2003: The Year in Review

Following is a summary of key regulatory events and initiatives that occurred in 2003:

NAIC Accreditation

The Division underwent a comprehensive solvency regulation review in 2003 pursuant to the Accreditation requirements of the National Association of Insurance Commissioners, and earned a full five year re–accreditation. The Accreditation program was implemented by the NAIC in 1990 with the goal of improving and monitoring insurance company solvency regulation by insurance regulators in all States, and the District of Columbia.

Financial – Corporate Regulation Section

Financial criteria was developed for initial reviews of foreign company license applications with the objective being to approve applications in reduced timeframes for those companies meeting the criteria. Implementation of the new procedure was successful and resulted in increased efficiencies in the Section.

The Examination Unit purchased a software application called Teammate for use as an electronic workpaper storage and retrieval system on examinations of insurance companies. This application will greatly enhance the Unit's capabilities and efficiencies.

The Unit also revised procedures relative to scheduling of examinations and processing of examination reports which have resulted in the Unit being able to complete examinations on a more timely basis.

Public Pensions

The Public Pension Unit began accepting Pension Fund annual filings in electronic format and implemented enhanced analysis procedures related to those filings.

Consumer Section

NAIC Activities

Illinois co–chaired the Market Conduct Annual Statement committee that designed data call criteria and collected data from companies to assess their market performance. Companies failing to meet the standards were subject to further review and possible collaborative examinations.

On September 1, 2003, the Illinois Division of Insurance began participating in the NAIC's Self–Certification Pilot Program that allows insurance companies to certify that a property and casualty form filing complies with all Illinois requirements. Property and casualty form filings received by the Division under this program will be afforded the privilege of an expedited review and will be given priority over all other property and casualty filings received by the Division.

SERFF

In 2003, the Division continued efforts to increase utilization of the System for Electronic Rate and Form Filing (SERFF), providing companies the ability to electronically submit policy and form filings (often in excess of hundreds of pages) for all lines of insurance business. In 2003, there were 458 property and casualty SERFF filings and 1,341 life, accident and health and HMO SERFF filings.

Credit Scoring Company Bulletin

With the enactment of House Bill 1640 and House Bill 3661 (Public Acts 93–0114 and 93–0477 respectively), Illinois established parameters for the regulation and use of credit information for personal insurance so that consumers are afforded certain protections with respect to the use of that information. In order to provide guidance on the enforcement of these two Acts, the Division issued Company Bulletin 2003–03 on September 29, 2003. The Bulletin is designed to give the insurance industry guidance on how the Division will interpret the provisions of HB 1640 and the insurance scoring provisions of HB 3661.

Office of Consumer Health Insurance/Uninsured Ombudsman

The Office of Consumer Health Insurance/Uninsured Ombudsman (OCHI) completed the creation of a database for the Ombudsman program that contains information compiled from prior extensive research about the various local, state, federal and other programs to assist the uninsured. This database was created to locate information promptly to assist uninsured consumers who have medical, dental, mental health, vision, prescription drug and other health care needs, but who may lack insurance or be underinsured.

On–Line Nonresident Licensing

In 2003, with the cooperation of the National Insurance Producer Registry (NIPR), the Division entered into an agreement to offer on–line, electronic non–resident licensing for new licensees and for adding new lines to an existing license. This service offers the ability for licensees to apply for an individual license in 24 states and to apply for a business entity license in 12 states through the submission of one application.

Product Requirement Checklists

The Property & Casualty Compliance Section revised their on–line product checklists for use by insurers prior to making a filing. The purpose of the checklists is to allow insurers to ensure that their filings are compliant with all Illinois laws and regulations prior to filing with the Division. The newly revised checklists include more detailed descriptions of the various laws and rules, as well as direct links to the specific law or rule.

Terrorism Risk Insurance Act of 2002

On March 14, 2003, the Division issued Company Bulletin 2003–02. The intent of this bulletin was to advise property and casualty insurers of certain provisions of the federal Terrorism Risk Insurance Act of 2002 (TRIA) and how TRIA affects property and casualty rate and form filings in Illinois. From enactment through December 31, 2004, TRIA requires insurers to make available, in all property and casualty insurance policies, coverage for any loss resulting from an act of terrorism (including an act of war, in the case of workers' compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if such loss a) occurs within the United States; or b) occurs to an air carrier (as defined in Section 40102 of title 49, United States Code), to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States) regardless of where the losss occurs, or at the premises of any United States mission. Such coverage shall not differ materially from the terms, amounts or other coverage limitations applicable to losses arising from events other than acts of terrorism. Coverage for such losses excludes amounts awarded in a civil action that are attributable to punitive damages.