



Sen. Laura Fine

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10300SB1479sam001

LRB103 05817 RPS 72111 a

1 AMENDMENT TO SENATE BILL 1479

2 AMENDMENT NO. _____. Amend Senate Bill 1479 by replacing
3 everything after the enacting clause with the following:

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

1 include an information request in a market conduct action or
2 any data or information that the Director shall or may
3 specifically require under any other law, except as provided
4 by the other law.

5 "Desk examination" means an examination that is conducted
6 by market conduct surveillance personnel at a location other
7 than the regulated company's or person's premises. "Desk
8 examination" includes an examination performed at the
9 Department's offices with the company or person providing
10 requested documents by hard copy, microfiche, or discs or
11 other electronic media for review without an on-site
12 examination.

13 "Market analysis" means a process whereby market conduct
14 surveillance personnel collect and analyze information from
15 filed schedules, surveys, required reports, data calls, and
16 other sources to develop a baseline understanding of the
17 marketplace and to identify patterns or practices of regulated
18 persons that deviate significantly from the norm or that may
19 pose a potential risk to insurance consumers.

20 "Market conduct action" means any activity, other than
21 market analysis, that the Director may initiate to assess and
22 address the market and nonfinancial practices of regulated
23 persons, including market conduct examinations. The
24 Department's consumer complaint process outlined in 50 Ill.
25 Adm. Code 926 is not a market conduct action for purposes of
26 this Section; however, the Department may initiate market

1 conduct actions based on information gathered during that
2 process. "Market conduct action" includes:

3 (1) correspondence with the company or person;

4 (2) interviews with the company or person;

5 (3) information gathering;

6 (4) policy and procedure reviews;

7 (5) interrogatories;

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

10 (7) self-audits; and

11 (8) market conduct examinations.

12 "Market conduct examination" or "examination" means any
13 type of examination, other than a financial examination, that
14 assesses a regulated person's compliance with the laws, rules,
15 and regulations applicable to the examinee. "Market conduct
16 examination" includes comprehensive examinations, targeted
17 examinations, and follow-up examinations, which may be
18 conducted as desk examinations, on-site examinations, or a
19 combination of those 2 methods.

20 "Market conduct surveillance" means market analysis or a
21 market conduct action.

22 "Market conduct surveillance personnel" means those
23 individuals employed or retained by the Department and
24 designated by the Director to collect, analyze, review, or act
25 on information in the insurance marketplace that identifies
26 patterns or practices of persons subject to the Director's

1 jurisdiction. "Market conduct surveillance personnel" includes
2 all persons identified as an examiner in the insurance laws or
3 rules of this State if the Director has designated them to
4 assist her or him in ascertaining the nonfinancial business
5 practices, performance, and operations of a company or person
6 subject to the Director's jurisdiction.

7 "On-site examination" means an examination conducted at
8 the company's or person's home office or the location where
9 the records under review are stored.

10 "SOFR rate" means the Secured Overnight Financing Rate
11 published by the Federal Reserve Bank of New York every
12 business day.

13 (b) Companies and persons subject to surveillance. The
14 Director, for the purposes of ascertaining the nonfinancial
15 business practices, performance, and operations of any person
16 subject to the Director's jurisdiction or within the
17 marketplace, may engage in market conduct actions or market
18 analysis relating to:

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

21 (2) any person engaged in or proposing to be engaged
22 in the organization, promotion, or solicitation of shares
23 or capital contributions to or aiding in the formation of
24 a company;

25 (3) any person having a written or oral contract
26 pertaining to the management or control of a company as

1 general agent, managing agent, or attorney-in-fact;

2 (4) any licensed or registered producer, firm,
3 pharmacy benefit manager, administrator, or any person
4 making application for any license, certificate, or
5 registration;

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

8 (6) any person, organization, trust, or corporation
9 having custody or control of information reasonably
10 related to the operation, performance, or conduct of a
11 company or person subject to the Director's jurisdiction,
12 but only as to the operation, performance, or conduct of a
13 company or person subject to the Director's jurisdiction.

14 (c) Market analysis and market conduct actions.

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

1 other guidelines or procedures as the Director may deem
2 appropriate.

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

5 (A) If the Director determines that further
6 inquiry into a particular person or practice is
7 needed, then the Director may consider undertaking a
8 market conduct action. The Director shall inform the
9 examinee of the initiation of the market conduct
10 action and shall use the most recent NAIC Market
11 Regulation Handbook as a guide in performing the
12 market conduct action. The Director may also employ
13 other guidelines or procedures as the Director may
14 deem appropriate.

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

26 (C) The Director may coordinate a market conduct

1 action and findings of this State with market conduct
2 actions and findings of other states.

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

6 (4) Nothing in this Section restricts the Director to
7 the type of market conduct action he or she initially
8 selected.

9 (5) A regulated person is required to respond to a
10 market analysis data call or to an information request in
11 a market conduct action on the terms and conditions
12 established by the Director. The Department shall
13 establish reasonable timelines that are commensurate with
14 the volume and nature of the data required to be collected
15 in the information request.

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

1 (d) Access to books and records. Every examinee and its
2 officers, directors, and agents must provide to the Director
3 convenient and free access at all reasonable hours at its
4 office or location to all books, records, and documents and
5 any or all papers relating to the business, performance,
6 operations, and affairs of the examinee. The officers,
7 directors, and agents of the examinee must facilitate the
8 market conduct action and aid in the action so far as it is in
9 their power to do so. The Director and any authorized market
10 conduct surveillance personnel have the power to administer
11 oaths and examine under oath any person relevant to the
12 business of the examinee. A failure to produce requested
13 books, records, or documents by the deadline shall not be a
14 violation until after the later of:

15 (1) 5 business days after the initial response
16 deadline set by the Director or authorized personnel; or

17 (2) an extended deadline granted by the Director or
18 authorized personnel.

19 (e) Examination report. The market conduct surveillance
20 personnel designated by the Director under Section 402 must
21 make a full and true report of every examination made by them
22 that contains only facts ascertained from the books, papers,
23 records, documents, and other evidence obtained by
24 investigation and examined by them or ascertained from the
25 testimony of officers, agents, or other persons examined under
26 oath concerning the business, affairs, conduct, and

1 performance of the examinee. The report of examination must be
2 verified by the oath of the examiner in charge thereof, and
3 when so verified is prima facie evidence in any action or
4 proceeding in the name of the State against the examinee, its
5 officers, directors, or agents upon the facts stated therein.

6 (f) Examinee response to examination report. The
7 Department and the examinee shall comply with the following
8 timeline, unless a mutual agreement is reached to modify the
9 timeline:

10 (1) The Department shall deliver a draft report to the
11 examinee as soon as reasonably practicable. Nothing in
12 this Section prevents the Department from sharing an
13 earlier draft of the report with the examinee before
14 confirming that the examination is completed.

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

19 (3) As soon as reasonably practicable after receipt of
20 any written submissions or rebuttals, the Department shall
21 issue a final report. Whenever the Department has made
22 substantive changes to a previously shared draft report,
23 unless those changes remove part or all of an alleged
24 violation or were proposed by the examinee, the Department
25 shall deliver the revised version to the examinee as a new
26 draft and shall allow the examinee 30 days to respond

1 before the Department issues a final report.

2 (4) The examinee shall, within 10 days after the
3 issuance of the final report, accept the final report or
4 request a hearing in writing, unless granted an extension
5 by mutual agreement. Failure to take either action within
6 10 days or the mutually agreed extension shall be deemed
7 an acceptance of the final report. If the examinee accepts
8 the examination report, the Director shall continue to
9 hold the content of the examination report as private and
10 confidential for a period of 30 days. Thereafter, the
11 Director shall open the final report for public
12 inspection.

13 (g) Hearing; final examination report. Notwithstanding
14 anything to the contrary in this Code or Department rules, if
15 the examinee requests a hearing, then the following procedures
16 apply:

17 (1) The examinee must request the hearing in writing
18 and must specify the issues in the final report that the
19 examinee is challenging. The examinee is limited to
20 challenging the issues that were previously challenged in
21 the examinee's written submission and rebuttal or
22 supplemental submission and rebuttal pursuant to
23 paragraphs (2) and (3) of subsection (f).

24 (2) Except as permitted in paragraphs (3) and (8) of
25 this subsection, the hearing shall be limited to the
26 written arguments submitted by the parties to the

1 designated hearing officer. The designated hearing officer
2 may, however, grant a live hearing upon the request of
3 either party.

4 (3) Discovery is limited to the market conduct
5 surveillance personnel's work papers that are relevant to
6 the issues the examinee is challenging. The relevant
7 market conduct surveillance personnel's work papers shall
8 be admitted into the record. No other forms of discovery,
9 including depositions and interrogatories, are allowed,
10 except upon written agreement of the examinee and the
11 Department when necessary to conduct a fair hearing or as
12 otherwise provided in this subsection.

13 (4) Only the examinee and the Department may submit
14 written arguments.

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

18 (6) The Department must submit its written response
19 and any supporting evidence within 30 days after the
20 examinee submits its written argument.

21 (7) The designated hearing officer may allow
22 additional written submissions if necessary or useful to
23 the fair resolution of the hearing.

24 (8) If either the examinee or the Department submit
25 written testimony or affidavits, then the opposing party
26 shall be given the opportunity to cross-examine the

1 witness and to submit the cross-examination to the hearing
2 officer before a decision.

3 (9) The Director shall issue a decision accompanied by
4 findings and conclusions. The Director's order is a final
5 administrative decision and shall be served upon the
6 examinee together with a copy of the final report within
7 90 days after the conclusion of the hearing. The hearing
8 is deemed concluded on the later of the last date of any
9 live hearing or the final deadline date for written
10 submissions to the hearing officer, including any
11 continuances or supplemental briefings permitted by the
12 hearing officer.

13 (10) Any portion of the final examination report that
14 was not challenged by the examinee is incorporated into
15 the decision of the Director.

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

19 (12) If an examinee has requested a hearing, then the
20 Director shall continue to hold the final report and any
21 related decision as private and confidential for a period
22 of 49 days after the final administrative decision. After
23 the 49-day period expires, the Director shall open the
24 final report and any related decision for public
25 inspection if a court of competent jurisdiction has not
26 stayed its publication.

1 (h) Disclosure. So long as the recipient agrees to and
2 verifies in writing its legal authority to hold the
3 information confidential in a manner consistent with this
4 Section, nothing in this Section prevents the Director from
5 disclosing at any time the content of an examination report,
6 preliminary examination report, or results, or any matter
7 relating to a report or results, to:

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

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

11 (i) Confidentiality.

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

1 any other person, except as provided in paragraphs (3),
2 (4), and (6) of this subsection (i) and in subsection (k).

3 (2) The Director and any other person in the course of
4 market conduct surveillance shall keep confidential any
5 self-evaluation or voluntary compliance program documents
6 disclosed to the Director or other person by an examinee
7 and the data collected via the NAIC market conduct annual
8 statement. The documents are not subject to subpoena, are
9 not subject to discovery or admissible as evidence in
10 private civil litigation, are not subject to disclosure
11 under the Freedom of Information Act, and they shall not
12 be made public or used by the Director or any other person,
13 except as provided in paragraphs (3) and (4) of this
14 subsection (i), in subsection (k), or in Section 155.35.
15 Nothing in this Section shall supersede the restrictions
16 on disclosure under Section 155.35.

17 (3) Notwithstanding paragraphs (1) and (2) of this
18 subsection (i), and consistent with paragraph (5) of this
19 subsection (i), in order to assist in the performance of
20 the Director's duties, the Director may:

21 (A) share documents, materials, communications, or
22 other information, including the confidential and
23 privileged documents, materials, or information
24 described in this subsection (i), with other State,
25 federal, alien, and international regulatory agencies
26 and law enforcement authorities and the NAIC, its

1 affiliates, and subsidiaries, if the recipient agrees
2 to and verifies in writing its legal authority to
3 maintain the confidentiality and privileged status of
4 the document, material, communication, or other
5 information;

6 (B) receive documents, materials, communications,
7 or information, including otherwise confidential and
8 privileged documents, materials, or information, from
9 the NAIC and its affiliates or subsidiaries, and from
10 regulatory and law enforcement officials of other
11 State, federal, alien, or international jurisdictions,
12 authorities, and agencies, and shall maintain as
13 confidential or privileged any document, material,
14 communication, or information received with notice or
15 the understanding that it is confidential or
16 privileged under the laws of the jurisdiction that is
17 the source of the document, material, communication,
18 or information; and

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

21 (4) Nothing in this Section limits:

22 (A) the Director's authority to use, if consistent
23 with subsection (5) of Section 188.1, as applicable,
24 any final or preliminary examination report, any
25 market conduct surveillance or examinee work papers or
26 other documents, or any other information discovered

1 or developed during the course of any market conduct
2 surveillance in the furtherance of any legal or
3 regulatory action initiated by the Director that the
4 Director may, in the Director's sole discretion, deem
5 appropriate; however, confidential or privileged
6 information about a company or person that is used in
7 the legal or regulatory action shall not be made
8 public except by order of a court of competent
9 jurisdiction or with the written consent of the
10 company or person; or

11 (B) the ability of an examinee to conduct
12 discovery in accordance with paragraph (3) of
13 subsection (g).

14 (5) Disclosure to or by the Director of documents,
15 materials, communications, or information required as part
16 of any type of market conduct surveillance does not waive
17 any applicable privilege or claim of confidentiality in
18 the documents, materials, communications, or information.

19 (6) Notwithstanding the confidentiality requirements
20 of this Section or otherwise imposed by State law, if the
21 Director performs a data call, other than the collection
22 of data for the NAIC market conduct annual statement, the
23 Director may make the results of the data call available
24 for public inspection in an aggregated format that does
25 not disclose information or data attributed to any
26 specific company or person, including the name of any

1 company or person who responded to the data call, so long
2 as the Director provides all companies or persons that
3 responded to the data call 15 days' notice identifying the
4 information to be publicly released. Nothing in this
5 Section requires the Director to publish results from any
6 data call.

7 (j) Corrective actions.

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

19 (A) requiring the regulated person to undertake
20 corrective actions to cease and desist an identified
21 violation or institute processes and practices to
22 comply with applicable standards;

23 (B) requiring reimbursement or restitution of any
24 actual losses or damages to persons harmed by the
25 regulated person's violation with interest from the
26 date that the actual loss or damage was incurred,

1 which shall be calculated at the SOFR rate applicable
2 on the date that the actual loss or damage was incurred
3 plus 2%; and

4 (C) imposing civil penalties as provided in this
5 subsection (j).

6 (2) The Director may order a penalty of up to \$2,000
7 for each violation of any law, rule, or prior lawful order
8 of the Director. Any failure to respond to an information
9 request in a market conduct action or violation of
10 subsection (d) may carry a fine of up to \$1,000 per day up
11 to a maximum of \$50,000. Fines and penalties shall be
12 consistent, reasonable, and justifiable, and the Director
13 may consider reasonable criteria in ordering the fines and
14 penalties, including, but not limited to, the examinee's
15 size, consumer harm, the intentionality of any violations,
16 or remedial actions already undertaken by the examinee.
17 The Director shall communicate to the examinee the basis
18 for any assessed fine or penalty.

19 (3) If any other provision of this Code or any other
20 law or rule under the Director's jurisdiction prescribes
21 an amount or range of monetary penalty for a violation of a
22 particular statute or rule or a maximum penalty in the
23 aggregate for repeated violations, the Director shall
24 assess penalties pursuant to the terms of the statute or
25 rule allowing the largest penalty.

26 (4) If any other provision of this Code or any other

1 law or rule under the Director's jurisdiction prescribes
2 or specifies a method by which the Director is to
3 determine a violation, then compliance with the process
4 set forth herein shall be deemed to comply with the method
5 prescribed or specified in the other provision.

6 (5) If the Director imposes any sanctions or
7 corrective actions described in subparagraphs (A) through
8 (C) of paragraph (1) of this subsection (j) based on the
9 final report, the Director shall include those actions in
10 a proposed stipulation and consent order enclosed with the
11 final report issued to the examinee under subsection (f).
12 The examinee shall have 10 days to sign the order or
13 request a hearing in writing on the actions proposed in
14 the order regardless of whether the examinee requests a
15 hearing on the contents of the report under subsection
16 (f). If the examinee does not sign the order or request a
17 hearing on the proposed actions or the final report within
18 10 days, the Director may issue a final order imposing the
19 sanctions or corrective actions. Nothing in this Section
20 prevents the Department from sharing an earlier draft of
21 the proposed order with the examinee before issuing the
22 final report.

23 (6) If the examinee accepts the order and the final
24 report, the Director shall hold the content of the order
25 and report as private and confidential for a period of 30
26 days. Thereafter, the Director shall open the order and

1 report for public inspection.

2 (7) If the examinee makes a timely request for a
3 hearing on the order, the request must specify the
4 sanctions or corrective actions in the order that the
5 examinee is challenging. Any hearing shall follow the
6 procedures set forth in paragraphs (2) through (7) of
7 subsection (g).

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

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

1 briefings permitted by the hearing officer.

2 (10) If an examinee has requested a hearing under this
3 subsection (i), the Director shall continue to hold the
4 final order and examination report as private and
5 confidential for a period of 49 days after the final
6 administrative decision. After the 49-day period expires,
7 the Director shall open the final order and examination
8 report if a court of competent jurisdiction has not stayed
9 their publication.

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

22 (l) Immunity of market conduct surveillance personnel.

23 (1) No cause of action shall arise nor shall any
24 liability be imposed against the Director, the Director's
25 authorized representatives, market conduct surveillance
26 personnel, or an examiner appointed by the Director for

1 any statements made or conduct performed in good faith
2 while carrying out the provisions of this Section.

3 (2) No cause of action shall arise nor shall any
4 liability be imposed against any person for the act of
5 communicating or delivering information or data to the
6 Director, the Director's authorized representative, market
7 conduct surveillance personnel, or examiner pursuant to an
8 examination made under this Section, if the act of
9 communication or delivery was performed in good faith and
10 without fraudulent intent or the intent to deceive.

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

21 (4) This subsection (1) does not abrogate or modify in
22 any way any common law or statutory privilege or immunity
23 heretofore enjoyed by any person identified in paragraph
24 (1) of this subsection (1).

25 ~~(1) The Director, for the purposes of ascertaining the~~
26 ~~non-financial business practices, performance, and operations~~

1 ~~of any company, may make examinations of:~~

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

4 ~~(b) any person engaged in or proposing to be engaged~~
5 ~~in the organization, promotion, or solicitation of shares~~
6 ~~or capital contributions to or aiding in the formation of~~
7 ~~a company;~~

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

11 ~~(d) any licensed or registered producer, firm, or~~
12 ~~administrator, or any person, organization, or corporation~~
13 ~~making application for any licenses or registration;~~

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

16 ~~(f) any person, organization, trust, or corporation~~
17 ~~having custody or control of information reasonably~~
18 ~~related to the operation, performance, or conduct of a~~
19 ~~company or person subject to the jurisdiction of the~~
20 ~~Director.~~

21 ~~(2) Every company or person being examined and its~~
22 ~~officers, directors, and agents must provide to the Director~~
23 ~~convenient and free access at all reasonable hours at its~~
24 ~~office or location to all books, records, documents, and any~~
25 ~~or all papers relating to the business, performance,~~
26 ~~operations, and affairs of the company. The officers,~~

1 ~~directors, and agents of the company or person must facilitate~~
2 ~~the examination and aid in the examination so far as it is in~~
3 ~~their power to do so.~~

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

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

20 ~~(4) The Director must notify the company or person made~~
21 ~~the subject of any examination hereunder of the contents of~~
22 ~~the verified examination report before filing it and making~~
23 ~~the report public of any matters relating thereto, and must~~
24 ~~afford the company or person an opportunity to demand a~~
25 ~~hearing with reference to the facts and other evidence therein~~
26 ~~contained.~~

1 ~~The company or person may request a hearing within 10 days~~
2 ~~after receipt of the examination report by giving the Director~~
3 ~~written notice of that request, together with a statement of~~
4 ~~its objections. The Director must then conduct a hearing in~~
5 ~~accordance with Sections 402 and 403. He must issue a written~~
6 ~~order based upon the examination report and upon the hearing~~
7 ~~within 90 days after the report is filed or within 90 days~~
8 ~~after the hearing.~~

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

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

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

1 (215 ILCS 5/132.5) (from Ch. 73, par. 744.5)

2 Sec. 132.5. Examination reports.

3 (a) General description. All examination reports shall be
4 comprised of only facts appearing upon the books, records, or
5 other documents of the company, its agents, or other persons
6 examined or as ascertained from the testimony of its officers,
7 agents, or other persons examined concerning its affairs and
8 the conclusions and recommendations as the examiners find
9 reasonably warranted from those facts.

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

19 (c) Adoption of the report on examination. Within 30 days
20 of the end of the period allowed for the receipt of written
21 submissions or rebuttals, the Director shall fully consider
22 and review the report, together with any written submissions
23 or rebuttals and any relevant portions of the examiners work
24 papers and enter an order:

25 (1) Adopting the examination report as filed or with

1 modification or corrections. If the examination report
2 reveals that the company is operating in violation of any
3 law, regulation, or prior order of the Director, the
4 Director may order the company to take any action the
5 Director considers necessary and appropriate to cure the
6 violation.

7 (2) Rejecting the examination report with directions
8 to the examiners to reopen the examination for purposes of
9 obtaining additional data, documentation, or information
10 and refiling under subsection (b).

11 (3) Calling for an investigatory hearing with no less
12 than 20 days notice to the company for purposes of
13 obtaining additional documentation, data, information, and
14 testimony.

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

1 received a copy of the adopted report and related orders.

2 Any hearing conducted under paragraph (3) of subsection
3 (c) by the Director or an authorized representative shall be
4 conducted as a nonadversarial confidential investigatory
5 proceeding as necessary for the resolution of any
6 inconsistencies, discrepancies, or disputed issues apparent
7 upon the face of the filed examination report or raised by or
8 as a result of the Director's review of relevant work papers or
9 by the written submission or rebuttal of the company. Within
10 20 days of the conclusion of any hearing, the Director shall
11 enter an order under paragraph (1) of subsection (c).

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

1 or activity of a criminal justice agency.

2 The hearing shall proceed with the Director or his
3 representative posing questions to the persons subpoenaed.
4 Thereafter, the company and the Department may present
5 testimony relevant to the investigation. Cross-examination
6 shall be conducted only by the Director or his representative.
7 The company and the Department shall be permitted to make
8 closing statements and may be represented by counsel of their
9 choice.

10 (e) Publication and use. Upon the adoption of the
11 examination report under paragraph (1) of subsection (c), the
12 Director shall continue to hold the content of the examination
13 report as private and confidential information for a period of
14 35 days, except to the extent provided in subsection (b).
15 Thereafter, the Director may open the report for public
16 inspection so long as no court of competent jurisdiction has
17 stayed its publication.

18 Nothing contained in this Code shall prevent or be
19 construed as prohibiting the Director from disclosing the
20 content of an examination report, preliminary examination
21 report or results, or any matter relating thereto, to the
22 insurance department of any other state or country or to law
23 enforcement officials of this or any other state or agency of
24 the federal government at any time, so long as the agency or
25 office receiving the report or matters relating thereto agrees
26 in writing to hold it confidential and in a manner consistent

1 with this Code.

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

5 (f) Confidentiality of ancillary information. All working
6 papers, recorded information, documents, and copies thereof
7 produced by, obtained by, or disclosed to the Director or any
8 other person in the course of any examination must be given
9 confidential treatment, are not subject to subpoena, and may
10 not be made public by the Director or any other persons, except
11 to the extent provided in subsection (e). Access may also be
12 granted to the National Association of Insurance
13 Commissioners. Those parties must agree in writing before
14 receiving the information to provide to it the same
15 confidential treatment as required by this Section, unless the
16 prior written consent of the company to which it pertains has
17 been obtained.

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

20 (g) Disclosure. Nothing contained in this Code shall
21 prevent or be construed as prohibiting the Director from
22 disclosing the information described in subsections (e) and
23 (f) to the Illinois Insurance Guaranty Fund regarding any
24 member company defined in Section 534.5 if the member company
25 has an authorized control level event as defined in Section
26 35A-25. The Director may disclose the information described in

1 this subsection so long as the Fund agrees in writing to hold
2 that information confidential, in a manner consistent with
3 this Code, and uses that information to prepare for the
4 possible liquidation of the member company. Access to the
5 information disclosed by the Director to the Fund shall be
6 limited to the Fund's staff and its counsel. The Board of
7 Directors of the Fund may have access to the information
8 disclosed by the Director to the Fund once the member company
9 is subject to a delinquency proceeding under Article XIII
10 subject to any terms and conditions established by the
11 Director.

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

13 (215 ILCS 5/155.35)

14 Sec. 155.35. Insurance compliance self-evaluative
15 privilege.

16 (a) To encourage insurance companies and persons
17 conducting activities regulated under this Code, both to
18 conduct voluntary internal audits of their compliance programs
19 and management systems and to assess and improve compliance
20 with State and federal statutes, rules, and orders, an
21 insurance compliance self-evaluative privilege is recognized
22 to protect the confidentiality of communications relating to
23 voluntary internal compliance audits. The General Assembly
24 hereby finds and declares that protection of insurance
25 consumers is enhanced by companies' voluntary compliance with

1 this State's insurance and other laws and that the public will
2 benefit from incentives to identify and remedy insurance and
3 other compliance issues. It is further declared that limited
4 expansion of the protection against disclosure will encourage
5 voluntary compliance and improve insurance market conduct
6 quality and that the voluntary provisions of this Section will
7 not inhibit the exercise of the regulatory authority by those
8 entrusted with protecting insurance consumers.

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

23 (2) If any company, person, or entity performs or directs
24 the performance of an insurance compliance audit, an officer
25 or employee involved with the insurance compliance audit, or
26 any consultant who is hired for the purpose of performing the

1 insurance compliance audit, may not be examined in any civil,
2 criminal, or administrative proceeding as to the insurance
3 compliance audit or any insurance compliance self-evaluative
4 audit document, as defined in this Section. This subsection
5 (b) (2) does not apply if the privilege set forth in subsection
6 (b) (1) of this Section is determined under subsection (c) or
7 (d) not to apply.

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

25 (c) (1) The privilege set forth in subsection (b) of this
26 Section does not apply to the extent that it is expressly

1 waived by the company that prepared or caused to be prepared
2 the insurance compliance self-evaluative audit document.

3 (2) In a civil or administrative proceeding, a court of
4 record may, after an in camera review, require disclosure of
5 material for which the privilege set forth in subsection (b)
6 of this Section is asserted, if the court determines one of the
7 following:

8 (A) the privilege is asserted for a fraudulent
9 purpose;

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

11 (C) even if subject to the privilege, the material
12 shows evidence of noncompliance with State and federal
13 statutes, rules and orders and the company failed to
14 undertake reasonable corrective action or eliminate the
15 noncompliance within a reasonable time.

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

20 (A) the privilege is asserted for a fraudulent
21 purpose;

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

23 (C) even if subject to the privilege, the material
24 shows evidence of noncompliance with State and federal
25 statutes, rules and orders and the company failed to
26 undertake reasonable corrective action or eliminate such

1 noncompliance within a reasonable time; or

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

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

7 (ii) the information is not otherwise available;
8 and

9 (iii) the Director, State's Attorney, or Attorney
10 General is unable to obtain the substantial equivalent
11 of the information by any means without incurring
12 unreasonable cost and delay.

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

1 waives the privilege.

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

7 (3) Upon the filing of a petition under this subsection,
8 the court shall issue an order scheduling, within 45 days
9 after the filing of the petition, an in camera hearing to
10 determine whether the insurance compliance self-evaluative
11 audit document or portions of the document are privileged
12 under this Section or subject to disclosure.

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

1 proceeding. A party unsuccessfully opposing disclosure may
2 apply to the court for an appropriate order protecting the
3 document from further disclosure.

4 (5) A company asserting the insurance compliance
5 self-evaluative privilege in response to a request for
6 disclosure under this subsection (d) shall provide to the
7 Director, State's Attorney, or Attorney General, as the case
8 may be, at the time of filing any objection to the disclosure,
9 all of the following information:

10 (A) The date of the insurance compliance
11 self-evaluative audit document.

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

13 (C) The general nature of the activities covered by
14 the insurance compliance audit.

15 (D) An identification of the portions of the insurance
16 compliance self-evaluative audit document for which the
17 privilege is being asserted.

18 (e) (1) A company asserting the insurance compliance
19 self-evaluative privilege set forth in subsection (b) of this
20 Section has the burden of demonstrating the applicability of
21 the privilege. Once a company has established the
22 applicability of the privilege, a party seeking disclosure
23 under subsections (c) (2) (A) or (C) of this Section has the
24 burden of proving that the privilege is asserted for a
25 fraudulent purpose or that the company failed to undertake
26 reasonable corrective action or eliminate the noncompliance

1 with a reasonable time. The Director, State's Attorney, or
2 Attorney General seeking disclosure under subsection (c) (3) of
3 this Section has the burden of proving the elements set forth
4 in subsection (c) (3) of this Section.

5 (2) The parties may at any time stipulate in proceedings
6 under subsections (c) or (d) of this Section to entry of an
7 order directing that specific information contained in an
8 insurance compliance self-evaluative audit document is or is
9 not subject to the privilege provided under subsection (b) of
10 this Section.

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

13 (1) documents, communications, data, reports, or other
14 information required to be collected, developed,
15 maintained, reported, or otherwise made available to a
16 regulatory agency pursuant to this Code, or other federal
17 or State law, rule, or order;

18 (2) information obtained by observation or monitoring
19 by any regulatory agency; or

20 (3) information obtained from a source independent of
21 the insurance compliance audit.

22 (g) As used in this Section:

23 (1) "Insurance compliance audit" means a voluntary,
24 internal evaluation, review, assessment, or audit not
25 otherwise expressly required by law of a company or an
26 activity regulated under this Code, or other State or

1 federal law applicable to a company, or of management
2 systems related to the company or activity, that is
3 designed to identify and prevent noncompliance and to
4 improve compliance with those statutes, rules, or orders.
5 An insurance compliance audit may be conducted by the
6 company, its employees, or by independent contractors.

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

24 (A) an insurance compliance audit report prepared
25 by an auditor, who may be an employee of the company or
26 an independent contractor, which may include the scope

1 of the audit, the information gained in the audit, and
2 conclusions and recommendations, with exhibits and
3 appendices;

4 (B) memoranda and documents analyzing portions or
5 all of the insurance compliance audit report and
6 discussing potential implementation issues;

7 (C) an implementation plan that addresses
8 correcting past noncompliance, improving current
9 compliance, and preventing future noncompliance; or

10 (D) analytic data generated in the course of
11 conducting the insurance compliance audit.

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

14 (h) Nothing in this Section shall limit, waive, or
15 abrogate the scope or nature of any statutory or common law
16 privilege including, but not limited to, the work product
17 doctrine, the attorney-client privilege, or the subsequent
18 remedial measures exclusion.

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

20 (215 ILCS 5/402) (from Ch. 73, par. 1014)

21 Sec. 402. Examinations, investigations and hearings. (1)
22 All examinations, investigations and hearings provided for by
23 this Code may be conducted either by the Director personally,
24 or by one or more of the actuaries, technical advisors,
25 deputies, supervisors or examiners employed or retained by the

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

24 (2) All hearings provided for in this Code shall, unless
25 otherwise specially provided, be held at such time and place
26 as shall be designated in a notice which shall be given by the

1 Director in writing to the person or company whose interests
2 are affected, at least 10 days before the date designated
3 therein. The notice shall state the subject of inquiry and the
4 specific charges, if any. The hearings shall be held in the
5 City of Springfield, the City of Chicago, or in the county
6 where the principal business address of the person or company
7 affected is located.

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

9 (215 ILCS 5/408) (from Ch. 73, par. 1020)

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

11 Sec. 408. Fees and charges.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 to paragraph (2) of this Section, the Director finds these
2 additional fees excessive.

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

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

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

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

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

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

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

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

25 (cc) For filing a registration statement as required
26 in Sections 131.13 and 131.14, the notification as

1 required by Sections 131.16, 131.20a, or 141.4, or an
2 agreement or transaction required by Sections 124.2(2),
3 141, 141a, or 141.1, \$200.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (3) (a) The expenses incurred in any performance
21 examination authorized by law shall be paid by the company or
22 person being examined. The charge shall be consistent with
23 that otherwise authorized by law and shall be reasonably
24 related to the cost of the examination including but not
25 limited to compensation of examiners, electronic data
26 processing costs, supervision and preparation of an

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

20 (b) The costs and fees incurred in a market conduct
21 examination shall be itemized and bills shall be provided to
22 the examinee on a monthly basis for review prior to submission
23 for payment. The Director shall review and affirmatively
24 endorse detailed billings from any contracted, qualified
25 outside professional assistance retained under Section 402 for
26 market conduct examinations before the detailed billings are

1 sent to the examinee. Before any qualified outside
2 professional assistance conducts billable work on an
3 examination, the Department shall disclose to the examinee the
4 terms of the contracts with the qualified outside professional
5 assistance that will be used, including the fees and hourly
6 rates that can be charged.

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

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

21 (b) For purposes of this subsection (5) costs incurred
22 shall mean the hearing officer fees, court reporter fees, and
23 travel expenses of Department of Insurance officers and
24 employees; provided however, that costs incurred shall not
25 include hearing officer fees or court reporter fees unless the
26 Department has retained the services of independent

1 contractors or outside experts to perform such functions.

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

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

22 (6) The Director shall charge and collect an annual
23 financial regulation fee from every domestic company for
24 examination and analysis of its financial condition and to
25 fund the internal costs and expenses of the Interstate
26 Insurance Receivership Commission as may be allocated to the

1 State of Illinois and companies doing an insurance business in
2 this State pursuant to Article X of the Interstate Insurance
3 Receivership Compact. The fee shall be the greater fixed
4 amount based upon the combination of nationwide direct premium
5 income and nationwide reinsurance assumed premium income or
6 upon admitted assets calculated under this subsection as
7 follows:

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

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

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

17 (iii) \$3,750, if the premium is less than
18 \$5,000,000 and the reinsurance assumed premium is
19 \$10,000,000 or more;

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

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

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

26 (vii) \$30,000, if the premium is \$50,000,000 or

1 more, but less than \$100,000,000;

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

4 (b) Admitted assets.

5 (i) \$150, if admitted assets are less than
6 \$1,000,000;

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

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

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

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

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

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

19 (viii) \$37,500, if admitted assets are
20 \$1,000,000,000 or more.

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

26 (7) The Director shall charge and collect an annual

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 described in this subsection.

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

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

9 (12) For purposes of this Section:

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

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

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

1 States.

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

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

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

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

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

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

19 Sec. 408. Fees and charges.

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

23 (a) For filing all documents submitted for the
24 incorporation or organization or certification of a
25 domestic company, except for a fraternal benefit society,

1 \$2,000.

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

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

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

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

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

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

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

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

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

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

26 (i) For filing all documents submitted by a foreign or

1 alien company to be admitted to transact business or
2 accredited as a reinsurer in this State, except for a
3 fraternal benefit society, \$5,000.

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

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

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

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

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

16 (o) For issuing a certificate of authority or renewal
17 thereof except to a foreign fraternal benefit society,
18 \$400.

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

21 (q) For issuing an amended certificate of authority,
22 \$50.

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

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

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

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

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

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

13 (i) in connection with a public stock offering,
14 \$300;

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

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

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

22 (z) For filing a statement of acquisition of a
23 domestic company as defined in Section 131.4 of this Code,
24 \$2,000.

25 (aa) For filing an agreement to purchase the business
26 of an organization authorized under the Dental Service

1 Plan Act or the Voluntary Health Services Plans Act or of a
2 health maintenance organization or a limited health
3 service organization, \$2,000.

4 (bb) For filing a statement of acquisition of a
5 foreign or alien insurance company as defined in Section
6 131.12a of this Code, \$1,000.

7 (cc) For filing a registration statement as required
8 in Sections 131.13 and 131.14, the notification as
9 required by Sections 131.16, 131.20a, or 141.4, or an
10 agreement or transaction required by Sections 124.2(2),
11 141, 141a, or 141.1, \$200.

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

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

15 (ii) a workers' compensation service company,
16 \$500;

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

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

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

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

26 (gg) For filing articles of incorporation for a

1 limited syndicate to join with other subscribers or
2 limited syndicates to do business through the Illinois
3 Insurance Exchange, \$1,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (2) When printed copies or numerous copies of the same
24 paper or records are furnished or certified, the Director may
25 reduce such fees for copies if he finds them excessive. He may,
26 when he considers it in the public interest, furnish without

1 charge to state insurance departments and persons other than
2 companies, copies or certified copies of reports of
3 examinations and of other papers and records.

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

1 Department in the performance of any examination shall be
2 billed directly to the company being examined for payment to
3 the Technology Management Revolving Fund.

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

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

22 (5) (a) The costs incurred by the Department of Insurance
23 in conducting any hearing authorized by law shall be assessed
24 against the parties to the hearing in such proportion as the
25 Director of Insurance may determine upon consideration of all
26 relevant circumstances including: (1) the nature of the

1 hearing; (2) whether the hearing was instigated by, or for the
2 benefit of a particular party or parties; (3) whether there is
3 a successful party on the merits of the proceeding; and (4) the
4 relative levels of participation by the parties.

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

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

1 for deposit to the fund out of which those expenses had been
2 paid.

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

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

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

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

22 (ii) \$750, if the premium is \$500,000 or more, but
23 less than \$5,000,000 and there is no reinsurance
24 assumed premium; or if the premium is less than
25 \$5,000,000 and the reinsurance assumed premium is less
26 than \$10,000,000;

1 (iii) \$3,750, if the premium is less than
2 \$5,000,000 and the reinsurance assumed premium is
3 \$10,000,000 or more;

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

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

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

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

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

14 (b) Admitted assets.

15 (i) \$150, if admitted assets are less than
16 \$1,000,000;

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

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

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

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

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

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

3 (viii) \$37,500, if admitted assets are
4 \$1,000,000,000 or more.

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

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

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

23 (b) \$750, if the premium is \$500,000 or more, but less
24 than \$5,000,000 and there is no reinsurance assumed
25 premium; or if the premium is less than \$5,000,000 and the
26 reinsurance assumed premium is less than \$10,000,000;

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

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

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

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

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

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

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

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

1 Department may not collect financial examiner per diem charges
2 from companies subject to subsections (6) and (7) of this
3 Section undergoing financial examination after June 30, 1992.

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

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

20 All lodging and travel expenses shall be in accordance
21 with applicable travel regulations published by the Department
22 of Central Management Services and approved by the Governor's
23 Travel Control Board, except that out-of-state lodging and
24 travel expenses related to examinations authorized under
25 Sections 132.1 through 132.7 shall be in accordance with
26 travel rates prescribed under paragraph 301-7.2 of the Federal

1 Travel Regulations, 41 C.F.R. 301-7.2, for reimbursement of
2 subsistence expenses incurred during official travel. All
3 lodging and travel expenses may be reimbursed directly upon
4 the authorization of the Director.

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

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

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

19 (12) For purposes of this Section:

20 (a) "Domestic company" means a company as defined in
21 Section 2 of this Code which is incorporated or organized
22 under the laws of this State, and in addition includes a
23 not-for-profit corporation authorized under the Dental
24 Service Plan Act or the Voluntary Health Services Plans
25 Act, a health maintenance organization, and a limited
26 health service organization.

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

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

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

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

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

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

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

2 (215 ILCS 5/511.109) (from Ch. 73, par. 1065.58-109)

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

4 Sec. 511.109. Examination.

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

24 ~~(b) Any administrator being examined shall provide to the~~
25 ~~Director or his designee convenient and free access, at all~~

1 ~~reasonable hours at their offices, to all books, records,~~
2 ~~documents and other papers relating to such administrator's~~
3 ~~business affairs.~~

4 ~~(c) The Director or his designee may administer oaths and~~
5 ~~thereafter examine any individual about the business of the~~
6 ~~administrator.~~

7 ~~(d) The examiners designated by the Director pursuant to~~
8 ~~this Section may make reports to the Director. Any report~~
9 ~~alleging substantive violations of this Article, any~~
10 ~~applicable provisions of the Illinois Insurance Code, or any~~
11 ~~applicable Part of Title 50 of the Illinois Administrative~~
12 ~~Code shall be in writing and be based upon facts obtained by~~
13 ~~the examiners. The report shall be verified by the examiners.~~

14 ~~(e) If a report is made, the Director shall either deliver~~
15 ~~a duplicate thereof to the administrator being examined or~~
16 ~~send such duplicate by certified or registered mail to the~~
17 ~~administrator's address specified in the records of the~~
18 ~~Department. The Director shall afford the administrator an~~
19 ~~opportunity to request a hearing to object to the report. The~~
20 ~~administrator may request a hearing within 30 days after~~
21 ~~receipt of the duplicate of the examination report by giving~~
22 ~~the Director written notice of such request together with~~
23 ~~written objections to the report. Any hearing shall be~~
24 ~~conducted in accordance with Sections 402 and 403 of this~~
25 ~~Code. The right to hearing is waived if the delivery of the~~
26 ~~report is refused or the report is otherwise undeliverable or~~

1 ~~the administrator does not timely request a hearing. After the~~
2 ~~hearing or upon expiration of the time period during which an~~
3 ~~administrator may request a hearing, if the examination~~
4 ~~reveals that the administrator is operating in violation of~~
5 ~~any applicable provision of the Illinois Insurance Code, any~~
6 ~~applicable Part of Title 50 of the Illinois Administrative~~
7 ~~Code or prior order, the Director, in the written order, may~~
8 ~~require the administrator to take any action the Director~~
9 ~~considers necessary or appropriate in accordance with the~~
10 ~~report or examination hearing. If the Director issues an~~
11 ~~order, it shall be issued within 90 days after the report is~~
12 ~~filed, or if there is a hearing, within 90 days after the~~
13 ~~conclusion of the hearing. The order is subject to review~~
14 ~~under the Administrative Review Law.~~

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

16 (215 ILCS 5/512-3) (from Ch. 73, par. 1065.59-3)

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

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

24 ~~(a)~~ "Third party prescription program" or "program" means
25 any system of providing for the reimbursement of

1 pharmaceutical services and prescription drug products offered
2 or operated in this State under a contractual arrangement or
3 agreement between a provider of such services and another
4 party who is not the consumer of those services and products.
5 Such programs may include, but need not be limited to,
6 employee benefit plans whereby a consumer receives
7 prescription drugs or other pharmaceutical services and those
8 services are paid for by an agent of the employer or others.

9 ~~(b)~~ "Third party program administrator" or "administrator"
10 means any person, partnership or corporation who issues or
11 causes to be issued any payment or reimbursement to a provider
12 for services rendered pursuant to a third party prescription
13 program, but does not include the Director of Healthcare and
14 Family Services or any agent authorized by the Director to
15 reimburse a provider of services rendered pursuant to a
16 program of which the Department of Healthcare and Family
17 Services is the third party.

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

19 (215 ILCS 5/512-5) (from Ch. 73, par. 1065.59-5)

20 Sec. 512-5. Fiduciary and Bonding Requirements. A third
21 party prescription program administrator shall (1) establish
22 and maintain a fiduciary account, separate and apart from any
23 and all other accounts, for the receipt and disbursement of
24 funds for reimbursement of providers of services under the
25 program, or (2) post, or cause to be posted, a bond of

1 indemnity in an amount equal to not less than 10% of the total
2 estimated annual reimbursements under the program.

3 The establishment of such fiduciary accounts and bonds
4 shall be consistent with applicable State law. If a bond of
5 indemnity is posted, it shall be held by the Director of
6 Insurance for the benefit and indemnification of the providers
7 of services under the third party prescription program.

8 An administrator who operates more than one third party
9 prescription program may establish and maintain a separate
10 fiduciary account or bond of indemnity for each such program,
11 or may operate and maintain a consolidated fiduciary account
12 or bond of indemnity for all such programs.

13 The requirements of this Section do not apply to any third
14 party prescription program administered by or on behalf of any
15 health care payer insurance company, Health Care Service Plan
16 Corporation or Pharmaceutical Service Plan Corporation
17 authorized to do business in the State of Illinois.

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

19 (215 ILCS 5/512-11 new)

20 Sec. 512-11. Examination. The Director or the Director's
21 designee may examine any applicant for or holder of an
22 administrator's registration in accordance with Sections 132
23 through 132.7 of this Code. If the Director or the examiners
24 find that the administrator has violated this Article or any
25 other insurance-related laws or regulations under the

1 Director's jurisdiction because of the manner in which the
2 administrator has conducted business on behalf of a separately
3 incorporated health care payer, then, unless the health care
4 payer is included in the examination and has been afforded the
5 same opportunity to request or participate in a hearing on the
6 examination report, the examination report shall not allege a
7 violation by the health care payer and the Director's order
8 based on the report shall not impose any requirements,
9 prohibitions, or penalties on the health care payer. Nothing
10 in this Section shall prevent the Director from using any
11 information obtained during the examination of an
12 administrator to examine, investigate, or take other
13 appropriate regulatory or legal action with respect to a
14 health care payer.

15 (215 ILCS 5/513b3)

16 Sec. 513b3. Examination. ~~(a)~~ The Director, or his or her
17 designee, may examine a registered pharmacy benefit manager in
18 accordance with Sections 132-132.7. If the Director or the
19 examiners find that the pharmacy benefit manager has violated
20 this Article or any other insurance-related laws, rules, or
21 regulations under the Director's jurisdiction because of the
22 manner in which the pharmacy benefit manager has conducted
23 business on behalf of a health insurer or plan sponsor, then,
24 unless the health insurer or plan sponsor is included in the
25 examination and has been afforded the same opportunity to

1 request or participate in a hearing on the examination report,
2 the examination report shall not allege a violation by the
3 health insurer or plan sponsor and the Director's order based
4 on the report shall not impose any requirements, prohibitions,
5 or penalties on the health insurer or plan sponsor. Nothing in
6 this Section shall prevent the Director from using any
7 information obtained during the examination of an
8 administrator to examine, investigate, or take other
9 appropriate regulatory or legal action with respect to a
10 health insurer or plan sponsor.

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

16 ~~(c) The Director, or his or her designee, may administer~~
17 ~~oaths and thereafter examine the pharmacy benefit manager's~~
18 ~~designee, representative, or any officer or senior manager as~~
19 ~~listed on the license or registration certificate about the~~
20 ~~business of the pharmacy benefit manager.~~

21 ~~(d) The examiners designated by the Director under this~~
22 ~~Section may make reports to the Director. Any report alleging~~
23 ~~substantive violations of this Article, any applicable~~
24 ~~provisions of this Code, or any applicable Part of Title 50 of~~
25 ~~the Illinois Administrative Code shall be in writing and be~~
26 ~~based upon facts obtained by the examiners. The report shall~~

1 ~~be verified by the examiners.~~

2 ~~(c) If a report is made, the Director shall either deliver~~
3 ~~a duplicate report to the pharmacy benefit manager being~~
4 ~~examined or send such duplicate by certified or registered~~
5 ~~mail to the pharmacy benefit manager's address specified in~~
6 ~~the records of the Department. The Director shall afford the~~
7 ~~pharmacy benefit manager an opportunity to request a hearing~~
8 ~~to object to the report. The pharmacy benefit manager may~~
9 ~~request a hearing within 30 days after receipt of the~~
10 ~~duplicate report by giving the Director written notice of such~~
11 ~~request together with written objections to the report. Any~~
12 ~~hearing shall be conducted in accordance with Sections 402 and~~
13 ~~403 of this Code. The right to a hearing is waived if the~~
14 ~~delivery of the report is refused or the report is otherwise~~
15 ~~undeliverable or the pharmacy benefit manager does not timely~~
16 ~~request a hearing. After the hearing or upon expiration of the~~
17 ~~time period during which a pharmacy benefit manager may~~
18 ~~request a hearing, if the examination reveals that the~~
19 ~~pharmacy benefit manager is operating in violation of any~~
20 ~~applicable provision of this Code, any applicable Part of~~
21 ~~Title 50 of the Illinois Administrative Code, a provision of~~
22 ~~this Article, or prior order, the Director, in the written~~
23 ~~order, may require the pharmacy benefit manager to take any~~
24 ~~action the Director considers necessary or appropriate in~~
25 ~~accordance with the report or examination hearing. If the~~
26 ~~Director issues an order, it shall be issued within 90 days~~

1 ~~after the report is filed, or if there is a hearing, within 90~~
2 ~~days after the conclusion of the hearing. The order is subject~~
3 ~~to review under the Administrative Review Law.~~

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

5 Section 95. No acceleration or delay. Where this Act makes
6 changes in a statute that is represented in this Act by text
7 that is not yet or no longer in effect (for example, a Section
8 represented by multiple versions), the use of that text does
9 not accelerate or delay the taking effect of (i) the changes
10 made by this Act or (ii) provisions derived from any other
11 Public Act.

12 Section 99. Effective date. This Act takes effect January
13 1, 2025."