

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 132, 132.5, 155.35, 402, 408, 511.109,
6 512-3, 512-5, and 513b3 and by adding Section 512-11 as
7 follows:

8 (215 ILCS 5/132) (from Ch. 73, par. 744)

9 Sec. 132. Market conduct actions and market analysis ~~and~~
10 ~~non-financial examinations.~~

11 (a) Definitions. As used in this Section:

12 "Data call" means a written solicitation by the Director
13 to 2 or more regulated companies or persons seeking existing
14 data or other existing information to be provided within a
15 reasonable time period for a narrow and targeted regulatory
16 oversight purpose for market analysis. "Data call" does not
17 include an information request in a market conduct action or
18 any data or information that the Director shall or may
19 specifically require under any other law, except as provided
20 by the other law.

21 "Desk examination" means an examination that is conducted
22 by market conduct surveillance personnel at a location other
23 than the regulated company's or person's premises. "Desk

1 examination" includes an examination performed at the
2 Department's offices with the company or person providing
3 requested documents by hard copy, microfiche, or discs or
4 other electronic media for review without an on-site
5 examination.

6 "Market analysis" means a process whereby market conduct
7 surveillance personnel collect and analyze information from
8 filed schedules, surveys, required reports, data calls, and
9 other sources to develop a baseline understanding of the
10 marketplace and to identify patterns or practices of regulated
11 persons that deviate significantly from the norm or that may
12 pose a potential risk to insurance consumers.

13 "Market conduct action" means any activity, other than
14 market analysis, that the Director may initiate to assess and
15 address the market and nonfinancial practices of regulated
16 persons, including market conduct examinations. The
17 Department's consumer complaint process outlined in 50 Ill.
18 Adm. Code 926 is not a market conduct action for purposes of
19 this Section; however, the Department may initiate market
20 conduct actions based on information gathered during that
21 process. "Market conduct action" includes:

22 (1) correspondence with the company or person;

23 (2) interviews with the company or person;

24 (3) information gathering;

25 (4) policy and procedure reviews;

26 (5) interrogatories;

1 (6) review of company or person self-evaluations and
2 voluntary compliance programs;

3 (7) self-audits; and

4 (8) market conduct examinations.

5 "Market conduct examination" or "examination" means any
6 type of examination, other than a financial examination, that
7 assesses a regulated person's compliance with the laws, rules,
8 and regulations applicable to the examinee. "Market conduct
9 examination" includes comprehensive examinations, targeted
10 examinations, and follow-up examinations, which may be
11 conducted as desk examinations, on-site examinations, or a
12 combination of those 2 methods.

13 "Market conduct surveillance" means market analysis or a
14 market conduct action.

15 "Market conduct surveillance personnel" means those
16 individuals employed or retained by the Department and
17 designated by the Director to collect, analyze, review, or act
18 on information in the insurance marketplace that identifies
19 patterns or practices of persons subject to the Director's
20 jurisdiction. "Market conduct surveillance personnel" includes
21 all persons identified as an examiner in the insurance laws or
22 rules of this State if the Director has designated them to
23 assist her or him in ascertaining the nonfinancial business
24 practices, performance, and operations of a company or person
25 subject to the Director's jurisdiction.

26 "On-site examination" means an examination conducted at

1 the company's or person's home office or the location where
2 the records under review are stored.

3 "SOFR rate" means the Secured Overnight Financing Rate
4 published by the Federal Reserve Bank of New York every
5 business day.

6 (b) Companies and persons subject to surveillance. The
7 Director, for the purposes of ascertaining the nonfinancial
8 business practices, performance, and operations of any person
9 subject to the Director's jurisdiction or within the
10 marketplace, may engage in market conduct actions or market
11 analysis relating to:

12 (1) any company transacting or being organized to
13 transact business in this State;

14 (2) any person engaged in or proposing to be engaged
15 in the organization, promotion, or solicitation of shares
16 or capital contributions to or aiding in the formation of
17 a company;

18 (3) any person having a written or oral contract
19 pertaining to the management or control of a company as
20 general agent, managing agent, or attorney-in-fact;

21 (4) any licensed or registered producer, firm,
22 pharmacy benefit manager, administrator, or any person
23 making application for any license, certificate, or
24 registration;

25 (5) any person engaged in the business of adjusting
26 losses or financing premiums; or

1 (6) any person, organization, trust, or corporation
2 having custody or control of information reasonably
3 related to the operation, performance, or conduct of a
4 company or person subject to the Director's jurisdiction,
5 but only as to the operation, performance, or conduct of a
6 company or person subject to the Director's jurisdiction.

7 (c) Market analysis and market conduct actions.

8 (1) The Director may perform market analysis by
9 gathering and analyzing information from data currently
10 available to the Director, information from surveys, data
11 call responses, or reports that are submitted to the
12 Director, information collected by the NAIC, and
13 information from a variety of other sources to develop a
14 baseline understanding of the marketplace and to identify
15 for further review companies or practices that deviate
16 from the norm or that may pose a potential risk to
17 insurance consumers. The Director shall use the most
18 recent NAIC Market Regulation Handbook as a guide in
19 performing market analysis. The Director may also employ
20 other guidelines or procedures as the Director may deem
21 appropriate.

22 (2) The Director may initiate a market conduct action
23 subject to the following:

24 (A) If the Director determines that further
25 inquiry into a particular person or practice is
26 needed, then the Director may consider undertaking a

1 market conduct action. The Director shall inform the
2 examinee of the initiation of the market conduct
3 action and shall use the most recent NAIC Market
4 Regulation Handbook as a guide in performing the
5 market conduct action. The Director may also employ
6 other guidelines or procedures as the Director may
7 deem appropriate.

8 (B) For an examination, the Director shall conduct
9 a pre-examination conference with the examinee to
10 clarify expectations before commencement of the
11 examination. At the pre-examination conference, the
12 Director or the market conduct surveillance personnel
13 shall disclose the basis of the examination, including
14 the statutes, regulations, or business practices at
15 issue. The Director shall provide at least 30 days'
16 advance notice of the date of the pre-examination
17 conference unless circumstances warrant that the
18 examination proceed more quickly.

19 (C) The Director may coordinate a market conduct
20 action and findings of this State with market conduct
21 actions and findings of other states.

22 (3) Nothing in this Section requires the Director to
23 undertake market analysis before initiating any market
24 conduct action.

25 (4) Nothing in this Section restricts the Director to
26 the type of market conduct action he or she initially

1 selected.

2 (5) A regulated person is required to respond to a
3 market analysis data call or to an information request in
4 a market conduct action on the terms and conditions
5 established by the Director. The Department shall
6 establish reasonable timelines that are commensurate with
7 the volume and nature of the data required to be collected
8 in the information request.

9 (6) Without limiting the contents of any examination
10 report, market conduct actions taken as a result of a
11 market analysis shall focus primarily on the general
12 business practices and compliance activities of companies
13 or persons rather than identifying infrequent or
14 unintentional random errors that do not cause significant
15 consumer harm. The Director may give a company or person
16 an opportunity to resolve matters that are identified as a
17 result of a market analysis to the Director's satisfaction
18 before undertaking a market conduct action against the
19 company or person.

20 (d) Access to books and records. Every examinee and its
21 officers, directors, and agents must provide to the Director
22 convenient and free access at all reasonable hours at its
23 office or location to all books, records, and documents and
24 any or all papers relating to the business, performance,
25 operations, and affairs of the examinee. The officers,
26 directors, and agents of the examinee must facilitate the

1 market conduct action and aid in the action so far as it is in
2 their power to do so. The Director and any authorized market
3 conduct surveillance personnel have the power to administer
4 oaths and examine under oath any person relevant to the
5 business of the examinee. A failure to produce requested
6 books, records, or documents by the deadline shall not be a
7 violation until after the later of:

8 (1) 5 business days after the initial response
9 deadline set by the Director or authorized personnel; or

10 (2) an extended deadline granted by the Director or
11 authorized personnel.

12 (e) Examination report. The market conduct surveillance
13 personnel designated by the Director under Section 402 must
14 make a full and true report of every examination made by them
15 that contains only facts ascertained from the books, papers,
16 records, documents, and other evidence obtained by
17 investigation and examined by them or ascertained from the
18 testimony of officers, agents, or other persons examined under
19 oath concerning the business, affairs, conduct, and
20 performance of the examinee. The report of examination must be
21 verified by the oath of the examiner in charge thereof, and
22 when so verified is prima facie evidence in any action or
23 proceeding in the name of the State against the examinee, its
24 officers, directors, or agents upon the facts stated therein.

25 (f) Examinee response to examination report. The
26 Department and the examinee shall comply with the following

1 timeline, unless a mutual agreement is reached to modify the
2 timeline:

3 (1) The Department shall deliver a draft report to the
4 examinee as soon as reasonably practicable. Nothing in
5 this Section prevents the Department from sharing an
6 earlier draft of the report with the examinee before
7 confirming that the examination is completed.

8 (2) If the examinee chooses to respond with written
9 submissions or rebuttals, then the examinee must do so
10 within 30 days after receipt of any draft report delivered
11 after the completion of the examination.

12 (3) As soon as reasonably practicable after receipt of
13 any written submissions or rebuttals, the Department shall
14 issue a final report. Whenever the Department has made
15 substantive changes to a previously shared draft report,
16 unless those changes remove part or all of an alleged
17 violation or were proposed by the examinee, the Department
18 shall deliver the revised version to the examinee as a new
19 draft and shall allow the examinee 30 days to respond
20 before the Department issues a final report.

21 (4) The examinee shall, within 10 days after the
22 issuance of the final report, accept the final report or
23 request a hearing in writing, unless granted an extension
24 by mutual agreement. Failure to take either action within
25 10 days or the mutually agreed extension shall be deemed
26 an acceptance of the final report. If the examinee accepts

1 the examination report, the Director shall continue to
2 hold the content of the examination report as private and
3 confidential for a period of 30 days. Thereafter, the
4 Director shall open the final report for public
5 inspection.

6 (g) Hearing; final examination report. Notwithstanding
7 anything to the contrary in this Code or Department rules, if
8 the examinee requests a hearing, then the following procedures
9 apply:

10 (1) The examinee must request the hearing in writing
11 and must specify the issues in the final report that the
12 examinee is challenging. The examinee is limited to
13 challenging the issues that were previously challenged in
14 the examinee's written submission and rebuttal or
15 supplemental submission and rebuttal pursuant to
16 paragraphs (2) and (3) of subsection (f).

17 (2) Except as permitted in paragraphs (3) and (8) of
18 this subsection, the hearing shall be limited to the
19 written arguments submitted by the parties to the
20 designated hearing officer. The designated hearing officer
21 may, however, grant a live hearing upon the request of
22 either party.

23 (3) Discovery is limited to the market conduct
24 surveillance personnel's work papers that are relevant to
25 the issues the examinee is challenging. The relevant
26 market conduct surveillance personnel's work papers shall

1 be admitted into the record. No other forms of discovery,
2 including depositions and interrogatories, are allowed,
3 except upon written agreement of the examinee and the
4 Department when necessary to conduct a fair hearing or as
5 otherwise provided in this subsection.

6 (4) Only the examinee and the Department may submit
7 written arguments.

8 (5) The examinee must submit its written argument and
9 any supporting evidence within 30 days after the
10 Department serves a formal notice of hearing.

11 (6) The Department must submit its written response
12 and any supporting evidence within 30 days after the
13 examinee submits its written argument.

14 (7) The designated hearing officer may allow
15 additional written submissions if necessary or useful to
16 the fair resolution of the hearing.

17 (8) If either the examinee or the Department submit
18 written testimony or affidavits, then the opposing party
19 shall be given the opportunity to cross-examine the
20 witness and to submit the cross-examination to the hearing
21 officer before a decision.

22 (9) The Director shall issue a decision accompanied by
23 findings and conclusions. The Director's order is a final
24 administrative decision and shall be served upon the
25 examinee together with a copy of the final report within
26 90 days after the conclusion of the hearing. The hearing

1 is deemed concluded on the later of the last date of any
2 live hearing or the final deadline date for written
3 submissions to the hearing officer, including any
4 continuances or supplemental briefings permitted by the
5 hearing officer.

6 (10) Any portion of the final examination report that
7 was not challenged by the examinee is incorporated into
8 the decision of the Director.

9 (11) Findings of fact and conclusions of law in the
10 Director's final administrative decision are prima facie
11 evidence in any legal or regulatory action.

12 (12) If an examinee has requested a hearing, then the
13 Director shall continue to hold the final report and any
14 related decision as private and confidential for a period
15 of 49 days after the final administrative decision. After
16 the 49-day period expires, the Director shall open the
17 final report and any related decision for public
18 inspection if a court of competent jurisdiction has not
19 stayed its publication.

20 (h) Disclosure. So long as the recipient agrees to and
21 verifies in writing its legal authority to hold the
22 information confidential in a manner consistent with this
23 Section, nothing in this Section prevents the Director from
24 disclosing at any time the content of an examination report,
25 preliminary examination report, or results, or any matter
26 relating to a report or results, to:

1 (1) the insurance regulatory authorities of any other
2 state; or

3 (2) any agency or office of the federal government.

4 (i) Confidentiality.

5 (1) The Director and any other person in the course of
6 market conduct surveillance shall keep confidential all
7 documents, including working papers, third-party models,
8 or products; complaint logs; copies of any documents
9 created, produced, obtained by, or disclosed to the
10 Director, market conduct surveillance personnel, or any
11 other person in the course of market conduct surveillance
12 conducted pursuant to this Section; and all documents
13 obtained by the NAIC pursuant to this Section. The
14 documents shall remain confidential after the termination
15 of the market conduct surveillance, are not subject to
16 subpoena, are not subject to discovery or admissible as
17 evidence in private civil litigation, are not subject to
18 disclosure under the Freedom of Information Act, and must
19 not be made public at any time or used by the Director or
20 any other person, except as provided in paragraphs (3),
21 (4), and (6) of this subsection (i) and in subsection (k).

22 (2) The Director and any other person in the course of
23 market conduct surveillance shall keep confidential any
24 self-evaluation or voluntary compliance program documents
25 disclosed to the Director or other person by an examinee
26 and the data collected via the NAIC market conduct annual

1 statement. The documents are not subject to subpoena, are
2 not subject to discovery or admissible as evidence in
3 private civil litigation, are not subject to disclosure
4 under the Freedom of Information Act, and they shall not
5 be made public or used by the Director or any other person,
6 except as provided in paragraphs (3) and (4) of this
7 subsection (i), in subsection (k), or in Section 155.35.
8 Nothing in this Section shall supersede the restrictions
9 on disclosure under Section 155.35.

10 (3) Notwithstanding paragraphs (1) and (2) of this
11 subsection (i), and consistent with paragraph (5) of this
12 subsection (i), in order to assist in the performance of
13 the Director's duties, the Director may:

14 (A) share documents, materials, communications, or
15 other information, including the confidential and
16 privileged documents, materials, or information
17 described in this subsection (i), with other State,
18 federal, alien, and international regulatory agencies
19 and law enforcement authorities and the NAIC, its
20 affiliates, and subsidiaries, if the recipient agrees
21 to and verifies in writing its legal authority to
22 maintain the confidentiality and privileged status of
23 the document, material, communication, or other
24 information;

25 (B) receive documents, materials, communications,
26 or information, including otherwise confidential and

1 privileged documents, materials, or information, from
2 the NAIC and its affiliates or subsidiaries, and from
3 regulatory and law enforcement officials of other
4 State, federal, alien, or international jurisdictions,
5 authorities, and agencies, and shall maintain as
6 confidential or privileged any document, material,
7 communication, or information received with notice or
8 the understanding that it is confidential or
9 privileged under the laws of the jurisdiction that is
10 the source of the document, material, communication,
11 or information; and

12 (C) enter into agreements governing the sharing
13 and use of information consistent with this Section.

14 (4) Nothing in this Section limits:

15 (A) the Director's authority to use, if consistent
16 with subsection (5) of Section 188.1, as applicable,
17 any final or preliminary examination report, any
18 market conduct surveillance or examinee work papers or
19 other documents, or any other information discovered
20 or developed during the course of any market conduct
21 surveillance in the furtherance of any legal or
22 regulatory action initiated by the Director that the
23 Director may, in the Director's sole discretion, deem
24 appropriate; however, confidential or privileged
25 information about a company or person that is used in
26 the legal or regulatory action shall not be made

1 public except by order of a court of competent
2 jurisdiction or with the written consent of the
3 company or person; or

4 (B) the ability of an examinee to conduct
5 discovery in accordance with paragraph (3) of
6 subsection (g).

7 (5) Disclosure to or by the Director of documents,
8 materials, communications, or information required as part
9 of any type of market conduct surveillance does not waive
10 any applicable privilege or claim of confidentiality in
11 the documents, materials, communications, or information.

12 (6) Notwithstanding the confidentiality requirements
13 of this Section or otherwise imposed by State law, if the
14 Director performs a data call, other than the collection
15 of data for the NAIC market conduct annual statement, the
16 Director may make the results of the data call available
17 for public inspection in an aggregated format that does
18 not disclose information or data attributed to any
19 specific company or person, including the name of any
20 company or person who responded to the data call, so long
21 as the Director provides all companies or persons that
22 responded to the data call 15 days' notice identifying the
23 information to be publicly released. Nothing in this
24 Section requires the Director to publish results from any
25 data call.

26 (j) Corrective actions.

1 (1) As a result of any market conduct action, the
2 Director may take any action the Director considers
3 necessary or appropriate in accordance with the report of
4 examination or any hearing thereon for acts in violation
5 of any law, rule, or prior lawful order of the Director. No
6 corrective action, including a penalty, shall be ordered
7 with respect to violations in transactions with consumers
8 or other entities that are isolated occurrences or that
9 occur with such low frequency as to fall below a
10 reasonable margin of error. Such actions include, but are
11 not limited to:

12 (A) requiring the regulated person to undertake
13 corrective actions to cease and desist an identified
14 violation or institute processes and practices to
15 comply with applicable standards;

16 (B) requiring reimbursement or restitution of any
17 actual losses or damages to persons harmed by the
18 regulated person's violation with interest from the
19 date that the actual loss or damage was incurred,
20 which shall be calculated at the SOFR rate applicable
21 on the date that the actual loss or damage was incurred
22 plus 2%; and

23 (C) imposing civil penalties as provided in this
24 subsection (j).

25 (2) The Director may order a penalty of up to \$2,000
26 for each violation of any law, rule, or prior lawful order

1 of the Director. Any failure to respond to an information
2 request in a market conduct action or violation of
3 subsection (d) may carry a fine of up to \$1,000 per day up
4 to a maximum of \$50,000. Fines and penalties shall be
5 consistent, reasonable, and justifiable, and the Director
6 may consider reasonable criteria in ordering the fines and
7 penalties, including, but not limited to, consumer harm,
8 the intentionality of any violations, or remedial actions
9 already undertaken by the examinee. The Director shall
10 communicate to the examinee the basis for any assessed
11 fine or penalty.

12 (3) If any other provision of this Code or any other
13 law or rule under the Director's jurisdiction prescribes
14 an amount or range of monetary penalty for a violation of a
15 particular statute or rule or a maximum penalty in the
16 aggregate for repeated violations, the Director shall
17 assess penalties pursuant to the terms of the statute or
18 rule allowing the largest penalty.

19 (4) If any other provision of this Code or any other
20 law or rule under the Director's jurisdiction prescribes
21 or specifies a method by which the Director is to
22 determine a violation, then compliance with the process
23 set forth herein shall be deemed to comply with the method
24 prescribed or specified in the other provision.

25 (5) If the Director imposes any sanctions or
26 corrective actions described in subparagraphs (A) through

1 (C) of paragraph (1) of this subsection (j) based on the
2 final report, the Director shall include those actions in
3 a proposed stipulation and consent order enclosed with the
4 final report issued to the examinee under subsection (f).
5 The examinee shall have 10 days to sign the order or
6 request a hearing in writing on the actions proposed in
7 the order regardless of whether the examinee requests a
8 hearing on the contents of the report under subsection
9 (f). If the examinee does not sign the order or request a
10 hearing on the proposed actions or the final report within
11 10 days, the Director may issue a final order imposing the
12 sanctions or corrective actions. Nothing in this Section
13 prevents the Department from sharing an earlier draft of
14 the proposed order with the examinee before issuing the
15 final report.

16 (6) If the examinee accepts the order and the final
17 report, the Director shall hold the content of the order
18 and report as private and confidential for a period of 30
19 days. Thereafter, the Director shall open the order and
20 report for public inspection.

21 (7) If the examinee makes a timely request for a
22 hearing on the order, the request must specify the
23 sanctions or corrective actions in the order that the
24 examinee is challenging. Any hearing shall follow the
25 procedures set forth in paragraphs (2) through (7) of
26 subsection (g).

1 (8) If the examinee has also requested a hearing on
2 the contents of the report, then that hearing shall be
3 consolidated with the hearing on the order. The Director
4 shall not impose sanctions or corrective actions under
5 this Section until the conclusion of the hearing.

6 (9) The Director shall issue a decision accompanied by
7 findings and conclusions along with any corrective actions
8 or sanctions. Any sanctions or corrective actions shall be
9 based on the final report accepted by the examinee or
10 adopted by the Director under paragraph (9) of subsection
11 (g). The Director's order is a final administrative
12 decision and shall be served upon the examinee together
13 with a copy of the final report within 90 days after the
14 conclusion of the hearing or within 10 days after the
15 examinee's acceptance of the proposed order and final
16 report, as applicable. The hearing is deemed concluded on
17 the later of the last date of any live hearing or the final
18 deadline date for written submissions to the hearing
19 officer, including any continuances or supplemental
20 briefings permitted by the hearing officer.

21 (10) If an examinee has requested a hearing under this
22 subsection (i), the Director shall continue to hold the
23 final order and examination report as private and
24 confidential for a period of 49 days after the final
25 administrative decision. After the 49-day period expires,
26 the Director shall open the final order and examination

1 report if a court of competent jurisdiction has not stayed
2 their publication.

3 (k) National market conduct databases. The Director shall
4 collect and report market data to the NAIC's market
5 information systems, including, but not limited to, the
6 Complaint Database System, the Examination Tracking System,
7 and the Regulatory Information Retrieval System, or other
8 successor NAIC products as determined by the Director.
9 Information collected and maintained by the Department for
10 inclusion in these NAIC market information systems shall be
11 compiled in a manner that meets the requirements of the NAIC.
12 Confidential or privileged information collected, reported, or
13 maintained under this subsection (k) shall be subject to the
14 protections and restrictions on disclosure in subsection (i).

15 (l) Immunity of market conduct surveillance personnel.

16 (1) No cause of action shall arise nor shall any
17 liability be imposed against the Director, the Director's
18 authorized representatives, market conduct surveillance
19 personnel, or an examiner appointed by the Director for
20 any statements made or conduct performed in good faith
21 while carrying out the provisions of this Section.

22 (2) No cause of action shall arise nor shall any
23 liability be imposed against any person for the act of
24 communicating or delivering information or data to the
25 Director, the Director's authorized representative, market
26 conduct surveillance personnel, or examiner pursuant to an

1 examination made under this Section, if the act of
2 communication or delivery was performed in good faith and
3 without fraudulent intent or the intent to deceive.

4 (3) A person identified in paragraph (1) of this
5 subsection (1) shall be entitled to an award of attorney's
6 fees and costs if he or she is the prevailing party in a
7 civil cause of action for libel, slander, or any other
8 relevant tort arising out of activities in carrying out
9 the provisions of this Section and the party bringing the
10 action was not substantially justified in doing so. As
11 used in this paragraph, a proceeding is substantially
12 justified if it had a reasonable basis in law or fact at
13 the time it was initiated.

14 (4) This subsection (1) does not abrogate or modify in
15 any way any common law or statutory privilege or immunity
16 heretofore enjoyed by any person identified in paragraph
17 (1) of this subsection (1).

18 ~~(1) The Director, for the purposes of ascertaining the~~
19 ~~non financial business practices, performance, and operations~~
20 ~~of any company, may make examinations of:~~

21 ~~(a) any company transacting or being organized to~~
22 ~~transact business in this State;~~

23 ~~(b) any person engaged in or proposing to be engaged~~
24 ~~in the organization, promotion, or solicitation of shares~~
25 ~~or capital contributions to or aiding in the formation of~~
26 ~~a company;~~

1 ~~(c) any person having a contract, written or oral,~~
2 ~~pertaining to the management or control of a company as~~
3 ~~general agent, managing agent, or attorney in fact;~~

4 ~~(d) any licensed or registered producer, firm, or~~
5 ~~administrator, or any person, organization, or corporation~~
6 ~~making application for any licenses or registration;~~

7 ~~(e) any person engaged in the business of adjusting~~
8 ~~losses or financing premiums; or~~

9 ~~(f) any person, organization, trust, or corporation~~
10 ~~having custody or control of information reasonably~~
11 ~~related to the operation, performance, or conduct of a~~
12 ~~company or person subject to the jurisdiction of the~~
13 ~~Director.~~

14 ~~(2) Every company or person being examined and its~~
15 ~~officers, directors, and agents must provide to the Director~~
16 ~~convenient and free access at all reasonable hours at its~~
17 ~~office or location to all books, records, documents, and any~~
18 ~~or all papers relating to the business, performance,~~
19 ~~operations, and affairs of the company. The officers,~~
20 ~~directors, and agents of the company or person must facilitate~~
21 ~~the examination and aid in the examination so far as it is in~~
22 ~~their power to do so.~~

23 ~~The Director and any authorized examiner have the power to~~
24 ~~administer oaths and examine under oath any person relative to~~
25 ~~the business of the company being examined.~~

26 ~~(3) The examiners designated by the Director under Section~~

1 ~~402 must make a full and true report of every examination made~~
2 ~~by them, which contains only facts ascertained from the books,~~
3 ~~papers, records, or documents, and other evidence obtained by~~
4 ~~investigation and examined by them or ascertained from the~~
5 ~~testimony of officers or agents or other persons examined~~
6 ~~under oath concerning the business, affairs, conduct, and~~
7 ~~performance of the company or person. The report of~~
8 ~~examination must be verified by the oath of the examiner in~~
9 ~~charge thereof, and when so verified is prima facie evidence~~
10 ~~in any action or proceeding in the name of the State against~~
11 ~~the company, its officers, or agents upon the facts stated~~
12 ~~therein.~~

13 ~~(4) The Director must notify the company or person made~~
14 ~~the subject of any examination hereunder of the contents of~~
15 ~~the verified examination report before filing it and making~~
16 ~~the report public of any matters relating thereto, and must~~
17 ~~afford the company or person an opportunity to demand a~~
18 ~~hearing with reference to the facts and other evidence therein~~
19 ~~contained.~~

20 ~~The company or person may request a hearing within 10 days~~
21 ~~after receipt of the examination report by giving the Director~~
22 ~~written notice of that request, together with a statement of~~
23 ~~its objections. The Director must then conduct a hearing in~~
24 ~~accordance with Sections 402 and 403. He must issue a written~~
25 ~~order based upon the examination report and upon the hearing~~
26 ~~within 90 days after the report is filed or within 90 days~~

1 ~~after the hearing.~~

2 ~~If the examination reveals that the company is operating~~
3 ~~in violation of any law, regulation, or prior order, the~~
4 ~~Director in the written order may require the company or~~
5 ~~person to take any action he considers necessary or~~
6 ~~appropriate in accordance with the report of examination or~~
7 ~~any hearing thereon. The order is subject to judicial review~~
8 ~~under the Administrative Review Law. The Director may withhold~~
9 ~~any report from public inspection for such time as he may deem~~
10 ~~proper and may, after filing the same, publish any part or all~~
11 ~~of the report as he considers to be in the interest of the~~
12 ~~public, in one or more newspapers in this State, without~~
13 ~~expense to the company.~~

14 ~~(5) Any company which or person who violates or aids and~~
15 ~~abets any violation of a written order issued under this~~
16 ~~Section shall be guilty of a business offense and may be fined~~
17 ~~not more than \$5,000. The penalty shall be paid into the~~
18 ~~General Revenue fund of the State of Illinois.~~

19 (Source: P.A. 87-108.)

20 (215 ILCS 5/132.5) (from Ch. 73, par. 744.5)

21 Sec. 132.5. Examination reports.

22 (a) General description. All examination reports shall be
23 comprised of only facts appearing upon the books, records, or
24 other documents of the company, its agents, or other persons
25 examined or as ascertained from the testimony of its officers,

1 agents, or other persons examined concerning its affairs and
2 the conclusions and recommendations as the examiners find
3 reasonably warranted from those facts.

4 (b) Filing of examination report. No later than 60 days
5 following completion of the examination, the examiner in
6 charge shall file with the Department a verified written
7 report of examination under oath. Upon receipt of the verified
8 report, the Department shall transmit the report to the
9 company examined, together with a notice that affords the
10 company examined a reasonable opportunity of not more than 30
11 days to make a written submission or rebuttal with respect to
12 any matters contained in the examination report.

13 (c) Adoption of the report on examination. Within 30 days
14 of the end of the period allowed for the receipt of written
15 submissions or rebuttals, the Director shall fully consider
16 and review the report, together with any written submissions
17 or rebuttals and any relevant portions of the examiners work
18 papers and enter an order:

19 (1) Adopting the examination report as filed or with
20 modification or corrections. If the examination report
21 reveals that the company is operating in violation of any
22 law, regulation, or prior order of the Director, the
23 Director may order the company to take any action the
24 Director considers necessary and appropriate to cure the
25 violation.

26 (2) Rejecting the examination report with directions

1 to the examiners to reopen the examination for purposes of
2 obtaining additional data, documentation, or information
3 and refiling under subsection (b).

4 (3) Calling for an investigatory hearing with no less
5 than 20 days notice to the company for purposes of
6 obtaining additional documentation, data, information, and
7 testimony.

8 (d) Order and procedures. All orders entered under
9 paragraph (1) of subsection (c) shall be accompanied by
10 findings and conclusions resulting from the Director's
11 consideration and review of the examination report, relevant
12 examiner work papers, and any written submissions or
13 rebuttals. The order shall be considered a final
14 administrative decision and may be appealed in accordance with
15 the Administrative Review Law. The order shall be served upon
16 the company by certified mail, together with a copy of the
17 adopted examination report. Within 30 days of the issuance of
18 the adopted report, the company shall file affidavits executed
19 by each of its directors stating under oath that they have
20 received a copy of the adopted report and related orders.

21 Any hearing conducted under paragraph (3) of subsection
22 (c) by the Director or an authorized representative shall be
23 conducted as a nonadversarial confidential investigatory
24 proceeding as necessary for the resolution of any
25 inconsistencies, discrepancies, or disputed issues apparent
26 upon the face of the filed examination report or raised by or

1 as a result of the Director's review of relevant work papers or
2 by the written submission or rebuttal of the company. Within
3 20 days of the conclusion of any hearing, the Director shall
4 enter an order under paragraph (1) of subsection (c).

5 The Director shall not appoint an examiner as an
6 authorized representative to conduct the hearing. The hearing
7 shall proceed expeditiously with discovery by the company
8 limited to the examiner's work papers that tend to
9 substantiate any assertions set forth in any written
10 submission or rebuttal. The Director or his representative may
11 issue subpoenas for the attendance of any witnesses or the
12 production of any documents deemed relevant to the
13 investigation, whether under the control of the Department,
14 the company, or other persons. The documents produced shall be
15 included in the record, and testimony taken by the Director or
16 his representative shall be under oath and preserved for the
17 record. Nothing contained in this Section shall require the
18 Department to disclose any information or records that would
19 indicate or show the existence or content of any investigation
20 or activity of a criminal justice agency.

21 The hearing shall proceed with the Director or his
22 representative posing questions to the persons subpoenaed.
23 Thereafter, the company and the Department may present
24 testimony relevant to the investigation. Cross-examination
25 shall be conducted only by the Director or his representative.
26 The company and the Department shall be permitted to make

1 closing statements and may be represented by counsel of their
2 choice.

3 (e) Publication and use. Upon the adoption of the
4 examination report under paragraph (1) of subsection (c), the
5 Director shall continue to hold the content of the examination
6 report as private and confidential information for a period of
7 35 days, except to the extent provided in subsection (b).
8 Thereafter, the Director may open the report for public
9 inspection so long as no court of competent jurisdiction has
10 stayed its publication.

11 Nothing contained in this Code shall prevent or be
12 construed as prohibiting the Director from disclosing the
13 content of an examination report, preliminary examination
14 report or results, or any matter relating thereto, to the
15 insurance department of any other state or country or to law
16 enforcement officials of this or any other state or agency of
17 the federal government at any time, so long as the agency or
18 office receiving the report or matters relating thereto agrees
19 in writing to hold it confidential and in a manner consistent
20 with this Code.

21 In the event the Director determines that regulatory
22 action is appropriate as a result of any examination, he may
23 initiate any proceedings or actions as provided by law.

24 (f) Confidentiality of ancillary information. All working
25 papers, recorded information, documents, and copies thereof
26 produced by, obtained by, or disclosed to the Director or any

1 other person in the course of any examination must be given
2 confidential treatment, are not subject to subpoena, and may
3 not be made public by the Director or any other persons, except
4 to the extent provided in subsection (e). Access may also be
5 granted to the National Association of Insurance
6 Commissioners. Those parties must agree in writing before
7 receiving the information to provide to it the same
8 confidential treatment as required by this Section, unless the
9 prior written consent of the company to which it pertains has
10 been obtained.

11 ~~This subsection (f) applies to market conduct examinations~~
12 ~~described in Section 132 of this Code.~~

13 (g) Disclosure. Nothing contained in this Code shall
14 prevent or be construed as prohibiting the Director from
15 disclosing the information described in subsections (e) and
16 (f) to the Illinois Insurance Guaranty Fund regarding any
17 member company defined in Section 534.5 if the member company
18 has an authorized control level event as defined in Section
19 35A-25. The Director may disclose the information described in
20 this subsection so long as the Fund agrees in writing to hold
21 that information confidential, in a manner consistent with
22 this Code, and uses that information to prepare for the
23 possible liquidation of the member company. Access to the
24 information disclosed by the Director to the Fund shall be
25 limited to the Fund's staff and its counsel. The Board of
26 Directors of the Fund may have access to the information

1 disclosed by the Director to the Fund once the member company
2 is subject to a delinquency proceeding under Article XIII
3 subject to any terms and conditions established by the
4 Director.

5 (Source: P.A. 102-929, eff. 5-27-22.)

6 (215 ILCS 5/155.35)

7 Sec. 155.35. Insurance compliance self-evaluative
8 privilege.

9 (a) To encourage insurance companies and persons
10 conducting activities regulated under this Code, both to
11 conduct voluntary internal audits of their compliance programs
12 and management systems and to assess and improve compliance
13 with State and federal statutes, rules, and orders, an
14 insurance compliance self-evaluative privilege is recognized
15 to protect the confidentiality of communications relating to
16 voluntary internal compliance audits. The General Assembly
17 hereby finds and declares that protection of insurance
18 consumers is enhanced by companies' voluntary compliance with
19 this State's insurance and other laws and that the public will
20 benefit from incentives to identify and remedy insurance and
21 other compliance issues. It is further declared that limited
22 expansion of the protection against disclosure will encourage
23 voluntary compliance and improve insurance market conduct
24 quality and that the voluntary provisions of this Section will
25 not inhibit the exercise of the regulatory authority by those

1 entrusted with protecting insurance consumers.

2 (b)(1) An insurance compliance self-evaluative audit
3 document is privileged information and is not admissible as
4 evidence in any legal action in any civil, criminal, or
5 administrative proceeding, except as provided in subsections
6 (c) and (d) of this Section. Documents, communications, data,
7 reports, or other information created as a result of a claim
8 involving personal injury or workers' compensation made
9 against an insurance policy are not insurance compliance
10 self-evaluative audit documents and are admissible as evidence
11 in civil proceedings as otherwise provided by applicable rules
12 of evidence or civil procedure, subject to any applicable
13 statutory or common law privilege, including, but not limited
14 to, the work product doctrine, the attorney-client privilege,
15 or the subsequent remedial measures exclusion.

16 (2) If any company, person, or entity performs or directs
17 the performance of an insurance compliance audit, an officer
18 or employee involved with the insurance compliance audit, or
19 any consultant who is hired for the purpose of performing the
20 insurance compliance audit, may not be examined in any civil,
21 criminal, or administrative proceeding as to the insurance
22 compliance audit or any insurance compliance self-evaluative
23 audit document, as defined in this Section. This subsection
24 (b)(2) does not apply if the privilege set forth in subsection
25 (b)(1) of this Section is determined under subsection (c) or
26 (d) not to apply.

1 (3) A company may voluntarily submit, in connection with
2 examinations conducted under this Article, an insurance
3 compliance self-evaluative audit document to the Director, or
4 his or her designee, as a confidential document under
5 subsection (i) of Section 132 or subsection (f) of Section
6 132.5 of this Code without waiving the privilege set forth in
7 this Section to which the company would otherwise be entitled;
8 provided, however, that the provisions in Sections 132 and
9 ~~subsection (f) of Section~~ 132.5 permitting the Director to
10 make confidential documents public ~~pursuant to subsection (e)~~
11 ~~of Section 132.5~~ and grant access to the National Association
12 of Insurance Commissioners shall not apply to the insurance
13 compliance self-evaluative audit document so voluntarily
14 submitted. Nothing contained in this subsection shall give the
15 Director any authority to compel a company to disclose
16 involuntarily or otherwise provide an insurance compliance
17 self-evaluative audit document.

18 (c)(1) The privilege set forth in subsection (b) of this
19 Section does not apply to the extent that it is expressly
20 waived by the company that prepared or caused to be prepared
21 the insurance compliance self-evaluative audit document.

22 (2) In a civil or administrative proceeding, a court of
23 record may, after an in camera review, require disclosure of
24 material for which the privilege set forth in subsection (b)
25 of this Section is asserted, if the court determines one of the
26 following:

1 (A) the privilege is asserted for a fraudulent
2 purpose;

3 (B) the material is not subject to the privilege; or

4 (C) even if subject to the privilege, the material
5 shows evidence of noncompliance with State and federal
6 statutes, rules and orders and the company failed to
7 undertake reasonable corrective action or eliminate the
8 noncompliance within a reasonable time.

9 (3) In a criminal proceeding, a court of record may, after
10 an in camera review, require disclosure of material for which
11 the privilege described in subsection (b) of this Section is
12 asserted, if the court determines one of the following:

13 (A) the privilege is asserted for a fraudulent
14 purpose;

15 (B) the material is not subject to the privilege;

16 (C) even if subject to the privilege, the material
17 shows evidence of noncompliance with State and federal
18 statutes, rules and orders and the company failed to
19 undertake reasonable corrective action or eliminate such
20 noncompliance within a reasonable time; or

21 (D) the material contains evidence relevant to
22 commission of a criminal offense under this Code, and all
23 of the following factors are present:

24 (i) the Director, State's Attorney, or Attorney
25 General has a compelling need for the information;

26 (ii) the information is not otherwise available;

1 and

2 (iii) the Director, State's Attorney, or Attorney
3 General is unable to obtain the substantial equivalent
4 of the information by any means without incurring
5 unreasonable cost and delay.

6 (d) (1) Within 30 days after the Director, State's
7 Attorney, or Attorney General makes a written request by
8 certified mail for disclosure of an insurance compliance
9 self-evaluative audit document under this subsection, the
10 company that prepared or caused the document to be prepared
11 may file with the appropriate court a petition requesting an
12 in camera hearing on whether the insurance compliance
13 self-evaluative audit document or portions of the document are
14 privileged under this Section or subject to disclosure. The
15 court has jurisdiction over a petition filed by a company
16 under this subsection requesting an in camera hearing on
17 whether the insurance compliance self-evaluative audit
18 document or portions of the document are privileged or subject
19 to disclosure. Failure by the company to file a petition
20 waives the privilege.

21 (2) A company asserting the insurance compliance
22 self-evaluative privilege in response to a request for
23 disclosure under this subsection shall include in its request
24 for an in camera hearing all of the information set forth in
25 subsection (d) (5) of this Section.

26 (3) Upon the filing of a petition under this subsection,

1 the court shall issue an order scheduling, within 45 days
2 after the filing of the petition, an in camera hearing to
3 determine whether the insurance compliance self-evaluative
4 audit document or portions of the document are privileged
5 under this Section or subject to disclosure.

6 (4) The court, after an in camera review, may require
7 disclosure of material for which the privilege in subsection
8 (b) of this Section is asserted if the court determines, based
9 upon its in camera review, that any one of the conditions set
10 forth in subsection (c)(2)(A) through (C) is applicable as to
11 a civil or administrative proceeding or that any one of the
12 conditions set forth in subsection (c)(3)(A) through (D) is
13 applicable as to a criminal proceeding. Upon making such a
14 determination, the court may only compel the disclosure of
15 those portions of an insurance compliance self-evaluative
16 audit document relevant to issues in dispute in the underlying
17 proceeding. Any compelled disclosure will not be considered to
18 be a public document or be deemed to be a waiver of the
19 privilege for any other civil, criminal, or administrative
20 proceeding. A party unsuccessfully opposing disclosure may
21 apply to the court for an appropriate order protecting the
22 document from further disclosure.

23 (5) A company asserting the insurance compliance
24 self-evaluative privilege in response to a request for
25 disclosure under this subsection (d) shall provide to the
26 Director, State's Attorney, or Attorney General, as the case

1 may be, at the time of filing any objection to the disclosure,
2 all of the following information:

3 (A) The date of the insurance compliance
4 self-evaluative audit document.

5 (B) The identity of the entity conducting the audit.

6 (C) The general nature of the activities covered by
7 the insurance compliance audit.

8 (D) An identification of the portions of the insurance
9 compliance self-evaluative audit document for which the
10 privilege is being asserted.

11 (e) (1) A company asserting the insurance compliance
12 self-evaluative privilege set forth in subsection (b) of this
13 Section has the burden of demonstrating the applicability of
14 the privilege. Once a company has established the
15 applicability of the privilege, a party seeking disclosure
16 under subsections (c)(2)(A) or (C) of this Section has the
17 burden of proving that the privilege is asserted for a
18 fraudulent purpose or that the company failed to undertake
19 reasonable corrective action or eliminate the noncompliance
20 with a reasonable time. The Director, State's Attorney, or
21 Attorney General seeking disclosure under subsection (c)(3) of
22 this Section has the burden of proving the elements set forth
23 in subsection (c)(3) of this Section.

24 (2) The parties may at any time stipulate in proceedings
25 under subsections (c) or (d) of this Section to entry of an
26 order directing that specific information contained in an

1 insurance compliance self-evaluative audit document is or is
2 not subject to the privilege provided under subsection (b) of
3 this Section.

4 (f) The privilege set forth in subsection (b) of this
5 Section shall not extend to any of the following:

6 (1) documents, communications, data, reports, or other
7 information required to be collected, developed,
8 maintained, reported, or otherwise made available to a
9 regulatory agency pursuant to this Code, or other federal
10 or State law, rule, or order;

11 (2) information obtained by observation or monitoring
12 by any regulatory agency; or

13 (3) information obtained from a source independent of
14 the insurance compliance audit.

15 (g) As used in this Section:

16 (1) "Insurance compliance audit" means a voluntary,
17 internal evaluation, review, assessment, or audit not
18 otherwise expressly required by law of a company or an
19 activity regulated under this Code, or other State or
20 federal law applicable to a company, or of management
21 systems related to the company or activity, that is
22 designed to identify and prevent noncompliance and to
23 improve compliance with those statutes, rules, or orders.
24 An insurance compliance audit may be conducted by the
25 company, its employees, or by independent contractors.

26 (2) "Insurance compliance self-evaluative audit

1 document" means documents prepared as a result of or in
2 connection with and not prior to an insurance compliance
3 audit. An insurance compliance self-evaluation audit
4 document may include a written response to the findings of
5 an insurance compliance audit. An insurance compliance
6 self-evaluative audit document may include, but is not
7 limited to, as applicable, field notes and records of
8 observations, findings, opinions, suggestions,
9 conclusions, drafts, memoranda, drawings, photographs,
10 computer-generated or electronically recorded
11 information, phone records, maps, charts, graphs, and
12 surveys, provided this supporting information is collected
13 or developed for the primary purpose and in the course of
14 an insurance compliance audit. An insurance compliance
15 self-evaluative audit document may also include any of the
16 following:

17 (A) an insurance compliance audit report prepared
18 by an auditor, who may be an employee of the company or
19 an independent contractor, which may include the scope
20 of the audit, the information gained in the audit, and
21 conclusions and recommendations, with exhibits and
22 appendices;

23 (B) memoranda and documents analyzing portions or
24 all of the insurance compliance audit report and
25 discussing potential implementation issues;

26 (C) an implementation plan that addresses

1 correcting past noncompliance, improving current
2 compliance, and preventing future noncompliance; or

3 (D) analytic data generated in the course of
4 conducting the insurance compliance audit.

5 (3) "Company" has the same meaning as provided in
6 Section 2 of this Code.

7 (h) Nothing in this Section shall limit, waive, or
8 abrogate the scope or nature of any statutory or common law
9 privilege including, but not limited to, the work product
10 doctrine, the attorney-client privilege, or the subsequent
11 remedial measures exclusion.

12 (Source: P.A. 90-499, eff. 8-19-97; 90-655, eff. 7-30-98.)

13 (215 ILCS 5/402) (from Ch. 73, par. 1014)

14 Sec. 402. Examinations, investigations and hearings. (1)
15 All examinations, investigations and hearings provided for by
16 this Code may be conducted either by the Director personally,
17 or by one or more of the actuaries, technical advisors,
18 deputies, supervisors or examiners employed or retained by the
19 Department and designated by the Director for such purpose.
20 When necessary to supplement its examination procedures, the
21 Department may retain independent actuaries deemed competent
22 by the Director, independent certified public accountants, ~~or~~
23 qualified examiners of insurance companies, or other qualified
24 outside professional assistance deemed competent by the
25 Director, or any combination of the foregoing, the cost of

1 which shall be borne by the company or person being examined.
2 The Director may compensate independent actuaries, certified
3 public accountants, ~~and~~ qualified examiners, and other
4 qualified outside professional assistance retained for
5 supplementing examination procedures in amounts not to exceed
6 the reasonable and customary charges for such services. The
7 Director may also accept as a part of the Department's
8 examination of any company or person (a) a report by an
9 independent actuary deemed competent by the Director or (b) a
10 report of an audit made by an independent certified public
11 accountant. Neither those persons so designated nor any
12 members of their immediate families shall be officers of,
13 connected with, or financially interested in any company other
14 than as policyholders, nor shall they be financially
15 interested in any other corporation or person affected by the
16 examination, investigation or hearing.

17 (2) All hearings provided for in this Code shall, unless
18 otherwise specially provided, be held at such time and place
19 as shall be designated in a notice which shall be given by the
20 Director in writing to the person or company whose interests
21 are affected, at least 10 days before the date designated
22 therein. The notice shall state the subject of inquiry and the
23 specific charges, if any. The hearings shall be held in the
24 City of Springfield, the City of Chicago, or in the county
25 where the principal business address of the person or company
26 affected is located.

1 (Source: P.A. 87-757.)

2 (215 ILCS 5/408) (from Ch. 73, par. 1020)

3 (Text of Section before amendment by P.A. 103-75)

4 Sec. 408. Fees and charges.

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

8 (a) For filing all documents submitted for the
9 incorporation or organization or certification of a
10 domestic company, except for a fraternal benefit society,
11 \$2,000.

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

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

19 (d) For filing amendments to articles of incorporation
20 of a fraternal benefit society, a mutual benefit
21 association or a burial society, \$100.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (o) For issuing a certificate of authority or renewal
2 thereof except to a foreign fraternal benefit society,
3 \$400.

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

6 (q) For issuing an amended certificate of authority,
7 \$50.

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

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

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

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

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

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

24 (i) in connection with a public stock offering,
25 \$300;

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

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

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

7 (z) For filing a statement of acquisition of a
8 domestic company as defined in Section 131.4 of this Code,
9 \$2,000.

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

15 (bb) For filing a statement of acquisition of a
16 foreign or alien insurance company as defined in Section
17 131.12a of this Code, \$1,000.

18 (cc) For filing a registration statement as required
19 in Sections 131.13 and 131.14, the notification as
20 required by Sections 131.16, 131.20a, or 141.4, or an
21 agreement or transaction required by Sections 124.2(2),
22 141, 141a, or 141.1, \$200.

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

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

26 (ii) a workers' compensation service company,

1 \$500;

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

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

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

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

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

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

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

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

24 (i) For the purposes of the form filing fee,
25 filings made on insert page basis will be considered
26 one form at the time of its original submission.

1 Changes made to a form subsequent to its approval
2 shall be considered a new filing.

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

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

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

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

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

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

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

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

26 (pp) For filing all documents submitted by a reinsurer

1 domiciled in a reciprocal jurisdiction, \$1,000.

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

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

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

13 (3) (a) The expenses incurred in any performance
14 examination authorized by law shall be paid by the company or
15 person being examined. The charge shall be consistent with
16 that otherwise authorized by law and shall be reasonably
17 related to the cost of the examination including but not
18 limited to compensation of examiners, electronic data
19 processing costs, supervision and preparation of an
20 examination report and lodging and travel expenses. All
21 lodging and travel expenses shall be in accord with the
22 applicable travel regulations as published by the Department
23 of Central Management Services and approved by the Governor's
24 Travel Control Board, except that out-of-state lodging and
25 travel expenses related to examinations authorized under
26 Section 132 shall be in accordance with travel rates

1 prescribed under paragraph 301-7.2 of the Federal Travel
2 Regulations, 41 C.F.R. 301-7.2, for reimbursement of
3 subsistence expenses incurred during official travel. All
4 lodging and travel expenses may be reimbursed directly upon
5 authorization of the Director. With the exception of the
6 direct reimbursements authorized by the Director, all
7 performance examination charges collected by the Department
8 shall be paid to the Insurance Producer Administration Fund,
9 however, the electronic data processing costs incurred by the
10 Department in the performance of any examination shall be
11 billed directly to the company being examined for payment to
12 the Technology Management Revolving Fund.

13 (b) The costs and fees incurred in a market conduct
14 examination shall be itemized and bills shall be provided to
15 the examinee on a monthly basis for review prior to submission
16 for payment. The Director shall review and affirmatively
17 endorse detailed billings from any contracted, qualified
18 outside professional assistance retained under Section 402 for
19 market conduct examinations before the detailed billings are
20 sent to the examinee. Before any qualified outside
21 professional assistance conducts billable work on an
22 examination, the Department shall disclose to the examinee the
23 terms of the contracts with the qualified outside professional
24 assistance that will be used, including the fees and hourly
25 rates that can be charged.

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 (Text of Section after amendment by P.A. 103-75)

12 Sec. 408. Fees and charges.

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

16 (a) For filing all documents submitted for the
17 incorporation or organization or certification of a
18 domestic company, except for a fraternal benefit society,
19 \$2,000.

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

23 (c) For filing amendments to articles of incorporation
24 and amendments to declaration of organization, except for
25 a fraternal benefit society, a mutual benefit association,

1 a burial society or a farm mutual, \$200.

2 (d) For filing amendments to articles of incorporation
3 of a fraternal benefit society, a mutual benefit
4 association or a burial society, \$100.

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

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

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

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

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

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

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

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

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

26 (k) For filing declaration of withdrawal of a foreign

1 or alien company, \$50.

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

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

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

9 (o) For issuing a certificate of authority or renewal
10 thereof except to a foreign fraternal benefit society,
11 \$400.

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

14 (q) For issuing an amended certificate of authority,
15 \$50.

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

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

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

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

23 (v) For multiple copies of documents or certificates
24 listed in subparagraphs (r), (s), and (u) of paragraph (1)
25 of this Section, \$10 for the first copy of a certificate of
26 any type and \$5 for each additional copy of the same

1 certificate requested at the same time, unless, pursuant
2 to paragraph (2) of this Section, the Director finds these
3 additional fees excessive.

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

6 (i) in connection with a public stock offering,
7 \$300;

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

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

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

15 (z) For filing a statement of acquisition of a
16 domestic company as defined in Section 131.4 of this Code,
17 \$2,000.

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

23 (bb) For filing a statement of acquisition of a
24 foreign or alien insurance company as defined in Section
25 131.12a of this Code, \$1,000.

26 (cc) For filing a registration statement as required

1 in Sections 131.13 and 131.14, the notification as
2 required by Sections 131.16, 131.20a, or 141.4, or an
3 agreement or transaction required by Sections 124.2(2),
4 141, 141a, or 141.1, \$200.

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

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

8 (ii) a workers' compensation service company,
9 \$500;

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

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

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

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

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

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

26 (ii) For a permit to solicit subscriptions to a

1 syndicate or limited syndicate, \$100.

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

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

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

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

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

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

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

26 (mm) For filing a plan of division of a domestic stock

1 company under Article IIB, \$10,000.

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

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

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

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

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

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

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

23 (3) (a) The expenses incurred in any performance
24 examination authorized by law shall be paid by the company or
25 person being examined. The charge shall be consistent with
26 that otherwise authorized by law and shall be reasonably

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

23 (b) The costs and fees incurred in a market conduct
24 examination shall be itemized and bills shall be provided to
25 the examinee on a monthly basis for review prior to submission
26 for payment. The Director shall review and affirmatively

1 endorse detailed billings from any contracted, qualified
2 outside professional assistance retained under Section 402 for
3 market conduct examinations before the detailed billings are
4 sent to the examinee. Before any qualified outside
5 professional assistance conducts billable work on an
6 examination, the Department shall disclose to the examinee the
7 terms of the contracts with the qualified outside professional
8 assistance that will be used, including the fees and hourly
9 rates that can be charged.

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

15 (5) (a) The costs incurred by the Department of Insurance
16 in conducting any hearing authorized by law shall be assessed
17 against the parties to the hearing in such proportion as the
18 Director of Insurance may determine upon consideration of all
19 relevant circumstances including: (1) the nature of the
20 hearing; (2) whether the hearing was instigated by, or for the
21 benefit of a particular party or parties; (3) whether there is
22 a successful party on the merits of the proceeding; and (4) the
23 relative levels of participation by the parties.

24 (b) For purposes of this subsection (5) costs incurred
25 shall mean the hearing officer fees, court reporter fees, and
26 travel expenses of Department of Insurance officers and

1 employees; provided however, that costs incurred shall not
2 include hearing officer fees or court reporter fees unless the
3 Department has retained the services of independent
4 contractors or outside experts to perform such functions.

5 (c) The Director shall make the assessment of costs
6 incurred as part of the final order or decision arising out of
7 the proceeding; provided, however, that such order or decision
8 shall include findings and conclusions in support of the
9 assessment of costs. This subsection (5) shall not be
10 construed as permitting the payment of travel expenses unless
11 calculated in accordance with the applicable travel
12 regulations of the Department of Central Management Services,
13 as approved by the Governor's Travel Control Board. The
14 Director as part of such order or decision shall require all
15 assessments for hearing officer fees and court reporter fees,
16 if any, to be paid directly to the hearing officer or court
17 reporter by the party(s) assessed for such costs. The
18 assessments for travel expenses of Department officers and
19 employees shall be reimbursable to the Director of Insurance
20 for deposit to the fund out of which those expenses had been
21 paid.

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

25 (6) The Director shall charge and collect an annual
26 financial regulation fee from every domestic company for

1 examination and analysis of its financial condition and to
2 fund the internal costs and expenses of the Interstate
3 Insurance Receivership Commission as may be allocated to the
4 State of Illinois and companies doing an insurance business in
5 this State pursuant to Article X of the Interstate Insurance
6 Receivership Compact. The fee shall be the greater fixed
7 amount based upon the combination of nationwide direct premium
8 income and nationwide reinsurance assumed premium income or
9 upon admitted assets calculated under this subsection as
10 follows:

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

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

15 (ii) \$750, if the premium is \$500,000 or more, but
16 less than \$5,000,000 and there is no reinsurance
17 assumed premium; or if the premium is less than
18 \$5,000,000 and the reinsurance assumed premium is less
19 than \$10,000,000;

20 (iii) \$3,750, if the premium is less than
21 \$5,000,000 and the reinsurance assumed premium is
22 \$10,000,000 or more;

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

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

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

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

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

7 (b) Admitted assets.

8 (i) \$150, if admitted assets are less than
9 \$1,000,000;

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

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

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

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

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

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

22 (viii) \$37,500, if admitted assets are
23 \$1,000,000,000 or more.

24 (c) The sum of financial regulation fees charged to
25 the domestic companies of the same affiliated group shall
26 not exceed \$250,000 in the aggregate in any single year

1 and shall be billed by the Director to the member company
2 designated by the group.

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

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

16 (b) \$750, if the premium is \$500,000 or more, but less
17 than \$5,000,000 and there is no reinsurance assumed
18 premium; or if the premium is less than \$5,000,000 and the
19 reinsurance assumed premium is less than \$10,000,000;

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

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

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

26 (f) \$22,500, if the premium is \$25,000,000 or more,

1 but less than \$50,000,000;

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

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

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

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

23 (9) In addition to the financial regulation fee required
24 by this Section, a company undergoing any financial
25 examination authorized by law shall pay the following costs
26 and expenses incurred by the Department: electronic data

1 processing costs, the expenses authorized under Section 131.21
2 and subsection (d) of Section 132.4 of this Code, and lodging
3 and travel expenses.

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

13 All lodging and travel expenses shall be in accordance
14 with applicable travel regulations published by the Department
15 of Central Management Services and approved by the Governor's
16 Travel Control Board, except that out-of-state lodging and
17 travel expenses related to examinations authorized under
18 Sections 132.1 through 132.7 shall be in accordance with
19 travel rates prescribed under paragraph 301-7.2 of the Federal
20 Travel Regulations, 41 C.F.R. 301-7.2, for reimbursement of
21 subsistence expenses incurred during official travel. All
22 lodging and travel expenses may be reimbursed directly upon
23 the authorization of the Director.

24 In the case of an organization or person not subject to the
25 financial regulation fee, the expenses incurred in any
26 financial examination authorized by law shall be paid by the

1 organization or person being examined. The charge shall be
2 reasonably related to the cost of the examination including,
3 but not limited to, compensation of examiners and other costs
4 described in this subsection.

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

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

12 (12) For purposes of this Section:

13 (a) "Domestic company" means a company as defined in
14 Section 2 of this Code which is incorporated or organized
15 under the laws of this State, and in addition includes a
16 not-for-profit corporation authorized under the Dental
17 Service Plan Act or the Voluntary Health Services Plans
18 Act, a health maintenance organization, and a limited
19 health service organization.

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

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

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

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

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

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

20 (Source: P.A. 102-775, eff. 5-13-22; 103-75, eff. 1-1-25.)

21 (215 ILCS 5/511.109) (from Ch. 73, par. 1065.58-109)

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

23 Sec. 511.109. Examination.

24 (a) The Director or the Director's ~~his~~ designee may
25 examine any applicant for or holder of an administrator's

1 license in accordance with Sections 132 through 132.7. If the
2 Director or the examiners find that the administrator has
3 violated this Article or any other insurance-related laws,
4 rules, or regulations under the Director's jurisdiction
5 because of the manner in which the administrator has conducted
6 business on behalf of an insurer or plan sponsor, then, unless
7 the insurer or plan sponsor is included in the examination and
8 has been afforded the same opportunity to request or
9 participate in a hearing on the examination report, the
10 examination report shall not allege a violation by the insurer
11 or plan sponsor and the Director's order based on the report
12 shall not impose any requirements, prohibitions, or penalties
13 on the insurer or plan sponsor. Nothing in this Section shall
14 prevent the Director from using any information obtained
15 during the examination of an administrator to examine,
16 investigate, or take other appropriate regulatory or legal
17 action with respect to an insurer or plan sponsor.

18 ~~(b) Any administrator being examined shall provide to the~~
19 ~~Director or his designee convenient and free access, at all~~
20 ~~reasonable hours at their offices, to all books, records,~~
21 ~~documents and other papers relating to such administrator's~~
22 ~~business affairs.~~

23 ~~(c) The Director or his designee may administer oaths and~~
24 ~~thereafter examine any individual about the business of the~~
25 ~~administrator.~~

26 ~~(d) The examiners designated by the Director pursuant to~~

1 ~~this Section may make reports to the Director. Any report~~
2 ~~alleging substantive violations of this Article, any~~
3 ~~applicable provisions of the Illinois Insurance Code, or any~~
4 ~~applicable Part of Title 50 of the Illinois Administrative~~
5 ~~Code shall be in writing and be based upon facts obtained by~~
6 ~~the examiners. The report shall be verified by the examiners.~~

7 ~~(c) If a report is made, the Director shall either deliver~~
8 ~~a duplicate thereof to the administrator being examined or~~
9 ~~send such duplicate by certified or registered mail to the~~
10 ~~administrator's address specified in the records of the~~
11 ~~Department. The Director shall afford the administrator an~~
12 ~~opportunity to request a hearing to object to the report. The~~
13 ~~administrator may request a hearing within 30 days after~~
14 ~~receipt of the duplicate of the examination report by giving~~
15 ~~the Director written notice of such request together with~~
16 ~~written objections to the report. Any hearing shall be~~
17 ~~conducted in accordance with Sections 402 and 403 of this~~
18 ~~Code. The right to hearing is waived if the delivery of the~~
19 ~~report is refused or the report is otherwise undeliverable or~~
20 ~~the administrator does not timely request a hearing. After the~~
21 ~~hearing or upon expiration of the time period during which an~~
22 ~~administrator may request a hearing, if the examination~~
23 ~~reveals that the administrator is operating in violation of~~
24 ~~any applicable provision of the Illinois Insurance Code, any~~
25 ~~applicable Part of Title 50 of the Illinois Administrative~~
26 ~~Code or prior order, the Director, in the written order, may~~

~~require the administrator to take any action the Director considers necessary or appropriate in accordance with the report or examination hearing. If the Director issues an order, it shall be issued within 90 days after the report is filed, or if there is a hearing, within 90 days after the conclusion of the hearing. The order is subject to review under the Administrative Review Law.~~

(Source: P.A. 84-887.)

(215 ILCS 5/512-3) (from Ch. 73, par. 1065.59-3)

Sec. 512-3. Definitions. For the purposes of this Article, unless the context otherwise requires, the terms defined in this Article have the meanings ascribed to them herein:

"Health care payer" means an insurance company, health maintenance organization, limited health service organization, health services plan corporation, or dental service plan corporation authorized to do business in this State.

~~(a)~~ "Third party prescription program" or "program" means any system of providing for the reimbursement of pharmaceutical services and prescription drug products offered or operated in this State under a contractual arrangement or agreement between a provider of such services and another party who is not the consumer of those services and products. Such programs may include, but need not be limited to, employee benefit plans whereby a consumer receives prescription drugs or other pharmaceutical services and those

1 services are paid for by an agent of the employer or others.

2 ~~(b)~~ "Third party program administrator" or "administrator"
3 means any person, partnership or corporation who issues or
4 causes to be issued any payment or reimbursement to a provider
5 for services rendered pursuant to a third party prescription
6 program, but does not include the Director of Healthcare and
7 Family Services or any agent authorized by the Director to
8 reimburse a provider of services rendered pursuant to a
9 program of which the Department of Healthcare and Family
10 Services is the third party.

11 (Source: P.A. 95-331, eff. 8-21-07.)

12 (215 ILCS 5/512-5) (from Ch. 73, par. 1065.59-5)

13 Sec. 512-5. Fiduciary and Bonding Requirements. A third
14 party prescription program administrator shall (1) establish
15 and maintain a fiduciary account, separate and apart from any
16 and all other accounts, for the receipt and disbursement of
17 funds for reimbursement of providers of services under the
18 program, or (2) post, or cause to be posted, a bond of
19 indemnity in an amount equal to not less than 10% of the total
20 estimated annual reimbursements under the program.

21 The establishment of such fiduciary accounts and bonds
22 shall be consistent with applicable State law. If a bond of
23 indemnity is posted, it shall be held by the Director of
24 Insurance for the benefit and indemnification of the providers
25 of services under the third party prescription program.

1 An administrator who operates more than one third party
2 prescription program may establish and maintain a separate
3 fiduciary account or bond of indemnity for each such program,
4 or may operate and maintain a consolidated fiduciary account
5 or bond of indemnity for all such programs.

6 The requirements of this Section do not apply to any third
7 party prescription program administered by or on behalf of any
8 ~~health care payer insurance company, Health Care Service Plan~~
9 ~~Corporation or Pharmaceutical Service Plan Corporation~~
10 ~~authorized to do business in the State of Illinois.~~

11 (Source: P.A. 82-1005.)

12 (215 ILCS 5/512-11 new)

13 Sec. 512-11. Examination. The Director or the Director's
14 designee may examine any applicant for or holder of an
15 administrator's registration in accordance with Sections 132
16 through 132.7 of this Code. If the Director or the examiners
17 find that the administrator has violated this Article or any
18 other insurance-related laws or regulations under the
19 Director's jurisdiction because of the manner in which the
20 administrator has conducted business on behalf of a separately
21 incorporated health care payer, then, unless the health care
22 payer is included in the examination and has been afforded the
23 same opportunity to request or participate in a hearing on the
24 examination report, the examination report shall not allege a
25 violation by the health care payer and the Director's order

1 based on the report shall not impose any requirements,
2 prohibitions, or penalties on the health care payer. Nothing
3 in this Section shall prevent the Director from using any
4 information obtained during the examination of an
5 administrator to examine, investigate, or take other
6 appropriate regulatory or legal action with respect to a
7 health care payer.

8 (215 ILCS 5/513b3)

9 Sec. 513b3. Examination. ~~(a)~~ The Director, or his or her
10 designee, may examine a registered pharmacy benefit manager in
11 accordance with Sections 132-132.7. If the Director or the
12 examiners find that the pharmacy benefit manager has violated
13 this Article or any other insurance-related laws, rules, or
14 regulations under the Director's jurisdiction because of the
15 manner in which the pharmacy benefit manager has conducted
16 business on behalf of a health insurer or plan sponsor, then,
17 unless the health insurer or plan sponsor is included in the
18 examination and has been afforded the same opportunity to
19 request or participate in a hearing on the examination report,
20 the examination report shall not allege a violation by the
21 health insurer or plan sponsor and the Director's order based
22 on the report shall not impose any requirements, prohibitions,
23 or penalties on the health insurer or plan sponsor. Nothing in
24 this Section shall prevent the Director from using any
25 information obtained during the examination of an

1 administrator to examine, investigate, or take other
2 appropriate regulatory or legal action with respect to a
3 health insurer or plan sponsor.

4 ~~(b) Any pharmacy benefit manager being examined shall~~
5 ~~provide to the Director, or his or her designee, convenient~~
6 ~~and free access to all books, records, documents, and other~~
7 ~~papers relating to such pharmacy benefit manager's business~~
8 ~~affairs at all reasonable hours at its offices.~~

9 ~~(c) The Director, or his or her designee, may administer~~
10 ~~oaths and thereafter examine the pharmacy benefit manager's~~
11 ~~designee, representative, or any officer or senior manager as~~
12 ~~listed on the license or registration certificate about the~~
13 ~~business of the pharmacy benefit manager.~~

14 ~~(d) The examiners designated by the Director under this~~
15 ~~Section may make reports to the Director. Any report alleging~~
16 ~~substantive violations of this Article, any applicable~~
17 ~~provisions of this Code, or any applicable Part of Title 50 of~~
18 ~~the Illinois Administrative Code shall be in writing and be~~
19 ~~based upon facts obtained by the examiners. The report shall~~
20 ~~be verified by the examiners.~~

21 ~~(e) If a report is made, the Director shall either deliver~~
22 ~~a duplicate report to the pharmacy benefit manager being~~
23 ~~examined or send such duplicate by certified or registered~~
24 ~~mail to the pharmacy benefit manager's address specified in~~
25 ~~the records of the Department. The Director shall afford the~~
26 ~~pharmacy benefit manager an opportunity to request a hearing~~

1 ~~to object to the report. The pharmacy benefit manager may~~
2 ~~request a hearing within 30 days after receipt of the~~
3 ~~duplicate report by giving the Director written notice of such~~
4 ~~request together with written objections to the report. Any~~
5 ~~hearing shall be conducted in accordance with Sections 402 and~~
6 ~~403 of this Code. The right to a hearing is waived if the~~
7 ~~delivery of the report is refused or the report is otherwise~~
8 ~~undeliverable or the pharmacy benefit manager does not timely~~
9 ~~request a hearing. After the hearing or upon expiration of the~~
10 ~~time period during which a pharmacy benefit manager may~~
11 ~~request a hearing, if the examination reveals that the~~
12 ~~pharmacy benefit manager is operating in violation of any~~
13 ~~applicable provision of this Code, any applicable Part of~~
14 ~~Title 50 of the Illinois Administrative Code, a provision of~~
15 ~~this Article, or prior order, the Director, in the written~~
16 ~~order, may require the pharmacy benefit manager to take any~~
17 ~~action the Director considers necessary or appropriate in~~
18 ~~accordance with the report or examination hearing. If the~~
19 ~~Director issues an order, it shall be issued within 90 days~~
20 ~~after the report is filed, or if there is a hearing, within 90~~
21 ~~days after the conclusion of the hearing. The order is subject~~
22 ~~to review under the Administrative Review Law.~~

23 (Source: P.A. 101-452, eff. 1-1-20.)

24 Section 95. No acceleration or delay. Where this Act makes
25 changes in a statute that is represented in this Act by text

1 that is not yet or no longer in effect (for example, a Section
2 represented by multiple versions), the use of that text does
3 not accelerate or delay the taking effect of (i) the changes
4 made by this Act or (ii) provisions derived from any other
5 Public Act.

6 Section 99. Effective date. This Act takes effect January
7 1, 2025.