

1 AN ACT concerning insurance. 53

2 Be it enacted by the People of the State of Illinois, 57  
3 represented in the General Assembly: 58

4 Section 5. The Illinois Insurance Code is amended by 61  
5 changing Sections 107.06a, 107.07, 107.15, 179A-5, 179A-10, 62  
6 179A-15, 179A-20, 179A-25, 179A-30, and 179A-35 as follows: 63

7 (215 ILCS 5/107.06a) (from Ch. 73, par. 719.06a) 66

8 Sec. 107.06a. Organization under Illinois Insurance 68  
9 Code.

10 (a) After December 31, 1997, a syndicate or limited 72  
11 syndicate, except for a limited syndicate formed as a  
12 partnership or a special purpose limited syndicate, may only 73  
13 be organized pursuant to Sections 7, 8, 10, 11, 12, 14, 14.1 75  
14 (other than subsection (d) thereof), 15 (other than 76  
15 subsection (d) thereof), 18, 19, 20, 21, 22, 23, 25, 27.1,  
16 28, 28.1, 28.2, 29, 30, 31, 32, 32.1, 33, and 35.1 and 78  
17 Article X of this Code, to carry on the business of a  
18 syndicate, or limited syndicate under Article V-1/2 of this 80  
19 Code; provided that such syndicate or limited syndicate is 81  
20 admitted to the Exchange.

21 (b) After December 31, 1997, syndicates and limited 83  
22 syndicates are subject to the following: 84

23 (1) Articles I, IIA, VIII, VIII 1/2, X, XI, XI 1/2, 86  
24 XII, XII 1/2, XIII, XIII 1/2, XXIV, XXV (Sections 408 and 89  
25 412 only), and XXVIII (except for Sections 445, 445.1, 90  
26 445.2, 445.3, 445.4, and 445.5) of this Code;

27 (2) Subsections (2) and (3) of Section 155.04 and 92  
28 Sections 13, 132.1 through 140, 141a, 144, 155.01, 94  
29 155.03, 378, 379.1, 393.1, 395, and 396 of this Code;

30 (3) the Reinsurance Intermediary Act; and 96

31 (4) the Producer Controlled Insurer Act. 98

Secretary of the Senate

*Jan Henry*

Originated in the Senate

PUBLIC ACT 92-74

*[Signature]*

1 (c) No other provision of this Insurance Code shall be 101  
2 applicable to any such syndicate or limited syndicate except 102  
3 as provided in this Article V-1/2.  
4 (Source: P.A. 90-499, eff. 8-19-97; 90-794, eff. 8-14-98; 104  
5 91-278, eff. 7-23-99.) 105

6 (215 ILCS 5/107.07) (from Ch. 73, par. 719.07) 108  
7 Sec. 107.07. Admission. Capitalization: 110  
8 Syndicate - at least \$2,000,000. 112  
9 Subscriber - at least \$30,000. 114  
10 Special Purpose Limited Syndicate - at least \$5,000. 116  
11 Fees: (a) Exchange brokers. An annual fee shall be paid 118  
12 to the Exchange by any person who presents risks to the 119  
13 Exchange. The annual fee established by the Exchange shall 120  
14 not exceed \$5,000.


15 (b) The Exchange may establish annual fees for the 122  
16 admission of syndicates, limited syndicates, and subscribers. 123  
17 Standards: The Exchange may establish additional 125  
18 standards for the admission of subscribers and Exchange 126  
19 brokers.

20 Assessments: The Exchange may make assessments of 128  
21 subscribers or syndicates for the expenses of operating the 129  
22 Exchange.  
23 (Source: P.A. 90-499, eff. 1-1-98.) 131

24 (215 ILCS 5/107.15) (from Ch. 73, par. 719.15) 134  
25 Sec. 107.15. Definitions. Persons: A person is an 136  
26 individual, partnership, association, corporation or limited 137  
27 partnership.

28 Syndicate: A syndicate is a subscriber, group of 139  
29 subscribers, limited syndicate or group of limited syndicates 140  
30 which meets the minimum capital requirement of Section 141  
31 107.07.

32 Limited Syndicate: A limited syndicate is a corporation 143



1 or partnership formed by subscribers for the purpose of 144  
2 joining with syndicates, other subscribers, or limited 146  
3 syndicates to form syndicates or to participate with 147  
4 syndicates in the insurance or reinsurance of risks. 148

5 Subscriber: A subscriber is a person who has made a 150  
6 deposit of money pursuant to Section 107.07 permitting that 152  
7 person to participate as a subscriber in a syndicate or  
8 limited syndicate. 153

9 Special Purpose Limited Syndicate: A special purpose 155  
10 limited syndicate is any entity formed for the purposes of 156  
11 participation in the securitization of reinsurance risks in 157  
12 accordance with rules adopted pursuant to Section 107.15b. 158

13 Exchange Broker: A person licensed as an insurance broker 160  
14 in the State of Illinois or as a reinsurance intermediary who 161  
15 is admitted to the Exchange to present applications for 163  
16 insurance.

17 Present Applications for Insurance: Means to make an 165  
18 application to a syndicate for an insurance policy. 166


19 Reinsurance: Means reinsuring insurance. 168

20 Minimum Subscription: The subscription capital required 170  
21 for admission as a subscriber to the Exchange. Subscribers 171  
22 shall at all times maintain the minimum capitalization 172  
23 required by this Article.

24 (Source: P.A. 89-206, eff. 7-21-95.) 174

25 (215 ILCS 5/179A-5) 177

26 Sec. 179A-5. Purpose. This Article is adopted to 179  
27 provide a basis for the creation of protected cells by a 180  
28 domestic insurer as one means of accessing alternative 181  
29 sources of capital and achieving the benefits of insurance 182  
30 securitization. Investors in fully funded insurance 183  
31 securitization transactions provide funds that are available 184  
32 to pay the insurer's insurance obligations or to repay the 184  
33 investors or both. The creation of protected cells is 185



1	<u>intended to be a means to achieve more efficiencies in</u>	186
2	<u>conducting insurance securitizations. Insurance</u>	187
3	<del>securitization has been developed as a means of accessing</del>	189
4	<del>alternative sources of capital and diversifying credit risk</del>	
5	<del>in order to enhance an insurance company's ability to both</del>	191
6	<del>assume risk and stabilize underwriting results.</del>	192
7	Under the terms of the typical debt instrument underlying	195
8	an insurance securitization transaction, prepaid principal is	197
9	repaid to the investor on a specified maturity date with	
10	interest, unless a trigger event occurs. The <u>insurance</u>	199
11	<u>securitization proceeds secure both the protected cell</u>	200
12	<u>company's insurance obligations proceeds of the debt</u>	201
13	<del>instrument both collateralize the insurance company's</del>	202
14	<del>obligations under specified contracts of insurance if a</del>	203
15	trigger event occurs, as well as the <u>protected cell insurance</u>	205
16	company's obligation to repay the <u>insurance securitization</u>	206
17	<u>investors debt instrument</u> if a trigger event does not occur.	207
18	Traditionally, Insurance securitization transactions have	208
19	been performed through alien companies in order to utilize	211
20	efficiencies available to alien companies that are not	
21	currently available to domestic companies. This Article is	213
22	adopted in order to create more efficiency in conducting	214
23	insurance securitization, to allow domestic companies easier	216
24	access to alternative sources of capital, and to promote	217
25	the benefits of insurance securitization generally.	218
26	(Source: P.A. 91-278, eff. 7-23-99.)	220
27	(215 ILCS 5/179A-10)	223
28	Sec. 179A-10. Definitions.	225
29	"Domestic company" means an insurance company domiciled	227
30	in the State of Illinois.	228
31	<u>"Fully funded" means that, with respect to any exposure</u>	230
32	<u>attributed to a protected cell, the market value of the</u>	231
33	<u>protected cell assets, on the date on which the insurance</u>	232

1 securitization is effected, equals or exceeds the maximum  
2 possible exposure attributable to the protected cell with 233  
3 respect to those exposures. 234

4 "General account" means the assets and liabilities of a 236  
5 protected cell company other than protected cell assets and 239  
6 protected cell liabilities.

7 "Indemnity trigger" means a transaction term by ~~in~~ which 241  
8 relief of the issuer's obligation to repay investors is 244  
9 triggered by its incurring suffering a specified level of  
10 losses under its ~~policies--of~~ insurance or reinsurance 247  
11 contracts.

12 ~~"Insurance securitization" means the entering into of~~ 249  
13 ~~debt instruments supported in full by cash or readily~~ 251  
14 ~~marketable securities with investors by a domestic company~~  
15 ~~where repayment of principal or interest, or both, to~~ 253  
16 ~~investors pursuant to the transaction terms is contingent~~ 255  
17 ~~upon the occurrence or nonoccurrence of an event with respect~~ 256  
18 ~~to which the domestic company is exposed to loss under~~ 258  
19 ~~policies or contracts of insurance or reinsurance it has~~  
20 ~~issued.~~ 259

21 "Market value" has the meaning given that term in Article 261  
22 VIII of this Code (Investments of Domestic Companies). 263

23 "Non-indemnity trigger" means a transaction term by which 265  
24 relief of the issuer's obligation to repay investors is 266  
25 triggered solely by some event or condition other than the 267  
26 individual protected cell company incurring a specified level 268  
27 of losses under its insurance or reinsurance contracts.

28 "Protected cell" means an identified pool of assets and 270  
29 liabilities of a domestic company segregated and insulated by 272  
30 means of this Article from the remainder of the company's 273  
31 assets and liabilities. 274

32 "Protected cell account" means a specifically identified 276  
33 bank or custodial account established by a protected cell 278  
34 company for the purpose of ~~legally~~ segregating the protected 279

1	cell assets of one protected cell from the protected cell	280
2	assets of other protected cells and from the assets of the	281
3	protected cell company's general account.	282
4	<u>"Protected cell assets" means all assets, contract</u>	284
5	<u>rights, and general intangibles</u> identified with and	285
6	attributable to a specific protected cell of a protected cell	288
7	company,--including--assets--physically--segregated--in--a	
8	protected-cell-account.	289
9	<u>"Protected cell company" means a domestic company that</u>	291
10	<u>has one or more protected cells.</u>	292
11	<u>"Protected cell company insurance securitization" means</u>	295
12	<u>the issuance of debt instruments, the proceeds from which</u>	
13	<u>support the exposures attributed to the protected cell, by a</u>	296
14	<u>protected cell company where repayment of principal or</u>	297
15	<u>interest, or both, to investors pursuant to the transaction</u>	298
16	<u>terms is contingent upon the occurrence or nonoccurrence of</u>	
17	<u>an event with respect to which the protected cell company is</u>	299
18	<u>exposed to loss under insurance or reinsurance contracts it</u>	300
19	<u>has issued.</u>	
20	<u>"Protected cell liabilities" means all liabilities and</u>	302
21	<u>other obligations</u> identified with and attributable to a	304
22	specific protected cell of a protected cell company.	305
23	<del>Protected-cell-liabilities-include--liabilities--representing</del>	308
24	<del>the--insurance--obligations--of--the--protected--cell--as--well--as</del>	
25	<del>obligations--of--the--protected--cell--arising--out--of--any</del>	310
26	<del>insurance-securitization-transactions-of-the-protected-cell-</del>	311
27	<del>"Protected--cell--company"--means--a--domestic--company--which</del>	313
28	<del>has-one-or-more-protected-cells-</del>	314
29	(Source: P.A. 91-278, eff. 7-23-99.)	316
30	(215 ILCS 5/179A-15)	319
31	Sec. 179A-15. Establishment of protected cells.	321
32	(a) A domestic company may, with the prior written	324
33	approval by the Director of a plan of operation submitted by	326

1 the domestic company with respect to each protected cell,  
2 establish one or more protected cells in connection with an 328  
3 insurance securitization. Upon the written approval by the 329  
4 Director of the plan of operation, which shall include, but 331  
5 not be limited to, the specific business and investment  
6 guidelines objectives of the protected cell, the protected 334  
7 cell company may, in accordance with the approved plan of 335  
8 operation, attribute to the protected cell amounts-both 337  
9 ~~reflective-of~~ insurance obligations with respect to its 339  
10 insurance business and obligations relating to the insurance 340  
11 securitization and assets to fund those obligations. A 341  
12 protected cell shall have its own distinct name or 343  
13 designation, which shall include the words "protected cell".  
14 The protected cell company shall transfer all assets 346  
15 attributable to a protected cell to one or more separately  
16 established and identified protected cell accounts bearing 348  
17 the name or designation of that protected cell. Protected 349  
18 cell assets shall be held in the protected cell accounts for 350  
19 the purpose of satisfying the obligations of that protected 352  
20 cell.

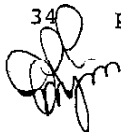
21 (b) All ~~sales, exchanges, transfers, or other~~ 354  
22 attributions of assets and liabilities between a protected 355  
23 cell and the general account shall be in accordance with the 357  
24 plan of operation approved by the Director, ~~or shall be~~ 359  
25 ~~otherwise approved by the Director. Unless otherwise~~ 362  
26 ~~approved by the Director, no sale, exchange, transfer, or No~~  
27 other attribution of assets or liabilities may be made by a 365  
28 protected cell company between the protected cell company's 367  
29 general account and ~~one or more of~~ its protected cells. 368  
30 ~~unless, in the case of an attribution to a protected cell,~~ 370  
31 ~~the attribution is made solely to establish the protected~~ 371  
32 ~~cell or, in the case of an attribution from a protected cell~~ 372  
33 ~~to the company's general account, the attribution is made~~ 374  
34 ~~solely to support the company's insurance obligations that~~

1 ~~are the subject of the business of the protected cell.~~ Any 376  
2 ~~sale, exchange, transfer, or other~~ Any attribution of assets 377  
3 and liabilities between the general account and a protected 378  
4 cell or from investors in the form of principal on a debt 379  
5 instrument issued by a protected cell company shall be in 381  
6 cash or in readily marketable securities with established 383  
7 market values ~~unless otherwise approved in advance in~~ 384  
8 ~~writing by the Director.~~

9 (c) The creation of a protected cell does not create, in 386  
10 respect of that protected cell, a legal person separate from 388  
11 the protected cell company. Amounts attributed to a protected  
12 cell under this Article, including assets transferred to a 391  
13 protected cell account, are owned by the protected cell 392  
14 company and the protected cell company may not be, nor hold 394  
15 itself out to be, a trustee with respect to those protected  
16 cell assets of that protected cell account. Notwithstanding 396  
17 the foregoing, the company may allow for a security interest 398  
18 to attach to protected cell assets or a protected cell  
19 account when in favor of a creditor of the protected cell and 400  
20 otherwise allowed under applicable law.

21 (d) This Article shall not be construed to prohibit the 402  
22 protected cell company from contracting with or arranging for 405  
23 an investment advisor, commodity trading advisor, or other  
24 third party to manage the protected cell assets of a 407  
25 protected cell, provided that all remuneration, expenses, and 408  
26 other compensation of the third party advisor or manager are 409  
27 payable from the protected cell assets of that protected cell 411  
28 and not from the protected cell assets of other protected  
29 cells or the assets of the protected cell company's general 413  
30 account.

31 (e) A ~~domestic company that is a~~ protected cell company 415  
32 shall establish such administrative and accounting procedures 418  
33 as are necessary to properly identify the one or more  
34 protected cells of the protected cell company and the 420





1 protected cell, assets and protected cell liabilities 421  
2 attributable to the protected cells thereto. It shall be the 423  
3 duty of the directors of a protected cell company to:  
4 (1)(ii) keep protected cell assets and protected 427  
5 cell liabilities separate and separately identifiable  
6 from the assets and liabilities of the protected cell 429  
7 company's general account; and  
8 (2)(ii) keep protected cell assets and protected 431  
9 cell liabilities attributable to one protected cell 433  
10 separate and separately identifiable from protected cell 434  
11 assets and protected cell liabilities attributable to 435  
12 other protected cells.  
13 If this Section is violated Notwithstanding---the 438  
14 foregoing, the remedy of tracing shall be applicable to 441  
15 protected cell assets when commingled with protected cell  
16 assets of other protected cells or the assets of the 443  
17 protected cell company's general account. The remedy of 444  
18 tracing shall not be construed as an exclusive remedy.  
19 (f) The protected cell Unless--otherwise--approved--by--the 446  
20 Director--the company shall, when establishing a protected 448  
21 cell, attribute to the protected cell assets with a value at 449  
22 least equal to the reserves and other insurance liabilities  
23 attributed to that protected cell. 450  
24 (Source: P.A. 91-278, eff. 7-23-99.) 452  
  
25 (215 ILCS 5/179A-20) 454  
26 Sec. 179A-20. Use and operation of protected cells. 456  
27 (a) The protected cell assets of any protected cell may 460  
28 not be charged with liabilities arising out of any other  
29 business the protected cell company may conduct. All 462  
30 contracts or other documentation reflecting protected cell  
31 liabilities ~~the obligations~~ ~~of a protected cell~~ ~~to the~~ 465  
32 ~~general~~ ~~account~~ shall clearly indicate that only the ~~assets~~  
33 of the protected cell assets are available for the 467




1 satisfaction of those obligations--of--the protected cell  
2 liabilities. 468

3 (b) The income, gains, and losses, realized or 470  
4 unrealized, from protected cell assets and protected cell 472  
5 liabilities must be credited to or charged against the 473  
6 protected cell without regard to other income, gains, or 476  
7 losses of the protected cell company, including income,  
8 gains, or losses of other protected cells. Amounts 479  
9 attributed to a protected cell and accumulations thereon may  
10 be invested and reinvested without regard to any requirements 481  
11 or limitations of Article VIII of this Code (Investments of 483  
12 Domestic Companies), and the investments in a protected cell 485  
13 or cells may not be taken into account in applying the 486  
14 investment limitations otherwise applicable to the 488  
15 investments of the protected cell company.

16 (c) ~~Unless--otherwise--approved--by--the--Director,~~ Assets 490  
17 attributed to a protected cell must be valued at their 494  
18 market value on the date of valuation, or if there is no  
19 readily available market, then as provided in the contract or 496  
20 the rules or other written documentation applicable to the 498  
21 protected cell.

22 (d) A protected cell company shall, in respect of any of 500  
23 its protected cells, engage in fully funded 502  
24 indemnity-triggered insurance securitization to support in 503  
25 full the protected cell exposures liabilities attributable to 504  
26 that protected cell. A protected cell company An insurance 506  
27 securitization that is not indemnity-triggered may qualify as 507  
28 an insurance securitization under the terms of this Article 508  
29 only after the Director adopts rules addressing the methods 509  
30 of:(i) funding of the portion of the risk that is not 510  
31 indemnity based, (ii) accounting, and disclosure, (iii) 511  
32 risk-based capital treatment, and (iv) assessing risk  
33 associated with such securitizations and does not support in 514  
34 full the protected cell obligations of a protected cell shall 515



1 ~~be prohibited absent specific permission by the Director in~~ 516  
2 ~~accordance with the authority granted under Section 179A-40~~ 518  
3 ~~and the guidance of the National Association of Insurance~~ 519  
4 ~~Commissioners, as such guidance is developed. A protected~~ 521  
5 cell company An insurance securitization transaction that is 522  
6 not fully funded, whether indemnity triggered or 523  
7 non-indemnity triggered ~~indemnity-triggered or not~~  
8 ~~indemnity-triggered~~, is prohibited. Protected cell assets 525  
9 may be used to ~~A protected cell may~~ pay interest or other 526  
10 consideration on any outstanding debt or other obligation 527  
11 attributable to that protected cell, and nothing in this 529  
12 subsection shall be construed or interpreted to prevent a  
13 protected cell company from entering into a swap agreement or 531  
14 other transaction for the account of the protected cell that 532  
15 has the effect of guaranteeing such interest or other 534  
16 consideration.

17 (e) In all ~~cases in which a~~ protected cell company 536  
18 ~~engages in an~~ insurance securitizations ~~securitization~~, the 539  
19 contracts or other documentation ~~financial instrument~~ 540  
20 effecting such transaction shall contain provisions 541  
21 identifying the protected cell to which the transaction will 543  
22 be attributed. In addition, the contracts or other  
23 documentation ~~financial instrument~~ shall clearly disclose 545  
24 that the assets of that protected cell, and only those 546  
25 assets, are available to pay the obligations of that 548  
26 protected cell. Notwithstanding the foregoing, and subject to 549  
27 the provisions of this Article and any other applicable law 551  
28 or rule, the failure to include such language in the  
29 contracts or other documentation ~~financial instrument~~ shall 553  
30 not be used as the sole basis by creditors, reinsurers, or 554  
31 other claimants to circumvent the provisions of this Article. 556

32 (f) A protected cell company may attribute to a 558  
33 protected cell account only the insurance obligations 559  
34 relating to the protected cell company's general account. A 561

1 protected cell may not issue insurance or reinsurance 562  
2 contracts directly to policyholders or reinsureds or have any 563  
3 obligation to the policyholders or reinsureds of the 564  
4 protected cell company's general account.

5 (g)† At the cessation of business of a protected cell, 566  
6 the protected cell company shall voluntarily close out wind 569  
7 up the protected cell account in accordance with a plan 570  
8 approved by the Director. 571  
9 (Source: P.A. 91-278, eff. 7-23-99.) 573

10 (215 ILCS 5/179A-25) 575  
11 Sec. 179A-25. Reach of creditors and other claimants. 577

12 (a) Protected cell assets are shall-only-be available 579  
13 only to the creditors of the protected cell company who are 582  
14 creditors in respect of that protected cell and shall-thereby 583  
15 be entitled, in conformity with the provisions of this 585  
16 Article, to have recourse to the protected cell assets  
17 attributable to that protected cell. Protected cell assets 586  
18 and shall be absolutely protected from the creditors of the 587  
19 protected cell company who are not creditors in respect of 590  
20 that protected cell and who, accordingly, are shall not be  
21 entitled to have recourse to the protected cell assets 594  
22 attributable to that protected cell. Creditors with respect  
23 to of a protected cell shall not be entitled to have 597  
24 recourse against the protected cell assets of other protected  
25 cells or the assets of the protected cell company's general 599  
26 account.

27 Protected cell assets are available only to creditors of 601  
28 a protected cell company after all protected cell liabilities 602  
29 have been extinguished or otherwise provided for in 603  
30 accordance with the plan of operation relating to that 604  
31 protected cell.

32 (b) When an obligation of a protected cell company to a 606  
33 person arises from a transaction, or is otherwise imposed, in 607

1 respect of a protected cell: 608

2 (1) that obligation of the protected cell company 611  
3 shall extend only to the protected cell assets 612  
4 attributable to that protected cell, and the person 613  
5 shall, in respect of that obligation, be entitled to have 614  
6 recourse only to the protected cell assets attributable 615  
7 to that protected cell; and


8 (2) that obligation of the protected cell company 618  
9 shall not extend to the protected cell assets of any 619  
10 other protected cell or the assets of the company's 620  
11 general account, and that person shall not, in respect of 621  
12 that obligation, be entitled to have recourse to the 623  
13 protected cell assets of any other protected cell or the  
14 assets of the company's general account. 625

15 (c) When an obligation of a protected cell company 627  
16 relates solely to the general account, the obligation of the 630  
17 protected cell company shall extend only to, and that  
18 creditor shall, in respect of that obligation, be entitled to 633  
19 have recourse only to, the assets of the protected cell 634  
20 company's general account. 635

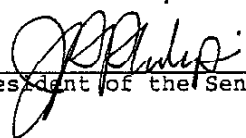
21 (d) ~~A protected cell shall only be authorized to assume~~ 637  
22 ~~an insurance obligation directly from the company's general~~ 638  
23 ~~account, and under no circumstances shall a protected cell be~~ 640  
24 ~~authorized to issue insurance or reinsurance policies or~~ 641  
25 ~~contracts directly to policyholders or reinsureds or have any~~ 642  
26 ~~obligation to the policyholders of the company's general~~ 644  
27 ~~account. The activities, assets, and obligations relating to~~  
28 of a protected cell are not subject to the provisions of 647  
29 Article XXXIII1/2 (Illinois Life and Health Guaranty  
30 Association Law) or Article XXXIV (Illinois Insurance 650  
31 Guaranty Fund), and neither a protected cell nor a protected  
32 cell company protected cells shall not be assessed by or 651  
33 otherwise be required to contribute to any guaranty fund or 653  
34 guaranty association in this State with respect to the 654

1 activities, assets, or obligations of a protected cell.  
2 Nothing in this subsection shall affect the activities or 657  
3 obligations of a company's general account.  
4 (e) In no event shall the establishment of one or more 659  
5 protected cells alone constitute or be deemed to be a 661  
6 fraudulent conveyance, an intent by the protected cell  
7 company to defraud creditors, or the carrying out of business 665  
8 by the protected cell company for any other fraudulent  
9 purpose.  
10 (Source: P.A. 91-278, eff. 7-23-99.) 667

11 (215 ILCS 5/179A-30) 670  
12 Sec. 179A-30. Rehabilitation and liquidation of 672  
13 protected cell companies. 673  
14 (a) Notwithstanding any contrary provision in this Code, 676  
15 the rules promulgated under this Code, or any other 678  
16 applicable law or rule, upon any order of rehabilitation,  
17 conservation, or liquidation of ~~a domestic company that is~~ a 681  
18 protected cell company, the receiver shall be bound to deal 683  
19 with the protected cell company's assets and liabilities, 684  
20 including protected cell assets and protected cell 686  
21 liabilities, in accordance with the requirements set forth in 687  
22 this Article.  
23 (b) With respect to amounts recoverable under a 689  
24 protected cell company any insurance securitization entered 691  
25 ~~into or outstanding in any protected cell of a protected cell~~ 693  
26 ~~company~~, the amount recoverable by the receiver shall not be 695  
27 reduced or diminished as a result of the entry of an order of 696  
28 rehabilitation, conservation, or liquidation with respect to 698  
29 the protected cell company notwithstanding any provisions to 699  
30 the contrary in the contracts or other documentation 700  
31 ~~financial instrument~~ governing the protected cell company 701  
32 such insurance securitization. 702  
33 (Source: P.A. 91-278, eff. 7-23-99.) 704



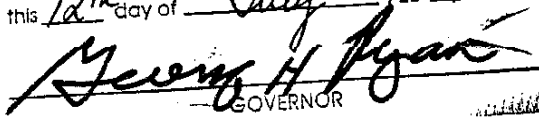
1 (215 ILCS 5/179A-35) 707  
 2 Sec. 179A-35. No transaction of an insurance business. 709  
 3 A protected cell insurance securitization shall not ~~No~~ 710  
 4 ~~insurance securitization effected under the provisions of~~ 711  
 5 ~~this Article shall~~ be deemed to be an insurance or 714  
 6 reinsurance contract. An policy or contract of insurance and 715  
 7 no investor in a protected cell company insurance  
 8 securitization transaction shall not, by sole means of such 717  
 9 investment, be deemed to be transacting an insurance business 718  
 10 in this State. The underwriters or selling agents (and their  
 11 partners, directors, officers, members, managers, employees, 719  
 12 agents, representatives, and advisors) involved in a 720  
 13 protected cell company insurance securitization shall not be 721  
 14 deemed to be conducting an insurance or reinsurance agency, 722  
 15 brokerage, intermediary, advisory, or consulting business by  
 16 virtue of their activities in connection therewith required 724  
 17 to be licensed as an insurance company in the State of 726  
 18 Illinois.  
 19 (Source: P.A. 91-278, eff. 7-23-99.) 728  
 20 Section 99. Effective date. This Act takes effect upon 731  
 21 becoming law.

  
 President of the Senate 737  
 739

  
 Speaker, House of Representatives 742  
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APPROVED

this 12th day of July, 20 01 A.D.

  
 GOVERNOR

