

# **Governor's Office of Management and Budget**

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Director



## **Regulatory Sunset Act Study of**

## **Select Articles of the Illinois Insurance Code**

May 8, 2026

**To the Honorable JB Pritzker  
Governor of Illinois**

Governor Pritzker:

As required by Section 5 of the Regulatory Sunset Act (5 ILCS 80/1 et seq.), GOMB facilitated a study with the Illinois Department of Insurance (IDOI), the agency responsible for oversight of the Articles II, III, IV, V, VI, VIIA, VIIC, XVII, XXXI, and XXXI 1/4 of the Illinois Insurance Code (215 ILCS 5/1 et seq.) (the Act), which is scheduled to be repealed on January 1, 2027. This study provides justification for the recommendation to continue this Act.

GOMB's examination of this Act was conducted considering the factors set out in Sections 6 and 7 of the Regulatory Sunset Act. The following report outlines the work of GOMB's study and details the criteria and data utilized to arrive at the above recommendation.

Respectfully,

Alexis Sturm  
Director  
Governor's Office of Management and Budget

**GOMB Regulatory Sunset Act Report:**  
**Articles II, III, IV, V, VI, VIIA, VIIC, XVII, XXXI, and XXXI 1/4 of the Illinois Insurance Code**

The State of Illinois, acting through the Illinois Department of Insurance (IDOI or the Department), licenses the profession of Insurance Producers (i.e., agents and brokers) – health, life, property and casualty, personal lines, and motor vehicle; Insurance Business Entities including domestic stock insurance companies, domestic mutual insurance companies, reciprocals, Lloyds companies, foreign and alien insurance companies, insurance advisory organizations, unauthorized insurance companies, fraternal benefit societies, and third party administrators; Limited Lines licensees – car rental, travel, crop, credit life accident and health, and farm mutual pursuant to the Act.

The Gramm-Leach Bliley Act and the McCarran Ferguson Act require states to license producers in a reciprocal manner with other states. This ensures that the State maintains control over insurance professional's licensure and prevents federal oversight of producers as long as states are working reciprocally. Article XXXI of the Illinois Insurance Code: Insurance Producers, Limited Insurance Representatives and Registered Firms, provides protection to consumers by requiring producers to abide by guidelines and best practices to ensure that consumers are sold products they desire without fear of theft of premiums and are sold products suitable to their needs.

**1. License Count and Fee Structure (5 ILCS 80/6(1) and (3))**

As of July, 2025, IDOI states that there are 295,076 active licenses for Individual Producer in Illinois. See the following table for the number of licenses issued by IDOI under this act in the fiscal years indicated:

<b>License, Credential, Certification Type</b>	<b>Active</b>	<b>Temporary</b>
Individual Producer	<b>295,076</b>	<b>2,021</b>
Producer Business Entity	20,034	0
Limited Lines	3,944	0

<b>License, Credential, Certification Type</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>
Producer License	275,204	284,398	287,771	296,427	295,076
Producer Business Entity License	18,754	19,380	19,991	20,036	20,034

Producers have the following licensure fee structure:

<b>License, Credential, or Certification Type</b>	<b>Fee Amount</b>	<b>Online Payment Option</b>
Application Fee (Producers)	\$ 215 to 380	<input checked="" type="checkbox"/>
Renewal Fee (Producers)	\$215 to 380	<input checked="" type="checkbox"/>
Duplicate Fee (Producers)	\$none	<input checked="" type="checkbox"/>
Examination Fee (Producers)	\$90	<input checked="" type="checkbox"/>

IDOI stated that fees are also collected from insurance and reinsurance companies operating in Illinois on a sliding scale basis that is dependent on size.

**2. Obtaining Certification in Illinois (5 ILCS 80/6(11))**

To obtain licensure as an insurance producer, limited lines licensee, or insurance business entity in Illinois, applicants must follow a structured process governed by the Illinois Insurance Code (215 ILCS 5/1 et seq.). Applicants must meet character and residency requirements, disclose any prior regulatory or criminal history, and pay the required fees. Insurance business entities, including domestic and foreign insurers, advisory organizations, and third-party administrators must submit formation documents such as articles of incorporation, bylaws, financial statements, and organizational charts. The Department reviews these submissions to ensure compliance with statutory provisions under Articles II through XXXI 1/4 of the Code, and upon approval, issues a certificate of authority or license to operate in Illinois.

### **3. Equity Concerns (5 ILCS 80/6(10), (12) and (13))**

IDOI states that equity issues may have an impact on individuals seeking to obtain a producer license in the State of Illinois. These issues include financial challenges, although costs for producer licensure are nominal in comparison to many other types of licenses. See Section 1. for associated fees. The cost of education courses also varies. In specified circumstances, courses are offered at no cost by different providers. The examination fee stated in Section 1 is based on each line of authority.

In early 2025, the Department worked with its producer testing vendor to expand testing from eight brick and mortar locations to over 80 locations throughout the state. IDOI states that licensees can find a testing facility within 45 miles no matter where they are in the state.

Illinois has seen an increase in English as a second language applicants for producer licensure and provides translation services to assist them in obtaining and maintaining their licensure. Illinois offers all producer exams in Spanish and has accommodations including translators available for other languages. Courses are offered by providers with several available in Spanish, online, and self-study compatible with translation programs to enable everyone to complete CE without language barriers.

### **4. Agency recommendations to change the statute (5 ILCS 80/6(4) and (9))**

IDOI is aligning with the National Association of Insurance Commissioners (NAIC) Producer Licensing Model Act (PLMA) and the Education Reciprocity Agreement to further assist producers in becoming licensed in Illinois and making it easier for our Illinois producers to expand their footprint into other states. This NAIC initiative was prompted by federal acts known as the National Association of Registered Agents and Brokers Act (NARAB) and the National Association of Registered Agents and Brokers Reform Act of 2015 (NARAB II). For more details on the NAIC see <https://content.naic.org/>.

Under Article XVII Fraternal Benefit Societies, IDOI incorporated standard billing requirements for fraternal benefit societies that transact any form of accident and health insurance. See Public Act 103-0656. This minimizes the risk of errors or delays in processing medical claims for covered individuals.

### **5. Agency efforts to comply with enabling laws (5 ILCS 80/6(3), (4) and (5))**

Under Article XXXI IDOI is working through the statute for better alignment with the Producer Licensing

Model Act (PLMA). Minor process and definitional changes are anticipated as the Act has periodically been amended.

#### **6. Recent bills introduced by the General Assembly (5 ILCS 80/6(9))**

Article XXXI Insurance Producers, Limited Insurance Representatives and Registered Firms, allows electronic application processes for 99% of producer licensees, creating a 24-hour availability for application and the ability to pay through credit card or EFT. Illinois is committed to providing efficient and effective paths toward licensure while reducing cost in labor related to licensing for both the licensees and the Department by saving paper, postage, processing costs.

Under Article XXXI 1/4 Third Party Administrators, the Department amended 215 ILCS 5/511.109, IDOI's examination authority over many types of regulated persons. These changes clarify the examination procedures and enhance the Department's ability to detect unlawful market conduct by regulated persons. See Public Act 103-0897.

Public Act 102-0016 increased fees for insurance producers and rental limited line licenses and directed portions of those fees into two funds: State Police Training and Academy Fund and Law Enforcement Training Fund.

Public Act 102-0135 removed and updated language in multiple sections. Added definition for webinar and included webinar settings in lieu of classroom for required courses.

Public Act 102-0212 created a new Travel Insurance Act that defines travel insurance and related terms, establishes licensing and registration requirements for travel insurance business entities and travel retailers, and set rules for marketing and sale of travel insurance and travel protection plans. It also clarified that travel insurance must be consistent with its policy terms, prohibits certain unfair sales practices, and gives IDOI authority to adopt implementing rules.

Public Act 102-0465 updated and clarified language used for demographic information collected from insurance licensing examinees.

Public Act 102-0558 made non-substantive revisions by reconciling multiple prior amendments, correcting errors, and updating cross-references.

Public Act 102-0766 revised Section 500-35 to include active participation in a State or national professional association as an option to fulfill four hours of the required 24 hours of continuing education requirement prior to license renewal. It also outlined the specifics of participation and process for submitting those hours.

Public Act 102-1100 updated terminology used in demographic data collected from examinees, replacing "high school equivalency certificate" with "State of Illinois High School Diploma."

Public Act 103-0426 amended multiple sections and added a new Section 155.49, requiring insurance companies with at least \$50 million in assets to submit a 2-page annual report on their supplier diversity or procurement program. Reports must include contact information, certification recognizing diverse businesses, and a narrative on results and tactics used to achieve goals.

Public Act 103-0609 modified the annual per-policy assessment that insurers writing private passenger motor vehicle physical damage coverage collect and pay to the IDOI. Amended the allocation of funds from collected revenues, removed the State Police Training and Academy Fund, and replaced it with the State Police Law Enforcement Administration Fund.

**7. Stakeholder Feedback and Protocols for Licensure (5 ILCS 80/6(5), (6), (7), (8), (10) and 5 ILCS 80/7)**

IDOI participates with NAIC calls, Securities and Insurance Licensing Association (SILA), and works with various organizations to understand the industry nationally and locally to ensure the Act is relevant to today's insurance environment.

As recommendations are received, the Department reviews and determines if steps can be taken and where the Administrative Code (50 Ill. Adm. Code: Chapter 1) may need to be changed to implement the recommendation. If there is sufficient support to act upon a recommendation that rises to the level of statutory change, legislative proposals may be required.

Article XXXI Insurance Producers, Limited Insurance Representatives and Registered Firms emphasizes industry desire for reciprocity in licensing as outlined in the PLMA. Illinois works closely with the NAIC producer licensing working group to ensure that IDOI staff is educated on the national licensing trends so they are able to communicate the necessity for legislative and administrative code changes and proposals.

**8. Public Outreach (5 ILCS 80/6(5), (6), (7) and (8) and 5 ILCS 80/7)**

IDOI provides multiple avenues for members of the public to contact the Department with comments or concerns about the programs it oversees or the Department's Administrative rules governing its programs. The Department responds to legislative and JCAR rule change comments during the respective comment periods. IDOI does not solicit public comments beyond what is required through the Illinois Register protocols.

**9. Industry Standards (5 ILCS 80/6(11) and (12))**

IDOI states that the Illinois personal qualifications required for this profession are in line with industry standards.

The Gramm-Leach Bliley Act and the McCarran Ferguson Act require states to license producers in a reciprocal manner with other states. This ensures that the State maintains control over insurance professional's licensure and prevents federal oversight of producers as long as states are working reciprocally.

Illinois follows the recommendations of the NAIC Producer Licensing Model Act and the NAIC Continuing Education Reciprocity Agreement to remain in compliance with industry guidelines and provide an equitable and fair environment for Illinois producers and non-resident producers licensed in Illinois. Illinois follows the PLMA and the licensing practices in the Act which, in practice, are reciprocal with other midwestern states and nationwide. IDOI acknowledges some minimal differences based on state law and needed variances within the insurance industry in different locations. For example, hurricanes

and wildfires vs tornados and floods have different effects on the way each state's legislature addresses laws in their jurisdiction.

As part of the NAIC Accreditation Program, all states have to adopt model laws that together create a minimum financial analysis and examination structure. Because of this, states have substantially similar (but not identical) laws and requirements for insurance entities doing business in their states. There are also three national meetings a year where regulators gather to discuss current and emerging issues, as well as various working groups and committees that meet throughout the year to work on various topics that affect multiple or all states.

The PLMA recommends background checks on licensed insurance producers via fingerprints. A 2024 report by SILA states that 34 states perform fingerprint background checks. Illinois is one of 16 that does not.

NAIC Accreditation Program ensures that states have a similar baseline solvency regulation scheme. State markets are not identical, and neither are their regulatory frameworks.

#### **10. Public Complaint Resolution (5 ILCS 80/6(3), (7), (8) and (10) and 5 ILCS 80/7)**

IDOI has received 1,902 complaints from the public regarding regulated Producers over the past five fiscal years.

The Deputy Director of Enforcement/Investigations is responsible for resolving complaints regarding IDOI's regulation of Article XXXI Insurance Producers, Limited Insurance Representatives and Registered Firms. Assistant Deputy Directors of P&C / Life / Health Products Complaints is responsible for resolving complaints regarding IDOI's regulation of Articles II Domestic Stock Companies, III Domestic Mutual Companies, IV Reciprocal, V Lloyds, VI Foreign or Alien Companies, VII Unauthorized Companies, VIIA Advisory Organizations, VIIC Domestic Captive Insurance Companies, XVII Fraternal Benefit Societies, and XXXI 1/4 Third Party Administrators.

The average time for resolution of a complaint depends on the issue(s) involved and the level of regulator action taken. The most serious action, revocation of a license, may take between 6 months and a year to be closed. The table below outlines the number of complaints received by the Department in the last five years.

<b>License, Credentials, or Certifications Type</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>
Producer licensees	390	484	468	292	268
Third-party administrators	15	14	26	60	36

#### **11. Disciplinary Action (5 ILCS 80/6(14))**

Every investigation completed by the Producer Regulatory Unit results in one of the following actions:

- No action Required
- Consent Order including a fine
- Denial of application
- Refusal of application
- Suspension

- Revocation of a license

IDOI states that disputes involving Public Adjusters failing to fulfil their obligations during a consumer's property claim process are an ongoing concern.

## **12. Conclusion**

The Act governs the licensure of Insurance Producers (i.e., agents and brokers) and Insurance Business Entities in the State of Illinois. The absence of licensing criteria for this industry would pose a significant and direct harm to the health, safety, and welfare of the public and specifically the State's insurance industry. The Act provides guidelines protecting consumers from fraud, theft, and deceit and allows IDOI to regulate bad actors. In some cases, regulatory action will result in consumer refunds and monies for damages incurred. This Act promotes the financial health of the insurance industry, which aids financial entities to delivering on their commitments to policyholders and creating an environment conducive to a robust and competitive marketplace.

Without Article XXXI Insurance Producers, Limited Insurance Representatives and Registered Firms, the State will have no licensure or regulatory authority over those who sell insurance as noted above. This Article provides protection to consumers by requiring producers to abide by guidelines and best practices. Regulations ensure that consumers are sold products they desire without fear of theft of premiums and that the products they purchase were determined suitable to their needs.

Without the specified Articles of the Illinois Insurance Code, the state would have no oversight of the operations of insurance entities. Insurance regulators rely on this authority to protect insurance consumers and to maintain a stable insurance market. The IDOI achieves this by monitoring the financial health of insurance entities to help ensure claims can be paid and obligations to policyholders can be met. The Act gives IDOI authority to monitor compliance with regulations and to take enforcement actions against entities that violate them.

The provisions within the Act and the Rules have been modeled with the intent of ensuring the public's health, safety, and welfare are the principal focus. The promulgated provisions of the Act and the Rules mitigate risk by establishing a basis for determining whether an applicant for licensure is fit to practice in Illinois.

Based on the factors in 5 ILCS 80/6 and the additional criteria in 5 ILCS 80/7, GOMB finds that the Act should be recommended for continuation. The record should expressly state that the public protection benefits of regulation outweigh the regulatory costs and that no less restrictive alternative would adequately address the significant and discernible harms identified in this report.

These Acts should be continued to promote and enhance the safety and welfare of the public, without burdening licensees or commerce.