

AN ACT concerning regulation.

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

Section 5. The Illinois Insurance Code is amended by changing Sections 500-10 and 500-100 and by adding Section 500-108 as follows:

(215 ILCS 5/500-10)

(Section scheduled to be repealed on January 1, 2017)

Sec. 500-10. Definitions. In addition to the definitions in Section 2 of the Code, the following definitions apply to this Article:

"Business entity" means a corporation, association, partnership, limited liability company, limited liability partnership, or other legal entity.

"Car rental limited line licensee" means a person authorized under the provisions of Section 500-105 to sell certain coverages relating to the rental of vehicles.

"Home state" means the District of Columbia and any state or territory of the United States in which an insurance producer maintains his or her principal place of residence or principal place of business and is licensed to act as an insurance producer.

"Insurance" means any of the lines of authority in Section

500-35, any health care plan under the Health Maintenance Organization Act, or any limited health care plan under the Limited Health Service Organization Act.

"Insurance producer" means a person required to be licensed under the laws of this State to sell, solicit, or negotiate insurance.

"Insurer" means a company as defined in subsection (e) of Section 2 of this Code, a health maintenance organization as defined in the Health Maintenance Organization Act, or a limited health service organization as defined in the Limited Health Service Organization Act.

"License" means a document issued by the Director authorizing an individual to act as an insurance producer for the lines of authority specified in the document or authorizing a business entity to act as an insurance producer. The license itself does not create any authority, actual, apparent, or inherent, in the holder to represent or commit an insurance carrier.

"Limited lines insurance" means those lines of insurance defined in Section 500-100 or any other line of insurance that the Director may deem it necessary to recognize for the purposes of complying with subsection (e) of Section 500-40.

"Limited lines producer" means a person authorized by the Director to sell, solicit, or negotiate limited lines insurance.

"Negotiate" means the act of conferring directly with or

offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers.

"Person" means an individual or a business entity.

"Rental agreement" means a written agreement setting forth the terms and conditions governing the use of a vehicle provided by a rental company for rental or lease.

"Rental company" means a person, or a franchisee of the person, in the business of providing primarily private passenger vehicles to the public under a rental agreement for a period not to exceed 30 days.

"Rental period" means the term of the rental agreement.

"Renter" means a person obtaining the use of a vehicle from a rental company under the terms of a rental agreement for a period not to exceed 30 days.

"Self-service storage facility limited line licensee" means a person authorized under the provisions of Section 500-107 to sell certain coverages relating to the rental of self-service storage facilities.

"Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurance company.

"Solicit" means attempting to sell insurance or asking or

urging a person to apply for a particular kind of insurance from a particular company.

"Terminate" means the cancellation of the relationship between an insurance producer and the insurer or the termination of a producer's authority to transact insurance.

"Travel insurance" means insurance coverage for personal risks incident to planned travel, including, but not limited to: (1) the interruption or cancellation of a trip or event, (2) the loss of baggage or personal effects, (3) damages to accommodations or rental vehicles, or (4) sickness, accident, disability, or death occurring during travel. "Travel insurance" does not include major medical plans that provide comprehensive medical protection for travelers with trips lasting 6 months or longer, including those working overseas as an ex-patriot or as military personnel on deployment.

"Uniform Business Entity Application" means the current version of the National Association of Insurance Commissioners' Uniform Business Entity Application for nonresident business entities.

"Uniform Application" means the current version of the National Association of Insurance Commissioners' Uniform Application for nonresident producer licensing.

"Vehicle" or "rental vehicle" means a motor vehicle of (1) the private passenger type, including passenger vans, mini vans, and sport utility vehicles or (2) the cargo type, including cargo vans, pickup trucks, and trucks with a gross

vehicle weight of less than 26,000 pounds the operation of which does not require the operator to possess a commercial driver's license.

"Webinar" means an online educational presentation during which a live and participating instructor and participating viewers, whose attendance is periodically verified throughout the presentation, actively engage in discussion and in the submission and answering of questions.

(Source: P.A. 97-113, eff. 7-14-11.)

(215 ILCS 5/500-100)

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

Sec. 500-100. Limited lines producer license.

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

(1) travel insurance, as defined in Section 500-10 of this Article ~~on baggage or limited travel health, accident, or trip cancellation insurance sold in connection with transportation provided by a common carrier;~~

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

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

(4) insurance issued by a company organized under the

Farm Mutual Insurance Company Act of 1986;

(5) legal expense insurance;

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

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

(8) credit life and credit accident and health insurance and other credit insurance policies approved or permitted by the Director; a credit insurance company must conduct a training program in which an applicant shall receive basic instruction about the credit insurance products that he or she will be selling.

(b) The application for a limited lines producer license must be submitted on a form prescribed by the Director by a designee of the insurance company, health maintenance organization, or limited health service organization appointing the limited insurance representative. The insurance company, health maintenance organization, or limited health service organization must pay the fee required by Section 500-135.

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

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

license.

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

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

(g) A person whom the Director considers to be competent, trustworthy, and of good business reputation may be issued a car rental limited line license. A car rental limited line license for a rental company shall remain in effect as long as the car rental limited line licensee pays the respective fee required by Section 500-135 prior to the next fee date unless the car rental license is revoked or suspended pursuant to Section 500-70. Failure of the car rental limited line licensee to pay the license fee or to submit the required documents shall cause immediate suspension of the car rental limited line license. A car rental limited line license for rental companies may be voluntarily terminated by the car rental limited line licensee. The license fee shall not be refunded upon termination of the car rental limited line license by the car rental limited line licensee.

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

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

(Source: P.A. 98-159, eff. 8-2-13; 98-756, eff. 7-16-14.)

(215 ILCS 5/500-108 new)

Sec. 500-108. Travel insurance business entity license.

(a) As used in this Section:

"Offering and disseminating" means the following:

(1) Providing information to a prospective or current policyholder on behalf of a limited lines travel insurance entity, including brochures, buyer guides, descriptions of coverage, and price.

(2) Referring specific questions regarding coverage features and benefits from a prospective or current policyholder to a limited lines travel insurance entity.

(3) Disseminating and processing applications for coverage, coverage selection forms, or other similar forms in response to a request from a prospective or current



policyholder.

(4) Collecting premiums from a prospective or current policyholder on behalf of a limited lines travel insurance entity.

(5) Receiving and recording information from a policyholder to share with a limited lines travel insurance entity.

"Travel insurance business entity" means a licensed insurance producer designated by an insurer as set forth in subsection (i) of this Section.

"Travel retailer" means a business organization that makes, arranges, or offers travel services and, with respect to travel insurance, is limited to offering and disseminating as defined in this Section, unless otherwise licensed under subsection (c) of this Section.

(b) The Director may issue to a travel insurance business entity that registers travel retailers under its license as described in paragraph (2) of subsection (d) of this Section a producer license as provided in paragraph (6) of subsection (a) of Section 500-35 of this Code. A travel insurance business entity license issued under this Section shall also authorize any employee of the travel insurance business entity to act individually on behalf and under the supervision of the travel insurance business entity licensee with respect to the coverage specified in this Section. Each travel insurance business entity licensed under this Section shall pay the Department a

fee of \$500 for its initial license and \$500 for each renewal license, payable on May 31 annually.

(c) The Director may issue to a travel retailer a limited lines producer license. A travel retailer license issued under this Section shall also authorize any employee of the travel retailer limited line licensee to act individually on behalf and under the supervision of the travel retailer limited line licensee with respect to the coverage specified in this Section.

(d) Notwithstanding any other provision of law, a travel retailer may do the limited activities of offering and disseminating travel insurance on behalf of and under the license of a supervising travel insurance business entity if the following conditions are met:

(1) the travel insurance business entity or travel retailer provides to purchasers of travel insurance:

(A) a description of the material terms or the actual material terms of the insurance coverage;

(B) a description of the process for filing a claim;

(C) a description of the review or cancellation process for the travel insurance policy; and

(D) the identity and contact information of the insurer and travel insurance business entity;

(2) at the time of licensure, the travel insurance business entity shall establish and maintain a register on

a form prescribed by the Director of each travel retailer that offers travel insurance on the travel insurance business entity's behalf; the register shall be maintained and updated continuously by the travel insurance business entity and shall include the name, address, and contact information of the travel retailer and an officer or person who directs or controls the travel retailer's operations and the travel retailer's federal tax identification number; the travel insurance business entity shall submit the register to the Director annually on a form and in a manner approved by the Director; the limited lines producer shall also certify that the travel retailer personnel who is offering and disseminating insurance under the travel retailer's registration complies with 18 U.S.C. 1033;

(3) the travel insurance business entity has designated one of its employees as a licensed individual producer (a designated responsible producer or DRP) responsible for the travel insurance business entity's and its travel retailer's compliance with the travel insurance laws, rules, and regulations of the State;

(4) the travel insurance business entity has paid all applicable insurance producer licensing fees as set forth in this Code; and

(5) the travel insurance business entity requires each employee and authorized representative of the travel retailer whose duties include offering and disseminating

travel insurance to receive a program of instruction or training that shall be subject to review by the Director; the training material shall, at a minimum, contain instructions on the types of insurance offered, ethical sales practices, and required disclosures to prospective customers.

(e) Any travel retailer offering or disseminating travel insurance shall make available to prospective purchasers brochures or other written materials that:

(1) provide the identity and contact information of the insurer and the travel insurance business entity;

(2) explain that the purchase of travel insurance is not required in order to purchase any other product or service from the travel retailer; and

(3) explain that an unlicensed travel retailer is permitted to provide general information about the insurance offered by the travel retailer, including a description of the coverage and price, but is not qualified or authorized to answer technical questions about the terms and conditions of the insurance offered by the travel retailer or to evaluate the adequacy of the customer's existing insurance coverage.

(f) A travel retailer's employee or authorized representative who is not licensed as an insurance producer may not:

(1) evaluate or interpret the technical terms,

benefits, and conditions of the offered travel insurance coverage;

(2) evaluate or provide advice concerning a prospective purchaser's existing insurance coverage; or

(3) hold himself, herself, or itself out as a licensed insurer, licensed producer, or insurance expert.

(g) A travel retailer whose insurance-related activities, and those of its employees and authorized representatives, are limited to offering and disseminating travel insurance on behalf of and under the direction of a travel insurance business entity meeting the conditions stated in this Section is authorized to do so and receive related compensation upon registration by the travel insurance business entity as described in paragraph (2) of subsection (d) of this Section.

(h) Travel insurance may be provided under an individual policy or under a group or master policy.

(i) As the insurer designee, the travel insurance business entity is responsible for the acts of the travel retailer that is registered under its license.

(j) Any entity that violates any provision of this Article shall be subject to all appropriate regulatory action as set forth in this Code.