
ILLINOIS DEPARTMENT OF INSURANCE
CURRENT AND RECENTLY ADOPTED RULEMAKINGS

MARCH 10, 2020

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 630, Corporate Governance Annual Disclosure: The proposed new rule will require corporate governance reporting for insurers and provides for the confidential treatment of this information. The NAIC's *Corporate Governance Annual Disclosure Model Act* (#305) and *Corporate Governance Annual Disclosure Model Regulation* (#306) will be accreditation standards effective 1/1/2020.

The rule will not impose additional corporate governance rules, standards or procedures on insurance companies, but requires a new annual filing to be submitted to the Department by each insurance company that describes the corporate governance structure, policies and practices in use at the company. Regulatory oversight of insurance companies has changed significantly in the past five years with more focus on how a company manages itself, and, in particular, how it identifies, assesses and mitigates risks. The filing will assist regulators in fulfilling their oversight responsibilities.

Date Published: [January 3, 2020](#)

Illinois Register Citation: 44 Ill. Reg. 88

Comment Period Ended: February 17, 2020

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217/557-1416

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50 Ill. Adm. Code 1305, Prior Notification of Dividends or Distributions: P.A. 100-1118, effective November 27, 2018, added a new section to Article VIIC of the Illinois Insurance Code, Domestic Insurance Companies, namely, section 123C-26 [215 ILCS 5/123C-26] which mandates that captive insurance companies shall notify the Director when issuing dividends or distributions to policyholders [215 ILCS 5/123C-26.A] and which mandates that the Director approve that issuance and adopt rules to implement the approval process [215 ILCS 5/123C-26.B].

Date Published: [February 21, 2020](#)

Illinois Register Citation: 44 Ill. Reg. 3039

Comment Period Ends: April 6, 2020

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50 Ill. Adm. Code 2603, Unfair Discrimination Based on Sex, Sexual Orientation, Gender Identity or Marital Status: In June 2019, the Centers for Medicare and Medicaid Services issued a notice of proposed rulemaking to amend federal regulations so as to remove certain protections against gender identity discrimination that previously had been promulgated under Section 1557 of the Patient Protection and Affordable Care Act. *See* "Nondiscrimination in Health and Health Education Programs or Activities", 84 Fed. Reg. 27846 (proposed Jun. 14, 2019). To ensure that Illinois consumers remain protected against gender identity discrimination relating to their health insurance coverage, the Department has reviewed its applicable regulation on unfair discrimination at 50 Ill. Adm. Code 2603. The following amendments are primarily intended to fill the gaps in those regulatory protections. First,

whereas Section 2603.35 currently only applies to group health insurance coverage, these amendments will extend the rule to apply to individual policies, as well. Second, the protections in Section 2603.40 against discrimination in setting premium rates will be amended to apply to gender identity.

Additionally, these amendments delete references in Section 2603.20 to 215 ILCS 5/283 and 296(6) regarding fraternal benefits societies, as those sections of the Illinois Insurance Code have been repealed. In their place, the Department will reference 215 ILCS 5/314.1, which contains a currently applicable preservation of rights for fraternal benefit societies.

Date Published: [December 27, 2019](#)

Illinois Register Citation: 43 Ill. Reg. 14987

Comment Period Ended: February 10, 2020

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50 Ill. Adm. Code 3145, Pharmacy Benefit Managers: HB0465 created a new Section in the Illinois Insurance Code, 215 ILCS 5/513b1 et seq. Within the statute it indicates that the Director will establish rules. The Department needs to establish the fee, application and definitions within rule to support statute.

Date Published: [January 31, 2020](#)

Illinois Register Citation: 44 Ill. Reg. 2207

Comment Period Ends: March 16, 2020

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50 Ill. Adm. Code 3150, Third Party Prescription Administrators: The majority of licenses issued by the Department of Insurance renew on an annual anniversary date. The Department is changing the third party prescription administrator renewal date from a fixed date of April 1 to an annual renewal of one year of the date of issuance to be consistent with other license types.

Date Published: [January 31, 2020](#)

Illinois Register Citation: 44 Ill. Reg. 3150

Comment Period Ends: March 16, 2020

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SECOND NOTICE:

RULEMAKINGS ADOPTED/EFFECTIVE DURING 2020:

50 Ill. Adm. Code 925, Annual Financial Reporting: The changes to the Part require insurers to establish an internal audit function to enhance corporate governance. Small companies are exempt from the requirement if they do not meet a premium threshold. The amendments are based on NAIC Model Regulation #205, which will be an accreditation standard effective 1/1/2020.

Effective Date: January 1, 2020

Date Published: [December 6, 2019](#)

Illinois Register Citation: 43 Ill. Reg. 14121

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50 Ill. Adm. Code 1551, Variable Contracts: Part 1551 has been amended to change references to the former National Association of Security Dealers (NASD) to refer instead to the entity's successor, the Financial Industry Regulatory Authority (FINRA), and its rules. A definition of 'Annuity 2000 Mortality Table' has been added to Section 1551.20 and the reference in Section 1551.60 has been revised to reflect that this is now the mortality table in use. Also, 50 Ill. Adm. Code 3117: Licensing and Suitability Requirements for the Solicitation of Variable Contracts, is simultaneously being repealed in its entirety, and several of its provisions have been moved to Section 1551.60.

Effective Date: March 2, 2020

Date to be published: March 13, 2020

Illinois Register Citation: 44 Ill. Reg. 3896

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50 Ill. Adm. Code 2004, Accident and Health Reserves: Section 2004.10(b)(E) incorporated by reference a 2016 edition of the “Valuation Manual” published by the National Association of Insurance Commissioners. That publication has been superseded by the January 1, 2019 edition. The incorporation by reference has been revised to reflect the current publication.

Effective Date: January 21, 2020

Date Published: [February 7, 2020](#)

Illinois Register Citation: 44 Ill. Reg. 2572

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50 Ill. Adm. Code 2500, Fees, Charges and Taxes (previously titled **General Provisions):** The amendments remove language that unnecessarily repeats statutory requirements and consolidates the remaining necessary text from Parts 2505-2525, which are being repealed, into this Part. The amendments also revise and update definitions and outdated references.

Effective Date: February 24, 2020

Date Published: [March 6, 2020](#)

Illinois Register Citation: 44 Ill. Reg. 3419

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50 Ill. Adm. Code 2505, Fees and Charges (44 Ill. Reg. 3445)

50 Ill. Adm. Code 2510, Annual Privilege Tax (44 Ill. Reg. 3447)

50 Ill. Adm. Code 2515, Annual Retaliatory Tax (44 Ill. Reg. 3449)

50 Ill. Adm. Code 2520, Annual State Fire Marshal Tax (44 Ill. Reg. 3451)

50 Ill. Adm. Code 2525, Overpayments, Refunds, Amendments and Penalties (44 Ill. Reg. 3453)

These five Parts have been repealed because the majority of the text unnecessarily repeated statutory requirements and some provisions inaccurately describe current Department procedures. The provisions of these Parts that are necessary have been moved into Part 2500.

Effective Date: February 24, 2020

Date Published: [March 6, 2020](#)

Illinois Register Citation: See above

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50 Ill. Adm. Code 3117, Licensing and Suitability Requirements for the Solicitation of Variable

Contracts: Most of the Sections of Part 3117 have already been repealed, and the remaining three Sections are now being incorporated into 50 Ill. Adm. Code 1551: Variable Contracts. Accordingly, Part 3117 is no longer necessary and has been repealed in its entirety.

Effective Date: March 2, 2020

Date to be published: March 13, 2020

Illinois Register Citation: 44 Ill. Reg. 3908

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50 Ill. Adm. Code 3119, Pre-Licensing and Continuing Education: 3119.60(c)(2) specifies that no course can be approved for less than 1 hour of CE credit, but currently there is no formal requirement regarding the maximum course approval for hours. The Part is being amended to specify that 12 hours of CE is the maximum number of hours to be approved for a course filing.

Effective Date: March 2, 2020

Date to be published: March 13, 2020

Illinois Register Citation: 44 Ill. Reg. 3910

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50 Ill. Adm. Code 4450, Mistake In Benefit Under Article 3 and Article 4 Pensions: PA 98-1117, effective August 26, 2014, in 40 ILCS 5/3-144.2(b) and 40 ILCS 5/4-138.10(b), directs the Public Pension Division to prescribe a rate of interest when the pension benefit payments were mistakenly set too low and apply that interest rate to the lump sum make-up payment to the pensioner. For downstate police and fire pension funds, this rule prescribes the interest rate to be applied.

Effective Date: December 23, 2019

Date Published: [January 3, 2020](#)

Illinois Register Citation: 44 Ill. Reg. 261

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