

October 29, 2001

To: All Domestic Companies Authorized to Write Life and/or Accident and Health and Property and Casualty Insurance in Illinois (including Fraternal).
All Domestic Health Maintenance Organizations and Limited Health Service Organizations.

From: Nathaniel S. Shapo, Director

Re: **(CB #2001-04) 215 ILCS 5/131.20a - Changes to Holding Company Act**

Reply to: Life and/or Accident and Health
Sara Ross (217) 782-9760
sara_ross@ins.state.il.us

Health Maintenance Organizations
Jeff Martin (217) 782-1798
jeffrey_martin@ins.state.il.us

Property and Casualty
Jackie Parker (217) 524-2262
jacqueline_parker@ins.state.il.us

Effective immediately, Public Act 92-0140 of the 92nd General Assembly amended the Holding Company Act, 215 ILCS 5/131.20a. Specifically, the following language has been added, "...or (B) that is proposed when the domestic company is not eligible to declare and pay a dividend or other distribution pursuant to the provisions of Section 27."

The Department has interpreted the above to mean if the domestic company has negative or zero unassigned funds at the end of the prior year as reported in the company's annual statement, the company would be required to provide prior notice of all transactions with any entity in its holding company system.

This Public Act may be viewed in its entirety at the following Internet website:
<http://www.state.il.us/ins>.



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