

AN ACT concerning regulation.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

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

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

Sec. 408. Fees and charges.

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

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

(b) For filing all documents submitted for the incorporation or organization of a fraternal benefit society, \$500.

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

(d) For filing amendments to articles of incorporation

of a fraternal benefit society, a mutual benefit association or a burial society, \$100.

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

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

(g) For filing agreement of merger or consolidation:

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

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

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

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

(i) For filing all documents submitted by a foreign or alien company to be admitted to transact business or accredited as a reinsurer in this State, except for a fraternal benefit society, \$5,000.

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

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

(l) For filing annual statement by a domestic company,

except a fraternal benefit society, a mutual benefit association, a burial society, or a farm mutual, \$200.

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

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

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

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

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

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

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

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

(u) For each certification to copies of papers or records, \$10.

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

additional fees excessive.

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

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

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

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

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

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

(aa) For filing an agreement to purchase the business of an organization authorized under the Dental Service Plan Act or the Voluntary Health Services Plans Act or of a health maintenance organization or a limited health service organization, \$2,000.

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

(cc) For filing a registration statement as required in Sections 131.13 and 131.14, the notification as required by Sections 131.16, 131.20a, or 141.4, or an

agreement or transaction required by Sections 124.2(2), 141, 141a, or 141.1, \$200.

(dd) For filing an application for licensing of:

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

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

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

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

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

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

(gg) For filing articles of incorporation for a limited syndicate to join with other subscribers or limited syndicates to do business through the Illinois Insurance Exchange, \$1,000.

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

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

(jj) For the filing of each form as required in

Section 143 of this Code, \$50 per form. Informational and advertising filings shall be \$25 per filing. The fee for advisory and rating organizations shall be \$200 per form.

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

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

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

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

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

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

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

(nn) For filing all documents submitted by a foreign

or alien company to be a certified reinsurer in this State, except for a fraternal benefit society, \$1,000.

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

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

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

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

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

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

(3) The expenses incurred in any performance examination authorized by law shall be paid by the company or person being examined. The charge shall be reasonably related to the cost of the examination including but not limited to compensation of examiners, electronic data processing costs, supervision and preparation of an examination report and lodging and

travel expenses. All lodging and travel expenses shall be in accord with the applicable travel regulations as published by the Department of Central Management Services and approved by the Governor's Travel Control Board, except that out-of-state lodging and travel expenses related to examinations authorized under Section 132 shall be in accordance with travel rates prescribed under paragraph 301-7.2 of the Federal Travel Regulations, 41 C.F.R. 301-7.2, for reimbursement of subsistence expenses incurred during official travel. All lodging and travel expenses may be reimbursed directly upon authorization of the Director. With the exception of the direct reimbursements authorized by the Director, all performance examination charges collected by the Department shall be paid to the Insurance Producer Administration Fund, however, the electronic data processing costs incurred by the Department in the performance of any examination shall be billed directly to the company being examined for payment to the Technology Management Revolving Fund.

(4) At the time of any service of process on the Director as attorney for such service, the Director shall charge and collect the sum of \$40, which may be recovered as taxable costs by the party to the suit or action causing such service to be made if he prevails in such suit or action.

(5) (a) The costs incurred by the Department of Insurance in conducting any hearing authorized by law shall be assessed against the parties to the hearing in such proportion as the

Director of Insurance may determine upon consideration of all relevant circumstances including: (1) the nature of the hearing; (2) whether the hearing was instigated by, or for the benefit of a particular party or parties; (3) whether there is a successful party on the merits of the proceeding; and (4) the relative levels of participation by the parties.

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

(c) The Director shall make the assessment of costs incurred as part of the final order or decision arising out of the proceeding; provided, however, that such order or decision shall include findings and conclusions in support of the assessment of costs. This subsection (5) shall not be construed as permitting the payment of travel expenses unless calculated in accordance with the applicable travel regulations of the Department of Central Management Services, as approved by the Governor's Travel Control Board. The Director as part of such order or decision shall require all assessments for hearing officer fees and court reporter fees, if any, to be paid directly to the hearing officer or court reporter by the party(s) assessed for such costs. The

assessments for travel expenses of Department officers and employees shall be reimbursable to the Director of Insurance for deposit to the fund out of which those expenses had been paid.

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

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

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

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

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

\$5,000,000 and the reinsurance assumed premium is less than \$10,000,000;

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

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

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

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

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

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

(b) Admitted assets.

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

(ii) \$750, if admitted assets are \$1,000,000 or more, but less than \$5,000,000;

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

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

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

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

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

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

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

(7) The Director shall charge and collect an annual financial regulation fee from every foreign or alien company, except fraternal benefit societies, for the examination and analysis of its financial condition and to fund the internal costs and expenses of the Interstate Insurance Receivership Commission as may be allocated to the State of Illinois and companies doing an insurance business in this State pursuant to Article X of the Interstate Insurance Receivership Compact. The fee shall be a fixed amount based upon Illinois direct premium income and nationwide reinsurance assumed premium income in accordance with the following schedule:

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

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

premium; or if the premium is less than \$5,000,000 and the reinsurance assumed premium is less than \$10,000,000;

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

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

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

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

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

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

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

(8) Beginning January 1, 1992, the financial regulation fees imposed under subsections (6) and (7) of this Section shall be paid by each company or domestic affiliated group annually. After January 1, 1994, the fee shall be billed by Department invoice based upon the company's premium income or admitted assets as shown in its annual statement for the preceding calendar year. The invoice is due upon receipt and must be paid no later than June 30 of each calendar year. All

financial regulation fees collected by the Department shall be paid to the Insurance Financial Regulation Fund. The Department may not collect financial examiner per diem charges from companies subject to subsections (6) and (7) of this Section undergoing financial examination after June 30, 1992.

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

Electronic data processing costs incurred by the Department in the performance of any examination shall be billed directly to the company undergoing examination for payment to the Technology Management Revolving Fund. Except for direct reimbursements authorized by the Director or direct payments made under Section 131.21 or subsection (d) of Section 132.4 of this Code, all financial regulation fees and all financial examination charges collected by the Department shall be paid to the Insurance Financial Regulation Fund.

All lodging and travel expenses shall be in accordance with applicable travel regulations published by the Department of Central Management Services and approved by the Governor's Travel Control Board, except that out-of-state lodging and travel expenses related to examinations authorized under

Sections 132.1 through 132.7 shall be in accordance with travel rates prescribed under paragraph 301-7.2 of the Federal Travel Regulations, 41 C.F.R. 301-7.2, for reimbursement of subsistence expenses incurred during official travel. All lodging and travel expenses may be reimbursed directly upon the authorization of the Director.

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

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

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

(12) For purposes of this Section:

(a) "Domestic company" means a company as defined in Section 2 of this Code which is incorporated or organized under the laws of this State, and in addition includes a not-for-profit corporation authorized under the Dental Service Plan Act or the Voluntary Health Services Plans

Act, a health maintenance organization, and a limited health service organization.

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

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

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

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

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

(g) "Farm mutual" means a district, county and township mutual insurance company authorized by the

Director to do business in this State under the provisions of the Farm Mutual Insurance Company Act of 1986.

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

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

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

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

(215 ILCS 5/Art. XLVII heading new)

ARTICLE XLVII. INSURANCE BUSINESS TRANSFERS

(215 ILCS 5/1701 new)

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

(215 ILCS 5/1703 new)

Sec. 1703. Purpose and intent. The purpose of this Article is to provide a mechanism for insurers to transfer or assume blocks of insurance business in an efficient and cost-effective manner that provides needed legal finality for such transfers in order to provide for improved operational and capital efficiency for insurance companies, while protecting the interests of the policyholders, reinsurers, and claimants of the subject business. This new process is intended to stimulate the economy by attracting segments of the insurance industry to this State, make this State an attractive home jurisdiction for insurance companies, encourage economic growth and increased investment in the financial services sector, and increase the availability of quality insurance industry jobs in this State. These purposes are accomplished by providing a basis and procedures for the transfer and statutory novation of policies from a transferring insurer to an assuming insurer by way of an insurance business transfer without the affirmative consent of policyholders or reinsureds, but with consideration of their interests. This Article establishes the requirements for notice and disclosure and standards and procedures for the approval of the transfer and novation by a court pursuant to an

insurance business transfer plan. This Article does not limit or restrict other means of effecting a transfer or novation.

(215 ILCS 5/1705 new)

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

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

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

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

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

"Department" means the Department of Insurance.

"Director" means the Director of Insurance.

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

"Insurance business transfer" means a transfer and novation that, once approved pursuant to this Article, transfers insurance obligations or risks, or both, of existing or in-force contracts of insurance or reinsurance from a transferring insurer to an assuming insurer, and effects a

novation of the transferred contracts of insurance or reinsurance with the result that the assuming insurer becomes directly liable to the policyholders of the transferring insurer and the transferring insurer's insurance obligations or risks, or both, under the contracts are extinguished.

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

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

(i) have no current or past, direct or indirect, financial interest in either the assuming insurer or transferring insurer or any of their respective affiliates,

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

(iii) not currently be appointed by the Director to

assist in any capacity in any proceeding initiated under Article XIII, and

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

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

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

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

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

"State guaranty association" means the Illinois Insurance

Guaranty Fund, the Illinois Life and Health Guaranty Association, or any similar organization in another state.

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

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

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

(215 ILCS 5/1710 new)

Sec. 1710. Court authority. Notwithstanding any other provision of law, a court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this Article. No provision of this Article shall be construed to preclude a court from, on its own motion, taking any action or making any determination necessary or

appropriate to enforce or implement court orders or rules or to prevent an abuse of power.

(215 ILCS 5/1715 new)

Sec. 1715. Notice requirements.

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

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

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

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

(2) to the National Conference of Insurance Guaranty Funds, the National Organization of Life and Health Insurance Guaranty Associations, and all state insurance guaranty associations for the states:

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

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

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

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

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

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

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

(d) Notice under this Section may take the form of first-class mail, facsimile, or electronic notice. The court

may order that notice take a specific form.

(215 ILCS 5/1720 new)

Sec. 1720. Application procedure.

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

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

(1) the name, address, and telephone number of the transferring insurer and the assuming insurer and their respective direct and indirect controlling persons, if any;

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

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

(4) the most recent audited financial statements and statutory annual and quarterly reports of the transferring

insurer and the assuming insurer filed with their domiciliary regulator;

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

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

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

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

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

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

(11) a description of any guarantees or additional reinsurance that will cover the subject business following

the transfer and novation;

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

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

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

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

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

(17) a certified statement that the transaction is not being made for improper purposes, including fraud;

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

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

(A) a statement of the independent expert's

professional qualifications and descriptions of the experience that qualifies him or her as an expert suitable for the engagement;

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

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

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

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

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

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

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

(i) transferring policyholders, reinsurers, and claimants;

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) The Director shall authorize the submission of the insurance business transfer plan to a court unless he or she finds that the insurance business transfer would have a material adverse impact on the interests of policyholders, reinsurers, or claimants that are part of the subject business.

(f) If the Director determines that the insurance business transfer would have a material adverse impact on the interests of policyholders, reinsurers, or claimants that are part of the subject business, he or she shall notify the applicant and specify any modifications, supplements, or amendments and any

additional information or documentation with respect to the plan that must be provided to the Director before he or she shall allow the applicant to proceed with the court filing.

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

(h) When the modification, supplement, amendment, or additional information requested in subsection (f) is received, the Director shall review the amended plan in accordance with subsection (c).

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

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

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

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

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

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

(e) Following the filing of the petition, the applicant

shall file a motion for a scheduling order setting a hearing on the petition.

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

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

- (1) the date and time of the approval hearing;
- (2) the name, address, and telephone number of the assuming insurer and transferring insurer;
- (3) that the recipient may comment on or object to the transfer and novation;
- (4) the procedures and deadline for submitting comments or objections on the plan;
- (5) a summary of any effect that the transfer and novation will have on the policyholder's rights;
- (6) a statement that the assuming insurer is authorized to assume the subject business and that court approval of the plan shall extinguish all rights of policyholders under policies that are part of the subject

business against the transferring insurer;

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

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

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

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

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

(h) Any person, including by their legal representative, who considers himself, herself, or itself to be adversely affected can present evidence or comments to the court at the approval hearing. Any person participating in the approval hearing must follow the process established by the court and shall bear his or her own costs and attorney's fees.

(215 ILCS 5/1730 new)

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

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

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

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

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

(2) order a statutory novation with respect to all policyholders or reinsureds and their respective policies and reinsurance agreements under the subject business, including the extinguishment of all rights of policyholders under policies that are part of the subject business against the transferring insurer, and providing that the transferring insurer shall have no further rights, obligations, or liabilities with respect to such policies, and that the assuming insurer shall have all such rights, obligations, and liabilities as if it were the original insurer of such policies;

(3) release the transferring insurer from all

obligations or liabilities under policies that are part of the subject business;

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

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

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

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

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

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

(215 ILCS 5/1735 new)

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

(215 ILCS 5/1740 new)

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

(215 ILCS 5/1745 new)

Sec. 1745. Department oversight. Insurers engaging in an insurance business transfer under this Article consent to the jurisdiction of the Director with regard to any aspect of the transferred business or business transfer plan, including the authority of the Director to conduct financial analysis and examinations, regardless of whether the insurer has a

certificate of authority or another basis for the Director's jurisdiction exists.

(215 ILCS 5/1750 new)

Sec. 1750. Fees and costs.

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

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

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

(d) Failure to pay any of the requisite fees or costs within 30 days after demand shall be grounds for the Director

to request that a court dismiss the petition for approval of the insurance business transfer plan before the filing of an implementation order by the court or, if after the filing of an implementation order, the Director may suspend or revoke the assuming insurer's certificate of authority to transact insurance business in this State. The Director may also take any other action authorized by law against an insurer who fails to pay the requisite fees or costs.

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