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ILLINOIS DEPARTMENT OF INSURANCE  
CURRENT AND RECENTLY ADOPTED RULEMAKINGS

JUNE 5, 2017

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The following are summaries of administrative rules recently filed by IDOI; they are at various stages in the rulemaking process. The rules listed here have been or soon will be published by the Secretary of State in the Illinois Register. Links are provided to the issues of the Illinois Register in which these rule have been published. In addition, IDOI's adopted rules are available online (after publication in the Illinois Register) at the Illinois General Assembly's Joint Committee on Administrative Rules (JCAR) web page:

<http://ilga.gov/commission/jcar/admincode/050/050parts.html>

The proposed rules have no legal effect until after they have been through the first and second notice periods and are adopted by IDOI and filed with the Secretary of State's Office. The public may submit comments to IDOI during the 45-day first notice period that commences with a rule's initial publication in the Register. The adopted rules may differ from those originally published. JCAR's website contains additional information on the rulemaking process:

<http://ilga.gov/commission/jcar/default.htm>

**DISCLAIMER:** The Illinois Register is a weekly update of the Illinois Administrative Code (a compilation of the rules adopted by State agencies). The most recent edition of the Code, along with the Register, comprise the most current accounting of State agencies' rulemakings; however, the Illinois Department of Insurance neither warrants nor represents the accuracy or timeliness of the information contained in the Register, or on the IDOI website. The information and links provided on this site are intended solely for the convenience of interested persons; you are urged to consult the official documents or contact legal counsel of your choice. This site should not be cited as an official or authoritative source. Amendments, court decisions and other proceedings may affect the text, interpretation, validity and constitutionality of the laws and rules.

**FIRST NOTICE:**

**50 Ill. Adm. Code 652 (formerly 50 Ill. Adm. Code 852), Registration of Insurers:** Article VIII ½ of the Illinois Insurance Code (Insurance Holding Company Systems) was amended by Public Act 98-0609. The changes to Illinois statutes were made based on the NAIC Model Law #440 which was passed in December 2010. The statutory amendments are effective January 1, 2014, except for Form F requirements which are effective July 1, 2014.

The proposed amendments to Part 652 which will implement these changes pertain to registration reporting of Illinois domestic insurance companies. The Form B illustration (Section 652.ILLUSTRATION B) is being modified to include newer Incorporation by Reference language, more

detailed requirements for financial statement reporting and updated biographical information requirements. 652.60 adds a severability clause, and proposed new Sections 652.50 and 652.ILLUSTRATION F will add the new Enterprise Risk Reporting (Form F) requirements in 215 ILCS 5/131.14b. The rule has been filed for First Notice.

**Date Published:** May 5, 2017

**Illinois Register Citation:** [41 Ill. Reg. 4592](#)

**Comment Period Ends:** June 19, 2017

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**50 Ill. Adm. Code 926, Insurance Department Consumer Complaints:** This rule amendment will address the Department's ability to share information related to a complaint against an insurer, insurance producer, or other entity licensed or registered pursuant to Chapter 215 of the Illinois Compiled Statutes with criminal justice agencies for investigation or prosecution, or to State regulatory agencies for regulatory action, where Department believes the reported conduct constitutes a violation of laws or regulations. The rule has completed First Notice and is being prepared to file for Second Notice.

**Date Published:** December 30, 2016

**Illinois Register Citation:** [40 Ill. Reg. 16499](#)

**Comment Period Ended:** February 13, 2017

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**50 Ill. Adm. Code 1101, Reinsurance Ceded Contracts:** Part 1101 requires all insurance companies to submit a certified copy of a reinsurance ceded contract upon written request of the Director. If a company document needs to be reviewed, 215 ILCS 5/132.4(b), as well as 215 ILCS 5/131.21(1.5), requires companies to provide records as requested by the Director. This is a duplicative Part, unnecessary and is being repealed in its entirety.

**Date Published:** May 12, 2017

**Illinois Register Citation:** [41 Ill. Reg. 4925](#)

**Comment Period Ends:** June 26, 2017

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**50 Ill. Adm. Code 1401, Security Valuation Reserve:** Part 1401 requires certain companies to include a Security Valuation Reserve on the annual statement. This rule was effective in 1952. In 1992, the Security Valuation Reserve was replaced as an industry standard by the Asset Valuation Reserve and the Interest Maintenance Reserve; the annual statement required by 215 ILCS 5/136 changed to accommodate the AVR and IMR. Therefore, this rule is unnecessary and is being repealed in its entirety.

**Date Published:** May 12, 2017

**Illinois Register Citation:** [41 Ill. Reg. 1401](#)

**Comment Period Ends:** June 26, 2017

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**50 Ill. Adm. Code 1408, Actuarial Opinion and Memorandum:** 215 ILCS 5/223 was recently amended to establish the Valuation Manual as the source for actuarial opinion and memorandum standards. Part 1408 will be repealed because the Valuation Manual, which became operative January 1, 2017, has been established as the as the source for the actuarial opinion and memorandum requirements rather than Part 1408.

**Date Published:** May 12, 2017

**Illinois Register Citation:** [41 Ill. Reg. 4931](#)

**Comment Period Ends:** June 26, 2017

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**50 Ill. Adm. Code 1701, Explanation of Special and Contingency Reserves:** Part 1701 was originally promulgated to implement Sections 295 and 297 of the Illinois Insurance Code; both Sections were repealed in 1986. The rule requires a statement of purpose and certification of Board approval when fraternal benefit societies list special and contingency reserves on their annual statement, but with Sections 295 and 297 repealed, no statute currently applicable to fraternal benefit societies even addresses such reserves. Lacking any remaining statutory impetus, this rule has nothing to implement and is being repealed.

**Date Published:** May 12, 2017

**Illinois Register Citation:** [41 Ill. Reg. 4957](#)

**Comment Period Ends:** June 26, 2017

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**50 Ill. Adm. Code 1706, Explanation of Special and Contingency Reserves:** Part 1701 was originally promulgated to implement Sections 295 and 297 of the Illinois Insurance Code; both Sections were repealed in 1986. The rule requires a statement of purpose and certification of Board approval when fraternal benefit societies list special and contingency reserves on their annual statement, but with Sections 295 and 297 repealed, no statute currently applicable to fraternal benefit societies even addresses such reserves. Lacking any remaining statutory impetus, this rule has nothing to implement and is being repealed.

**Date Published:** May 12, 2017

**Illinois Register Citation:** [41 Ill. Reg. 4960](#)

**Comment Period Ends:** June 26, 2017

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## **SECOND NOTICE:**

**50 Ill. Adm. Code 651 (formerly 50 Ill. Adm. Code 851), Acquisition of Control of a Domestic Company:** Changes to Parts 651 pertain to acquisitions of Illinois domestic insurance companies. Proposed new Section 651.80 adds a severability clause to the rule. The changes to the Form A (Section 651.1 Illustration A) include new financial statement requirements for the acquiring party, removal of the previously required Notice and Summary Statement, a statement that the new owners will provide enterprise risk management information going forward, and a few minor additions. Minor edits and additions are also being made to other Sections of the rule. The rule has been filed for Second Notice and is scheduled for the June JCAR meeting.

**Date Published:** January 13, 2017

**Illinois Register Citation:** [41 Ill. Reg. 312](#)

**JCAR Meeting:** June 13, 2017

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**50 Ill. Adm. Code 653 (formerly 50 Ill. Adm. Code 853), Pre-Acquisition Notification:** Proposed changes to Part 653 are mainly editorial, for updating, clarification and consistency with other Department rules. New Sections 653.15 and 653.30 add definitions and a severability clause to the rule. The Illustration includes changes to update the reference to applicable annual statement pages for Life, Health and Property and Casualty insurers. It also adds standardized Incorporation by Reference procedures that eliminate redundant information filing requirements for the Form CX. The rule has been filed for Second Notice and is scheduled for the June JCAR meeting.

**Date Published:** January 13, 2017

**Illinois Register Citation:** [41 Ill. Reg. 332](#)

**JCAR Meeting:** June 13, 2017

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**50 Ill. Adm. Code 655 (formerly 50 Ill. Adm. Code 855), Prior Notification of Dividends on Common Stock and Other Distributions:** Changes to Part 655 are based on updated requirements of the Model Law. Section 655.30 discloses the change in ordinary dividend reporting which follows the changes

made to Section 131.16 of the Illinois Insurance Code. Section 655.50 adds a severability clause. Minor editorial changes were also made throughout the rule. The rule has been filed for Second Notice and is scheduled for the June JCAR meeting.

**Date Published:** January 13, 2017

**Illinois Register Citation:** [41 Ill. Reg. 340](#)

**JCAR Meeting:** June 13, 2017

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**ADOPTED:**

**50 Ill. Adm. Code 2004, Accident and Health Reserves:** 215 ILCS 5/223 was recently amended to establish the Valuation Manual, published by the National Association of Insurance Commissioners (“NAIC”), as the source for valuation standards for accident and health policies issued on or after January 1, 2017. Under the current version of Part 2004, accident and health reserve valuation standards are maintained in the Accounting Practices and Procedures Manual published by the NAIC. Part 2004 has been amended as of the operative date of the Valuation Manual because the Valuation Manual has been established by statute as the as the new source for accident and health reserve valuation standards. The rule has been filed for adoption.

**Date to be Published:** June 16, 2017

**Illinois Register Citation:** Pending

**Effective Date:** May 31, 2017

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**RECENT RULE RECODIFICATIONS:**

**The following rules have been recodified and renumbered.**

**Published in the [May 12, 2017](#) Illinois Register:**

50 Ill. Adm. Code 3125, Navigator, In-Person Counselor and Certified Application Counselor Certification, has been recodified to 50 Ill. Adm. Code 4515; published at 41 Ill. Reg. 4976.

50 Ill. Adm. Code 5410, Mandatory Child Only Open Enrollment Period for Individual Market Carriers, has been recodified to 50 Ill. Adm. Code 4510; published at 41 Ill. Reg. 4980.

50 Ill. Adm. Code 5420, Managed Care Reform and Patient Rights, has been recodified to 50 Ill. Adm. Code 4520; published at 41 Ill. Reg. 4982.

50 Ill. Adm. Code 5421, Health Maintenance Organization, has been recodified to 50 Ill. Adm. Code 4521; published at 41 Ill. Reg. 4985.

50 Ill. Adm. Code 5425, Managed Care Dental Plans, has been recodified to 50 Ill. Adm. Code 4525; published at 41 Ill. Reg. 4988.

50 Ill. Adm. Code 5430, Health Carrier External Review, has been recodified to 50 Ill. Adm. Code 5430 published at 41 Ill. Reg. 4990.

**The following rule has been recodified from the Department of Financial and Professional Regulation to the Department of Insurance.**

**Published in the [May 12, 2017](#) Illinois Register:**

50 Ill. Adm. Code 4415, Payment of Annual Compliance Fees for Pension Funds; published at 41 Ill. Reg. 4978