

AN ACT concerning regulation.

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

Section 5. The Illinois Insurance Code is amended by changing Section 35A-15 as follows:

(215 ILCS 5/35A-15)

Sec. 35A-15. Company action level event.

(a) A company action level event means any of the following events:

(1) The filing of an RBC Report by an insurer that indicates that:

(A) the insurer's total adjusted capital is greater than or equal to its regulatory action level RBC, but less than its company action level RBC;

(B) the insurer, if a life, health, or life and health insurer or a fraternal benefit society, has total adjusted capital that is greater than or equal to its company action level RBC, but less than the product of its authorized control level RBC and 3.0 and has a negative trend; or

(C) the insurer, if a property and casualty insurer, has total adjusted capital that is greater than or equal to its company action level RBC, but less

than the product of its authorized control level RBC and 3.0 and triggers the trend test determined in accordance with the trend test calculation included in the property and casualty RBC Instructions.

(D) the insurer, if a health organization, has total adjusted capital that is greater than or equal to its company action level RBC but less than the product of its authorized control level RBC and 3.0 and triggers the trend test determined in accordance with the trend test calculation included in the Health RBC Instructions.

(2) The notification by the Director to the insurer of an Adjusted RBC Report that indicates an event described in paragraph (1), provided the insurer does not challenge the Adjusted RBC Report under Section 35A-35.

(3) The notification by the Director to the insurer that the Director has, after a hearing, rejected the insurer's challenge under Section 35A-35 to an Adjusted RBC Report that indicates the event described in paragraph (1).

(b) In the event of a company action level event, the insurer shall prepare and submit to the Director an RBC Plan that does all of the following:

(1) Identifies the conditions that contribute to the company action level event.

(2) Contains proposed corrective actions that the insurer intends to take and that are expected to result in

the elimination of the company action level event. A health organization is not prohibited from proposing recognition of a parental guarantee or a letter of credit to eliminate the company action level event; however the Director shall, at his discretion, determine whether or the extent to which the proposed parental guarantee or letter of credit is an acceptable part of a satisfactory RBC Plan or Revised RBC Plan.

(3) Provides projections of the insurer's financial results in the current year and at least the 4 succeeding years, both in the absence of proposed corrective actions and giving effect to the proposed corrective actions, including projections of statutory operating income, net income, capital, and surplus. The projections for both new and renewal business may include separate projections for each major line of business and separately identify each significant income, expense, and benefit component.

(4) Identifies the key assumptions affecting the insurer's projections and the sensitivity of the projections to the assumptions.

(5) Identifies the quality of, and problems associated with, the insurer's business including, but not limited to, its assets, anticipated business growth and associated surplus strain, extraordinary exposure to risk, mix of business, and use of reinsurance, if any, in each case.

(c) The insurer shall submit the RBC Plan to the Director

within 45 days after the company action level event occurs or within 45 days after the Director notifies the insurer that the Director has, after a hearing, rejected its challenge under Section 35A-35 to an Adjusted RBC Report.

(d) Within 60 days after an insurer submits an RBC Plan to the Director, the Director shall notify the insurer whether the RBC Plan shall be implemented or is, in the judgment of the Director, unsatisfactory. If the Director determines the RBC Plan is unsatisfactory, the notification to the insurer shall set forth the reasons for the determination and may set forth proposed revisions that will render the RBC Plan satisfactory in the judgment of the Director. Upon notification from the Director, the insurer shall prepare a Revised RBC Plan, which may incorporate by reference any revisions proposed by the Director. The insurer shall submit the Revised RBC Plan to the Director within 45 days after the Director notifies the insurer that the RBC Plan is unsatisfactory or within 45 days after the Director notifies the insurer that the Director has, after a hearing, rejected its challenge under Section 35A-35 to the determination that the RBC Plan is unsatisfactory.

(e) In the event the Director notifies an insurer that its RBC Plan or Revised RBC Plan is unsatisfactory, the Director may, at the Director's discretion and subject to the insurer's right to a hearing under Section 35A-35, specify in the notification that the notification constitutes a regulatory action level event.

(f) Every domestic insurer that files an RBC Plan or Revised RBC Plan with the Director shall file a copy of the RBC Plan or Revised RBC Plan with the chief insurance regulatory official in any state in which the insurer is authorized to do business if that state has a law substantially similar to the confidentiality provisions in subsection (a) of Section 35A-50 and if that official requests in writing a copy of the plan. The insurer shall file a copy of the RBC Plan or Revised RBC Plan in that state no later than the later of 15 days after receiving the written request for the copy or the date on which the RBC Plan or Revised RBC Plan is filed under subsection (c) or (d) of this Section.

(Source: P.A. 97-955, eff. 8-14-12; 98-157, eff. 8-2-13.)

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