by the Director for the
18 business entity's application; and

19 (3) the business entity has designated an individual
20 with an in force limited license producer license issued
21 under paragraph (8) of subsection (a) of this Section to be
22 responsible for the business entity's compliance with the
23 insurance laws and regulations of this State related to
24 credit life and credit accident and health insurance and
25 other credit insurance policies approved or permitted by
26 the Director that are offered or sold by that business

1 entity.

2 Except as specifically authorized by paragraph (8) of
3 subsection (a) of this Section or this subsection (g-5), a
4 business entity holding a limited lines license under this
5 subsection (g-5) may not advertise, represent, or otherwise
6 hold itself or any of its employees out as licensed insurers,
7 insurance producers, insurance agents, or insurance brokers.

8 (h) A limited lines producer issued a license pursuant to
9 this Section is not subject to the requirements of Section
10 500-30.

11 (i) A limited lines producer license must contain the name,
12 address and personal identification number of the licensee, the
13 date the license was issued, general conditions relative to the
14 license's expiration or termination, and any other information
15 the Director considers proper. A limited line producer license,
16 if applicable, must also contain the name and address of the
17 appointing insurance company.

18 (Source: P.A. 98-159, eff. 8-2-13; 98-756, eff. 7-16-14;
19 98-1165, eff. 6-1-15; 99-161, eff. 1-1-16.)

20 (215 ILCS 5/1403)

21 Sec. 1403. Licensure requirements for financial
22 institutions.

23 (a) A financial institution transacting insurance business
24 in this State shall register with the Director pursuant to the
25 Illinois Insurance Code and shall be subject to the laws,

1 rules, and penalties of the Illinois Insurance Code.

2 (b) The solicitation and sale of insurance by a financial
3 institution shall be conducted only by individuals who have
4 been issued and maintain an insurance producer's license
5 pursuant to the Illinois Insurance Code and shall be subject to
6 the laws, rules, and penalties of the Illinois Insurance Code.

7 (c) For the purposes of this Section, a "financial
8 institution" means the subsidiary of a financial institution
9 when the financial institution is transacting insurance
10 business in this State only through the subsidiary. For the
11 purposes of Section 499.1 of the Illinois Insurance Code, a
12 financial institution shall be deemed to be a corporation.

13 (d) Nothing in this Code or in any other law of this State
14 shall be construed to require a financial institution, or the
15 officers or employees of the financial institution, to become
16 licensed under this Code in order to offer any line of
17 insurance that is excluded from the definition of insurance, as
18 defined by Section 1402, if that line of insurance is offered
19 in relation to the financial institution's banking business.
20 For purposes of this subsection (d), a financial institution,
21 or its officers or employees, that perform administrative
22 services related to lines of insurance excluded from the
23 definition of insurance, as defined by Section 1402, including,
24 but not limited to, marketing, sponsorship, enrollment, and
25 insurance plan certificate issuance services, shall be deemed
26 to be offering insurance related to the financial institution's

1 banking business.

2 (Source: P.A. 90-41, eff. 10-1-97.)

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