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May 12, 2017 Volume 41, Issue 19

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## INTRODUCTION

The *Illinois Register* is the official state document for publishing public notice of rulemaking activity initiated by State governmental agencies. The table of contents is arranged categorically by rulemaking activity and alphabetically by agency within each category.

Rulemaking activity consists of proposed or adopted new rules; amendments to or repealers of existing rules; and rules promulgated by emergency or peremptory action. Executive Orders and Proclamations issued by the Governor; notices of public information required by State Statute; and activities (meeting agendas; Statements of Objection or Recommendation, etc.) of the Joint Committee on Administrative Rules (JCAR), a legislative oversight committee which monitors the rulemaking activities of State Agencies; is also published in the Register.

The 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.

The *Illinois Register* is the property of the State of Illinois, granted by the authority of the Illinois Administrative Procedure Act [5 ILCS 100/1-1, et seq.].

### ILLINOIS REGISTER PUBLICATION SCHEDULE FOR 2017

Issue#	Rules Due Date	Date of Issue
1	December 27, 2016	January 6, 2017
2	January 3, 2017	January 13, 2017
3	January 9, 2017	January 20, 2017
4	January 17, 2017	January 27, 2017
5	January 23, 2017	February 3, 2017
6	January 30, 2017	February 10, 2017
7	February 6, 2017	February 17, 2017
8	February 14, 2017	February 24, 2017
9	February 21, 2017	March 3, 2017
10	February 27, 2017	March 10, 2017
11	March 6, 2017	March 17, 2017
12	March 13, 2017	March 24, 2017
13	March 20, 2017	March 31, 2017
14	March 27, 2017	April 7, 2017
15	April 3, 2017	April 14, 2017
16	April 10, 2017	April 21, 2017
17	April 17, 2017	April 28, 2017
18	April 24, 2017	May 5, 2017
19	May 1, 2017	May 12, 2017
20	May 8, 2017	May 19, 2017

21	May 15, 2017	May 26, 2017
22	May 22, 2017	June 2, 2017
23	May 30, 2017	June 9, 2017
24	June 5, 2017	June 16, 2017
25	June 12, 2017	June 23, 2017
26	June 19, 2017	June 30, 2017
27	June 26, 2017	July 7, 2017
28	July 3, 2017	July 14, 2017
29	July 10, 2017	July 21, 2017
30	July 17, 2017	July 28, 2017
31	July 24, 2017	August 4, 2017
32	July 31, 2017	August 11, 2017
33	August 7, 2017	August 18, 2017
34	August 14, 2017	August 25, 2017
35	August 21, 2017	September 1, 2017
36	August 28, 2017	September 8, 2017
37	September 5, 2017	September 15, 2017
38	September 11, 2017	September 22, 2017
39	September 18, 2017	September 29, 2017
40	September 25, 2017	October 6, 2017
41	October 2, 2017	October 13, 2017
42	October 10, 2017	October 20, 2017
43	October 16, 2017	October 27, 2017
44	October 23, 2017	November 3, 2017
45	October 30, 2017	November 13, 2017
46	November 6, 2017	November 17, 2017
47	November 13, 2017	November 27, 2017
48	November 20, 2017	December 1, 2017
49	November 27, 2017	December 8, 2017
50	December 4, 2017	December 15, 2017
51	December 11, 2017	December 26, 2017
52	December 18, 2017	December 29, 2017

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED REPEALER

- 1) Heading of the Part: Reverse Mortgage Loans
- 2) Code Citation: 38 Ill. Adm. Code 300
- 3) 

<u>Section Numbers</u> :	<u>Proposed Actions</u> :
300.10	Repealed
300.20	Repealed
300.30	Repealed
- 4) Statutory Authority: Implementing and authorized by Section 5a of the Illinois Banking Act [205 ILCS 5/5a].
- 5) A Complete Description of the Subjects and Issues Involved: Pursuant to Executive Order 2016-13, issued by Governor Rauner on October 17, 2016, IDFPR is repealing this Part under the "Cutting the Red Tape Initiative" to make certain that our regulatory standards are up to date; use plain language where appropriate; provide continuity across the balance of our Title 38 administrative rules; are not unduly burdensome to businesses or social service providers or recipients and are statutorily authorized.
- 6) Any published studies or reports, along with the sources of underlying data, that were used when comprising this rulemaking, in accordance with 1 Ill. Adm. Code 100.355:  
None
- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other rulemakings pending on this Part?
- 11) Statement of Statewide Policy Objective: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.
- 12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED REPEALER

Department of Financial and Professional Regulation  
Attention: Craig Cellini  
320 West Washington, 3rd Floor  
Springfield IL 62786

217/785-0813  
fax: 217/557-4451

All written comments received within 45 days after this issue of the *Illinois Register* will be considered.

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not-for-profit corporations affected: Not applicable
  - B) Reporting, bookkeeping or other procedures required for compliance: Not applicable
  - C) Types of professional skills necessary for compliance: Not applicable
- 14) Regulatory Agenda on which this rulemaking was summarized: This repealer was not included on either of the 2 most recent agendas because: IDFPR could not have anticipated the signing of Executive Order 2016-13, issued by Governor Rauner on October 17, 2016.

The full text of the Proposed Repealer begins on the next page:

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED REPEALER

TITLE 38: FINANCIAL INSTITUTIONS  
CHAPTER II: OFFICE OF BANKS AND REAL ESTATEPART 300  
REVERSE MORTGAGE LOANS (REPEALED)

## Section

300.10	Scope
300.20	Definitions
300.30	Requirements

**AUTHORITY:** Implementing and authorized by Section 5a of the Illinois Banking Act [205 ILCS 5/5a].

**SOURCE:** Adopted at 3 Ill. Reg. 21, p. 74, effective May 9, 1979; amended at 6 Ill. Reg. 11481, effective September 15, 1982; codified at 7 Ill. Reg. 11709; recodified from Chapter II, Commissioner of Banks and Trust Companies, to Chapter II, Office of Banks and Real Estate, pursuant to PA 89-508, at 20 Ill. Reg. 12645; amended at 22 Ill. Reg. 14732, effective July 28, 1998; repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

**Section 300.10 Scope**

This Section is promulgated pursuant to Section 5a of the Illinois Banking Act [205 ILCS 5/5a], and applies to banks which engage in making reverse mortgage loans.

**Section 300.20 Definitions**

For the purposes of this Part the following definitions shall apply:

"Homestead Property" means the domicile and contiguous real estate owned and occupied by the mortgagor.

"Reverse Mortgage Loan" means a loan secured by the existing equity in the homestead property.

**Section 300.30 Requirements**

- a) No reverse mortgage loan shall be granted in an amount which exceeds the existing equity in the security homestead property.



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DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

NOTICE OF PROPOSED REPEALER

- b) Reverse mortgage loans shall only be granted with the exercise of judgment and care under the prevailing circumstances according to prudent lending and underwriting standards and procedures.

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENT

- 1) Heading of the Part: Minimum Organizational Capital Requirements for Banks and Trust Companies
- 2) Code Citation: 38 Ill. Adm. Code 310
- 3) Section Number: 310.340                      Proposed Action:  
Repealed
- 4) Statutory Authority: Implementing Section 7 of the Illinois Banking Act [205 ILCS 5/7] and Section 2-7 of the Corporate Fiduciary Act [205 ILCS 620/2-7] and authorized by Section 48(b)(6) of the Illinois Banking Act [205 ILCS 5/48(b)(6)] and Section 5-1(a) of the Corporate Fiduciary Act [205 ILCS 620/5-1(a)].
- 5) A Complete Description of the Subjects and Issues Involved: Pursuant to Executive Order 2016-13, issued by Governor Rauner on October 17, 2016, IDFPR is repealing Section 310.340 under the "Cutting the Red Tape Initiative" to make certain that our regulatory standards are up to date; use plain language where appropriate; provide continuity across the balance of our Title 38 administrative rules; are not unduly burdensome to businesses or social service providers or recipients and are statutorily authorized.
- 6) Any published studies or reports, along with the sources of underlying data, that were used when comprising this rulemaking, in accordance with 1 Ill. Adm. Code 100.355:  
None
- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENT

- 12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

Interested persons may submit written comments to:

Department of Financial and Professional Regulation  
Attention: Craig Cellini  
320 West Washington, 3rd Floor  
Springfield IL 62786

217/785-0813  
fax: 217/557-4451

All written comments received within 45 days after this issue of the *Illinois Register* will be considered.

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not-for-profit corporations affected: Not applicable
  - B) Reporting, bookkeeping or other procedures required for compliance: Not applicable
  - C) Types of professional skills necessary for compliance: Not applicable
- 14) Regulatory Agenda on which this rulemaking was summarized: This amendment was not included on either of the 2 most recent agendas because: IDFPR could not have anticipated the signing of Executive Order 2016-13, issued by Governor Rauner on October 17, 2016.

The full text of the Proposed Amendment begins on the next page:

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENT

TITLE 38: FINANCIAL INSTITUTIONS  
CHAPTER II: OFFICE OF BANKS AND REAL ESTATEPART 310  
MINIMUM ORGANIZATIONAL CAPITAL REQUIREMENTS  
FOR BANKS AND TRUST COMPANIES

## SUBPART A: SCOPE AND DEFINITIONS

Section	
310.100	Scope and Authority
310.110	Definitions

## SUBPART B: BANKS

Section	
310.200	Minimum Organizational Capital Requirements for Banks
310.210	When Greater Capital Requirements May Be Necessary
310.220	Exceptions to Minimum Organizational Capital Requirements for Banks

## SUBPART C: TRUST COMPANIES

Section	
310.300	Minimum Organizational Capital Requirements for Trust Companies
310.310	When Greater Capital Requirements May Be Necessary
310.320	Exceptions to Minimum Organizational Capital Requirements for Trust Companies
310.330	Merger or Consolidation of Trust Companies
310.340	Adequacy of Capital Investments of Trust Companies <a href="#">(Repealed)</a>

AUTHORITY: Implementing Section 7 of the Illinois Banking Act [205 ILCS 5/7] and Section 2-7 of the Corporate Fiduciary Act [205 ILCS 620/2-7] and authorized by Section 48(b)(6) of the Illinois Banking Act [205 ILCS 5/48(b)(6)] and Section 5-1(a) of the Corporate Fiduciary Act [205 ILCS 620/5-1(a)].

SOURCE: Adopted at 28 Ill. Reg. 1045, effective January 5, 2004; amended at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

## SUBPART C: TRUST COMPANIES

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED AMENDMENT

**Section 310.340 Adequacy of Capital Investments of Trust Companies (Repealed)**

~~The Office of Banks and Real Estate has adopted administrative rules and regulations under the Corporate Fiduciary Act addressing trust company investments at 38 Ill. Adm. Code 399. Subpart B. Section 399.120 states: "For purposes of determining the adequacy of capital, surplus and reserves, a trust company, when purchasing, selling and holding investments for its own accounts, shall be subject to the same limitations and conditions with respect to such investments as are permitted for State banks by the Banking Act. The Commissioner shall disallow any investments that are not so permitted from the calculation of adequate capital, surplus and reserves."~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED REPEALER

- 1) Heading of the Part: High Risk Home Loans
- 2) Code Citation: 38 Ill. Adm. Code 345
- 3) 

<u>Section Numbers:</u>	<u>Proposed Actions:</u>
345.10	Repealed
345.20	Repealed
345.30	Repealed
345.40	Repealed
345.45	Repealed
345.50	Repealed
345.60	Repealed
345.65	Repealed
345.70	Repealed
345.80	Repealed
345.90	Repealed
345.100	Repealed
345.110	Repealed
345.120	Repealed
345.130	Repealed
345.140	Repealed
345.150	Repealed
345.APPENDIX A	Repealed
345.APPENDIX B	Repealed
- 4) Statutory Authority: Implementing and authorized by Section 48 of the Illinois Banking Act [205 ILCS/48(6)(a)].
- 5) A Complete Description of the Subjects and Issues Involved: Pursuant to Executive Order 2016-13, issued by Governor Rauner on October 17, 2016, IDFPR is repealing this Part under the "Cutting the Red Tape Initiative" to make certain that our regulatory standards are up to date; use plain language where appropriate; provide continuity across the balance of our Title 38 administrative rules; are not unduly burdensome to businesses or social service providers or recipients and are statutorily authorized.
- 6) Any published studies or reports, along with the sources of underlying data, that were used when comprising this rulemaking, in accordance with 1 Ill. Adm. Code 100.355:  
None

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED REPEALER

- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.
- 12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

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217/785-0813  
fax: 217/557-4451

All written comments received within 45 days after this issue of the *Illinois Register* will be considered.

- 13) Initial Regulatory Flexibility Analysis:
  - A) Types of small businesses, small municipalities and not-for-profit corporations affected: Not applicable
  - B) Reporting, bookkeeping or other procedures required for compliance: Not applicable
  - C) Types of professional skills necessary for compliance: Not applicable

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DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

NOTICE OF PROPOSED REPEALER

- 14) Regulatory Agenda on which this rulemaking was summarized: This repealer was not included on either of the 2 most recent agendas because: IDFPR could not have anticipated the signing of Executive Order 2016-13, issued by Governor Rauner on October 17, 2016.

The full text of the Proposed Repealer begins on the next page:



## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED REPEALER

## TITLE 38: FINANCIAL INSTITUTIONS

## CHAPTER II: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## PART 345

HIGH RISK HOME LOANS (REPEALED)

## Section

345.10	Definitions
345.20	Ability to Repay
345.30	Verification of Ability to Pay Loan
345.40	Fraudulent or Deceptive Practices
345.45	Prepayment Penalty
345.50	Pre-paid Insurance Products and Warranties
345.60	Refinancing Prohibited in Certain Cases
345.65	Balloon Payments
345.70	Financing of Certain Points and Fees
345.80	Payments to Contractors
345.90	Negative Amortization
345.100	Negative Equity
345.110	Counseling Prior to Perfecting Foreclosure Proceedings
345.120	Mortgage Awareness Program
345.130	Report of Default and Foreclosure Rates on Conventional Loans
345.140	Secretary's Review and Analysis
345.150	Third Party Review of High Risk Home Loans
345.APPENDIX A	Estimated Monthly Income and Expenses Worksheet
345.APPENDIX B	Mortgage Ratio Worksheet

AUTHORITY: Implementing and authorized by Section 48 of the Illinois Banking Act [205 ILCS/48(6)(a)].

SOURCE: Sections 345.130, 345.140, and 345.150 adopted by emergency rulemaking at 24 Ill. Reg. 19308, effective December 15, 2000, for a maximum of 150 days; emergency rulemaking repealed at 25 Ill. Reg. 3692, effective January 30, 2001 in response to an objection of the Joint Committee on Administrative Rules at 25 Ill. Reg. 1855; adopted at 25 Ill. Reg. 6137, effective May 17, 2001; amended at 35 Ill. Reg. 14946, effective September 9, 2011; repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

**Section 345.10 Definitions**

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED REPEALER

"Act" means the Illinois Banking Act [205 ILCS 5].

"Approved Credit Counselor" means a credit counselor as approved by the Secretary of the Department of Financial and Professional Regulation.

"Department" means the Department of Financial and Professional Regulation.

"Director" means the Director of the Division of Professional Regulation with the authority delegated by the Secretary.

"Division" means the Department of Financial and Professional Regulation-Division of Banking with the authority delegated by the Secretary.

"Good faith" means honesty in fact in the conduct of the transaction.

"High risk home loan on residential real property" means a home equity loan in which:

at the time of origination, the APR exceeds by more than 6 percentage points in the case of a first lien mortgage, or by more than 8 percentage points in the case of a junior mortgage, the yield on U.S. Treasury securities having comparable periods of maturity to the loan maturity as of the fifteenth day of the month immediately preceding the month in which the application for the loan is received by the lender; or

the total points and fees payable by the consumer at or before closing will exceed the greater of 5% of the total loan amount or \$800. The \$800 figure shall be adjusted annually on January 1 by the annual percentage change in the Consumer Price Index.

However, this Part shall not apply to a loan that is made primarily for a business purpose unrelated to the residential real property securing the loan or to an open-end credit plan subject to 12 CFR 226 (2010, no subsequent amendments or editions are included).

"Home equity loan" means any loan secured by the borrower's primary residence where the proceeds are not used as purchase money for the residence.

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED REPEALER

"Points and fees" means:

all items required to be disclosed as points and fees under 12 CFR 226.32 (2010, no subsequent amendments or editions included);

the premium of any single premium credit life, credit disability, credit unemployment, or any other life or health insurance that is financed directly or indirectly into the loan;

all compensation paid directly or indirectly to a mortgage broker, including a broker that originates a loan in its own name in a table funded transaction, not otherwise included in 12 CFR 226.4.

"Secretary" means the Secretary of the Department of Financial and Professional Regulation.

"Servicer" means any entity chartered under the Act who is responsible for the collection or remittance for, or the right or obligation to collect or remit for, any lender, noteowner, noteholder, or for a licensee's own account, of payments, interest, principal, and trust items such as hazard insurance and taxes on a residential mortgage loan in accordance with the terms of the residential mortgage loan; and includes loan payment follow-up, delinquency loan follow-up, loan analysis and any notifications to the borrower that are necessary to enable the borrower to keep the loan current and in good standing.

"Total loan amount" is the same as the term used in 12 CFR 226.32, and shall be calculated in accordance with the Federal Reserve Board's Official Staff Commentary to that regulation.

**Section 345.20 Ability to Repay**

A lender shall not make a high risk home loan if the lender does not believe at the time the loan is consummated that the borrower or borrowers will be able to make the scheduled payments to repay the obligation based upon a consideration of their current and expected income, current obligations, employment status and other financial resources (other than the borrower's equity in the dwelling that secures repayment of the loan). A borrower shall be presumed to be able to repay the loan if, at the time the loan is consummated, or at the time of the first rate adjustment in the case of a lower introductory interest rate, the borrower's scheduled monthly payments on the loan (including principal, interest, taxes, insurance and assessments), combined with the

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED REPEALER

scheduled payments for all other disclosed debts, do not exceed 50% of the borrower's monthly gross income.

**Section 345.30 Verification of Ability to Pay Loan**

The lender shall verify the borrower's ability to repay the loan in the case of high risk home loans. The verification shall require, at a minimum, the following:

- a) The borrower prepares and submits to the lender a personal income and expense statement in a form prescribed by the Secretary who may permit the use of other forms, such as the URLA (Fannie Mae Form 1003 (06/09), available from Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, DC 20016-2892 and Freddie Mac Form 85 (06/09), available from Freddie Mac at 1101 Pennsylvania Avenue, NW, Suite 950, PO Box 37347, Washington, DC 20077-0001, no subsequent amendments or editions) and Transmittal Summary (Fannie Mae Form 1077 (06/09), available from Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, DC 20016-2892 and Freddie Mac Form 1008 (06/09), available from Freddie Mac at 1101 Pennsylvania Avenue, NW, Suite 950, PO Box 37347, Washington, DC 20077-0001, no subsequent amendments or editions).
- b) Income is verified by means of tax returns, pay stubs, accounting statements or other prudent means.
- c) A credit report is obtained regarding the borrower.

**Section 345.40 Fraudulent or Deceptive Practices**

No lender shall employ fraudulent or deceptive acts or practices in the making of a high risk home loan, including deceptive marketing and sales efforts.

**Section 345.45 Prepayment Penalty**

No lender shall make a high risk home loan that includes a penalty provision for payment made:

- a) after the expiration of the 36 month period following the date the loan was made;  
or
- b) that is more than:

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED REPEALER

- 1) 3% of the total loan amount, if the prepayment is made within the first 12 month period following the date the loan was made; or
- 2) 2% of the total loan amount, if the prepayment is made within the second 12 month period after the date the loan was made; or
- 3) 1% of the total loan amount, if the prepayment is made within the third 12 month period following the date the loan was made.

**Section 345.50 Pre-paid Insurance Products and Warranties**

No lender shall make a high risk home loan that finances a single premium credit life, credit disability, credit unemployment, or any other life or health insurance, directly or indirectly. Insurance calculated and paid on a monthly basis shall not be considered to be financed by the lender.

**Section 345.60 Refinancing Prohibited in Certain Cases**

No lender shall refinance any high risk home loan, where such refinancing charges additional points and fees, within a 12 month period after the original loan agreement was signed, unless the refinancing results in a financial benefit to the borrower.

**Section 345.65 Balloon Payments**

No lender shall make a high risk home loan that contains a scheduled final payment that is more than twice as large as the average of earlier scheduled monthly payments unless such balloon payment becomes due and payable at least 15 years after the loan's origination. This prohibition does not apply when the payment schedule is adjusted to account for the seasonal or irregular income of the borrower or if the purpose of the loan is a "bridge" loan connected with the acquisition or construction of a dwelling intended to become the borrower's principal dwelling.

**Section 345.70 Financing of Certain Points and Fees**

No lender shall make a high risk home loan that finances points and fees in excess of 6% of the total loan amount.

**Section 345.80 Payments to Contractors**

No lender shall make a payment of any proceeds of a high risk home loan to a contractor under a

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED REPEALER

home improvement contract other than:

- a) by instrument payable to the borrower or jointly to the borrower and the contractor; or
- b) at the election of the borrower, by a third party escrow agent in accordance with the terms established in a written agreement signed by the borrower, the lender, and the contractor before the date of payment.

**Section 345.90 Negative Amortization**

No lender shall make a high risk home loan, other than a loan secured only by a reverse mortgage, with terms under which the outstanding balance will increase at any time over the course of the loan because the regular periodic payments do not cover the full amount of the interest due, unless the negative amortization is the consequence of a temporary forbearance sought by the borrower.

**Section 345.100 Negative Equity**

No lender shall make a high risk home loan where the loan amount exceeds the value of the property securing the loan plus reasonable closing costs not to exceed 5% of the total loan amount.

**Section 345.110 Counseling Prior to Perfecting Foreclosure Proceedings**

- a) In the event that a high risk home loan becomes delinquent by more than 30 days, the servicer shall send a notice advising the borrower that he or she may wish to seek consumer credit counseling.
- b) The notice required in subsection (a) shall, at a minimum, include the following language:

"YOUR LOAN IS OR WAS MORE THAN 30 DAYS PAST DUE. YOU MAY BE EXPERIENCING FINANCIAL DIFFICULTY. IT MAY BE IN YOUR BEST INTEREST TO SEEK APPROVED CONSUMER CREDIT COUNSELING. A LIST OF APPROVED CREDIT COUNSELORS MAY BE OBTAINED FROM THE ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION-DIVISION OF BANKING."

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## NOTICE OF PROPOSED REPEALER

- c) If, within 15 days after mailing the notice provided for under subsection (b), a lender or its agent is notified in writing by an approved consumer credit counselor and the approved consumer credit counselor advises the lender or its agent that the borrower is seeking approved consumer credit counseling, then the lender and its agent shall not institute legal action under Part 15 of Article XV of the Code of Civil Procedure for 30 days from the date of that notice. Only one such 30-day period of forbearance is allowed under this Section per subject loan.
- d) If, within the 30-day period provided under subsection (c), the lender or its agent, the approved consumer credit counselor, and the borrower agree to a debt management plan, then the lender and its agent shall not institute legal action under Part 15 of Article XV of the Code of Civil Procedure for so long as the debt management plan is complied with by the borrower.
  - 1) The agreed debt management plan must be in writing and signed by the lender or its agent, the approved consumer credit counselor, and the borrower. No modification of an approved debt management plan can be made without the mutual agreement of the lender or its agent, the approved consumer credit counselor, and the borrower.
  - 2) Upon written notice to the lender or its agent, the borrower may change approved consumer credit counselors.
- e) If the borrower fails to comply with the agreed debt management plan, then nothing in this Subpart shall be construed to impair the legal right of the lender or its agent to enforce contracts or mortgage agreements.
- f) This Section applies only to high risk home loans as defined by Section 345.10.

**Section 345.120 Mortgage Awareness Program**

- a) The Mortgage Awareness Program is a counseling and educational component that is provided by the Department.
- b) The core curriculum of the Mortgage Awareness Program shall include:
  - 1) Explanation of the amount financed;
  - 2) Explanation of the finance charge;

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- 3) Explanation of the annual percentage rate;
  - 4) Explanation of the total payments;
  - 5) Explanation of the loan costs, including broker's fees, finance charges, points, origination fees;
  - 6) Explanation of the right of rescission;
  - 7) Explanation of foreclosure procedures;
  - 8) Explanation of the significant debt ratios, including total debt to income, loan debt to income, and loan debt to value of residence;
  - 9) Explanation of adjustable rate mortgage;
  - 10) Explanation of balloon payments;
  - 11) Explanation of credit options;
  - 12) Explanation of each item that appears on a good faith estimate;
  - 13) Explanation of pre-payment penalties.
- c) Counseling session attendees must also complete a personal income and expense statement, as well as a balance sheet, on forms provided by the Secretary.
  - d) Prior to signing a certificate of completion, counselors shall privately discuss with each attendee that attendee's income and expense statement and balance sheet, as well as the terms of any loan the attendee currently has or may be contemplating and provide a Third Party Review to establish the affordability of the loan.
  - e) Counseling session attendees must also be given a brochure that contains information covered by the Mortgage Awareness Program.
  - f) Any lender, prior to making a high risk home loan, shall inform the borrower in writing of the right to participate in the Mortgage Awareness Program.



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- g) No lender shall offer less favorable loan terms to a borrower due to a borrower's participation in a Mortgage Awareness Program.
- h) Except as prohibited elsewhere in this Part, the borrower may waive participation in the program, provided that the waiver occurs no less than 2 business days after the day that the borrower receives the written notice required by subsection (f) and that the waiver is in writing in a form approved by the Secretary.

**Section 345.130 Report of Default and Foreclosure Rates on Conventional Loans**

- a) On or before October 1 and April 1 of each year, each bank that is a servicer of Illinois residential mortgage loans shall report to the Commissioner the default and foreclosure data of conventional loans for the six month periods ending June 30 and December 31, respectively.
- b) Each bank shall report:
  - 1) The average quarterly dollar amount of conventional 1-4 family mortgage loans secured by Illinois real estate.
  - 2) The average quarterly dollar amount of conventional 1-4 family mortgage loans secured by Illinois real estate that are in default over 90 days.
  - 3) The average quarterly number of conventional 1-4 family mortgage loans secured by Illinois real estate that are in default over 90 days.
  - 4) The dollar amount of foreclosures on 1-4 family conventional loans completed during the reporting period.
  - 5) The number of foreclosures on 1-4 family conventional loans completed during the reporting period.
  - 6) Whether any of the loans where a foreclosure was completed were originated less than 18 months before the completed foreclosure.
  - 7) Whether any of the loans where a foreclosure was completed had a note rate greater than 10% for first lien mortgage loans or greater than 12% in the case of a junior lien.

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- c) An officer of the bank shall sign the form.

**Section 345.140 Secretary's Review and Analysis**

- a) The Commissioner shall review and analyze the default and foreclosure rate data reports submitted under Section 345.130.
- b) The reports and their analyses may be used:
  - 1) In setting the scope of a regularly scheduled examination.
  - 2) In setting the scope of a special examination.
  - 3) In comparing the reported information of a bank to other banks subject to this Act.
  - 4) In comparing the reported information of a bank to the reports submitted by banks and charters under other Acts.
- c) The Secretary may correspond with a bank to seek clarification of information contained in its report and to gather additional data concerning loans in default or loans in foreclosure.

**Section 345.150 Third Party Review of High Risk Home Loans**

In the case of any high risk home loan, the borrower shall be afforded the opportunity to seek independent review by the Department of the loan terms, in order to determine affordability of the loan, when and if the General Assembly appropriates adequate funding to the Department specifically for this program.

- a) Every borrower who chooses to participate in the independent review provided in this Section shall submit information requested on the worksheets outlined in Appendix A and Appendix B.
- b) The Department shall provide the borrower with a review of the worksheets and shall also inform the borrower of the amount the borrower has available for a monthly mortgage payment based upon the borrower's budget.
- c) In addition, the Department shall review loan information pertaining to balloon

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payments and adjustable interest rates and other items disclosed by the loan documents affecting amount of payment and shall inform the borrower of such items.

- d) The borrower shall receive a copy of the completed forms and shall sign the forms acknowledging receipt. A copy of the written and signed forms shall be submitted to the lender prior to the closing of the loan and shall become a part of the permanent file for the loan.
- e) If, based upon the review, the borrower determines that the loan is not in his or her best economic interest, the reviewer shall so note this in the completed forms sent to the lender. This determination shall enable the borrower to withdraw from the contemplated loan with no financial penalty.

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Section 345.APPENDIX A Estimated Monthly Income and Expenses Worksheet

ESTIMATED MONTHLY INCOME:

- 1. Paycheck (Net/"Take Home") \$ \_\_\_\_\_
- 2. Interest/Dividends \_\_\_\_\_
- 3. Social Security/Pension \_\_\_\_\_
- 4. Alimony/Child Support \_\_\_\_\_
- 5. Other \_\_\_\_\_
- 6. Total Estimated Monthly Income (Add Lines 1 through 5) \$ \_\_\_\_\_

ESTIMATED MONTHLY EXPENSES:

- 7. Mortgages/Rent \$ \_\_\_\_\_
- 8. Homeowner's/Renter's Insurance \_\_\_\_\_
- 9. Real Estate Taxes \_\_\_\_\_
- 10. Water & Sewer \_\_\_\_\_
- 11. House Repairs \_\_\_\_\_
- 12. Groceries \_\_\_\_\_
- 13. Telephone \_\_\_\_\_
- 14. Gas (House) \_\_\_\_\_
- 15. Electric \_\_\_\_\_
- 16. Credit Cards \_\_\_\_\_
- 17. Car Payments \_\_\_\_\_
- 18. Car Insurance \_\_\_\_\_
- 19. Licenses (Car) \_\_\_\_\_
- 20. Gas (Car) \_\_\_\_\_
- 21. Car Repairs/Maintenance \_\_\_\_\_
- 22. Clothing \_\_\_\_\_
- 23. Medical/Dental \_\_\_\_\_
- 24. Medical Insurance \_\_\_\_\_
- 25. Prescriptions \_\_\_\_\_
- 26. Loan Payments \_\_\_\_\_  
(Not included in Line 7 or 17)
- 27. Tuition \_\_\_\_\_
- 28. Contributions \_\_\_\_\_
- 29. Cellular Telephone \_\_\_\_\_

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30.	Pager	_____	
31.	Recreation/Vacation	_____	
32.	Other Insurance (Life, etc.)	_____	
33.	Income Taxes	_____	
34.	Alimony/Child Support	_____	
35.	Transportation	_____	
36.	Miscellaneous	_____	
37.	Other	_____	
38.	Total Estimated Monthly Expenses (Add Lines 7 through 37)		\$ _____
39.	*Excess/Deficit (Subtract Line 38 from Line 6)		\$ _____

\* If Line 38 is greater than Line 6, your estimated monthly expenses exceed your estimated monthly income.

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**Section 345.APPENDIX B Mortgage Ratio Worksheet**

Part I

LOAN-TO-VALUE RATIO

1. Mortgage Amounts                   \$ \_\_\_\_\_
2. Appraised Value                    \$ \_\_\_\_\_
3. Line 1 divided by Line 2           \_\_\_\_\_

Note: This is the percentage of the purchase price/appraised value of your home that will be allocated to your total mortgage. A percentage rate over 80% may result in you incurring additional costs.

\_\_\_\_\_  
Borrower's Signature

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## Part II

INCOME RATIO

## MONTHLY HOUSING EXPENSES:

- |    |  |    |       |
|----|--|----|-------|
| 1. | Principal and Interest Payment                               | \$ | _____ |
| 2. | Homeowner's Insurance  |    | _____ |
| 3. | Real Estate Tax  |    | _____ |
| 4. | Mortgage Insurance Premium                                   |    | _____ |
| 5. | Homeowner's Assoc. Fee                                       |    | _____ |
| 6. | Ground Rents   |    | _____ |
| 7. | Payments on Existing or Proposed<br>2 <sup>nd</sup> Mortgage |    | _____ |
| 8. | Total Housing Expense<br>(Add Lines 1 through 7)             | \$ | _____ |

## MONTHLY GROSS INCOME:

- |     |                          |    |       |
|-----|--------------------------|----|-------|
| 9.  | Gross Salary             | \$ | _____ |
| 10. | Dividends/Interest       |    | _____ |
| 11. | Social Security/Pension  |    | _____ |
| 12. | Alimony/Child Support    |    | _____ |
| 13. | Other                    |    | _____ |
| 14. | Total Gross Income       | \$ | _____ |
| 15. | Divide Line 8 by Line 14 |    | _____ |

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Note: This is the percentage of your gross monthly income that will be allocated to your mortgage expenses.





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- 1) Heading of the Part: Predatory Lending Database
- 2) Code Citation: 38 Ill. Adm. Code 346
- 3) 

<u>Section Numbers</u> :	<u>Proposed Actions</u> :
346.10	Repealed
346.15	Repealed
346.17	Repealed
346.20	Repealed
346.25	Repealed
346.30	Repealed
346.35	Repealed
346.36	Repealed
346.40	Repealed
- 4) Statutory Authority: Implementing and authorized by Section 70 of the Residential Real Property Disclosure Act [765 ILCS 77/70].
- 5) A Complete Description of the Subjects and Issues Involved: Pursuant to Executive Order 2016-13, issued by Governor Rauner on October 17, 2016, IDFPR is repealing this Part under the "Cutting the Red Tape Initiative" to make certain that our regulatory standards are up to date; use plain language where appropriate; provide continuity across the balance of our Title 38 administrative rules; are not unduly burdensome to businesses or social service providers or recipients and are statutorily authorized.
- 6) Any published studies or reports, along with the sources of underlying data, that were used when comprising this rulemaking, in accordance with 1 Ill. Adm. Code 100.355:  
None
- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other rulemakings pending on this Part? No

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- 11) Statement of Statewide Policy Objective: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.
- 12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

Department of Financial and Professional Regulation  
Attention: Craig Cellini  
320 West Washington, 3rd Floor  
Springfield IL 62786

217/785-0813  
fax: 217/557-4451

All written comments received within 45 days after this issue of the *Illinois Register* will be considered.

- 13) Initial Regulatory Flexibility Analysis:
  - A) Types of small businesses, small municipalities and not-for-profit corporations affected: Not applicable
  - B) Reporting, bookkeeping or other procedures required for compliance: Not applicable
  - C) Types of professional skills necessary for compliance: Not applicable
- 14) Regulatory Agenda on which this rulemaking was summarized: This repealer was not included on either of the 2 most recent agendas because: IDFPR could not have anticipated the signing of Executive Order 2016-13, issued by Governor Rauner on October 17, 2016.

The full text of the Proposed Repealer begins on the next page:

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## TITLE 38: FINANCIAL INSTITUTIONS

## CHAPTER II: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

## PART 346

PREDATORY LENDING DATABASE (REPEALED)

## Section

346.10	Definitions
346.15	Information Required
346.17	Database Procedures for Pilot Program
346.20	Standards for Credit Counseling
346.25	Disclosure of Information Prohibited
346.30	Credit Counselor Costs
346.35	Declaration of Inception Date
346.36	Inception Date of the Pilot Program
346.40	Exemption

**AUTHORITY:** Implementing and authorized by Section 70 of the Residential Real Property Disclosure Act [765 ILCS 77/70].

**SOURCE:** Adopted by emergency rulemaking at 30 Ill. Reg. 208, effective January 1, 2006, for a maximum of 150 days; adopted at 30 Ill. Reg. 1867, effective January 26, 2006; emergency amendment at 30 Ill. Reg. 13524, effective July 28, 2006, for a maximum of 150 days; amended at 30 Ill. Reg. 14262, effective August 18, 2006; amended at 31 Ill. Reg. 114, effective December 21, 2006; repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

**Section 346.10 Definitions**

"Act" means the Residential Real Property Disclosure Act [765 ILCS 77].

"Department" means the Department of Financial and Professional Regulation.

"FICO" means a credit risk score as defined by the Fair Isaac Corporation, or its successor, and reported under such names as "BEACON", "EMPIRICA", and "FAIR ISAAC RISK SCORE" by one or more of the following credit reporting agencies or their successors: Equifax, Inc., Experian Information Solutions, Inc., and TransUnion LLC.

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"HUD-certified credit counselor" means a housing counselor employed by an agency certified by the U.S. Department of Housing and Urban Development (HUD).

"HUD-certified credit counseling" means counseling given to a borrower by a HUD-certified credit counselor pursuant to the Act, or as approved by the Department for counseling given to a borrower by a HUD-certified housing counseling agency pursuant to HUD counseling requirements for Federal Home Administration (FHA) programs.

"Pilot Program" means the Cook County Predatory Lending Database Pilot Program created by Section 70 of the Act.

"Points and fees" means all items required to be disclosed as points and fees as defined in Section 10 of the High Risk Home Loan Act [815 ILCS 137/10].

**Section 346.15 Information Required**

As part of the predatory lending database pilot program, the broker or originator must submit all of the following information for inclusion in the predatory lending database for each loan for which the originator takes an application:

- a) The borrower's name, address, social security number or taxpayer identification number, date of birth, and income and expense information contained in the mortgage application.
- b) The address, permanent index number, and a description of the collateral and information about the loan or loans being applied for and the loan terms, including the amount of the loan, the rate and whether the rate is fixed or adjustable, amortization or loan period terms, and any other material terms.
- c) The borrower's credit score at the time of application.
- d) Information about the originator and the company the originator works for, including the originator's license number and address, fees being charged, whether the fees are being charged as points up front, the yield spread premium payable outside closing, and other charges made or remuneration required by the broker or originator or its affiliates or the broker's or originator's employer or its affiliates for the mortgage loans.

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- e) Information about affiliated or third party service providers, including the names and addresses of appraisers, title insurance companies, closing agents, attorneys, and realtors who are involved with the transaction and the broker or originator and any moneys received from the broker or originator in connection with the transaction.
- f) All information indicated on the Good Faith Estimate and Truth in Lending statement disclosures given to the borrower by the broker or originator.
- g) Annual real estate taxes for the property, together with any assessments payable in connection with the property to be secured by the collateral and the proposed monthly principal and interest charge of all loans to be taken by the borrower and secured by the property of the borrower.
- h) Information concerning how the broker or originator obtained the client and the name of its referral source, if any.
- i) Information concerning the notices provided by the broker or originator to the borrower as required by law and the date those notices were given.
- j) Information concerning whether a sale and leaseback is contemplated and the names of the lessor and lessee, seller, and purchaser.
- k) The broker or loan originator for any mortgage on residential property within the Pilot Program area must submit additional information to the database as follows:
  - 1) any and all financing by the borrower for the subject property within 12 months prior to the date of application; and
  - 2) loan information, including interest rate, term, purchase price, down payment, closing costs and prepayment penalty, if any.

**Section 346.17 Database Procedures for Pilot Program**

- a) Database for Program  
Pursuant to Section 70(b) of the Residential Real Property Disclosure Act (Act), the Department shall establish a database in order to implement the predatory lending database pilot program. In any contract with the database vendor, the

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Department shall impose any relevant obligations and restrictions from the Act onto the database vendor.

- b) Confidentiality
  - 1) The database shall be designed so as to preserve the confidentiality of database information pursuant to the Act.
  - 2) The Department shall further impose the following confidentiality restrictions on the database vendor:
    - A) The database vendor shall have in place written policies and procedures to safeguard confidentiality, and shall make those policies and procedures available to the Department. The Department shall not allow the pilot program to operate until it has reviewed those policies and procedures to its satisfaction.
    - B) The database vendor shall provide adequate supervision and training to its agents, employees and subcontractors to ensure confidentiality. The database vendor shall require its agents, employees, and subcontractors to sign an acceptable use policy as approved by the Department to ensure confidentiality and proper use of the system.
    - C) The database vendor shall specifically acknowledge the confidentiality restrictions imposed by the Act, and agree to abide by them.
- c) Data Security and Transmission
  - 1) All data transmitted to and from the database shall be converted into a secured format through encryption and 128 bit encryption shall be build into transmissions to and from the database system to prevent unauthorized viewing or tampering of encrypted information. The database shall also be required to encrypt social security numbers using the Advanced Encryption Standard (AES) issued by the National Institute of Standards and Technology (NIST), 100 Bureau Drive, Stop 1070, Gaithersburg MD 20899-1070, as Federal Information Processing Standards Publication (FIPS PUB) 197 (November 26, 2001, no subsequent amendments or

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editions are included). Data encryption will occur using a commonly used protocol for managing the security of message transmission on the Internet known as Secure Socket Layers (SSL). SSL shall be utilized for transmission of data through the Internet and the database.

- 2) The database shall incorporate a completely automated virus protection scheme. Procedures shall be put in place to ensure that all systems are updated on a regular basis and checked regularly for compliance with the current virus patch level. Procedures shall also be put in place to require that all information downloaded from external services or posted to the perimeter network are immediately scanned for viruses.
- 3) The database shall utilize for electronic transmission, rather than manual entry, of loan application information the rules and standards that the Federal National Mortgage Association (Fannie Mae) (established under authority of the Federal National Mortgage Association Charter Act (12 USC 1716, et seq.)) publishes for encoding mortgage loan application information into an electronic, computer-based format known as Fannie Mae Residential Loan Data Format 1003 (General Distribution Version, Version 3.2, March 17, 2005, not including later amendments or additions), Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, DC 20016 (202) 752-7115. The Department may design other file formats for other uses of the system.

**Section 346.20 Standards for Credit Counseling**

A borrower or borrowers, subject to Article 3 of the Act, shall be recommended for HUD-certified credit counseling if, after reviewing the information on the Predatory Lending Database submitted under Section 72 of the Act and Section 346.15, the Department finds:

- a) a FICO score of 620 or less for the middle score if three scores are used, or for the lowest score if fewer than three scores are used; or
- b) a FICO score from 621 to 650 for the middle score if three scores are used, or for the lowest score if fewer than three scores are used, and one or more of the following factors exist:
  - 1) the subject property was financed within 12 months prior to the date of application;



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- 2) the loan payment is interest only;
  - 3) the interest rate for the loan adjusts within 3 years or less;
  - 4) the loan uses a stated income for the borrower, rather than verifying the borrower's income through means of tax returns, pay stubs, accounting statements, or other prudent means; or
- c) the loan includes a prepayment penalty; or
  - d) the loan results in negative amortization; or
  - e) the total points and fees payable by the borrower at or before closing will exceed 5%.

**Section 346.25 Disclosure of Information Prohibited**

Pursuant to Section 70(h) of the Act, information or documents obtained by employees of the Department in the course of maintaining and administering the Predatory Lending Database shall be deemed confidential. Employees are prohibited from making disclosure of such confidential information or documents. Any request for production of information from the Predatory Lending Database, whether by subpoena, notice, or any other source, shall be referred to the Office of the Attorney General.

**Section 346.30 Credit Counselor Costs**

Reasonable and customary costs associated with credit counseling provided under the Act shall be paid by the broker or loan originator.

**Section 346.35 Declaration of Inception Date**

The Secretary of Financial and Professional Regulation will declare in writing the date of creation ("inception date") of the Pilot Program created by Section 70(b) of the Act. The inception date shall be at least 30 days after the date the Secretary's declaration is issued. The Secretary's declaration will be established in this Part and will be posted on the Department's website. The Department will communicate the declaration to affected licensees of the Department. Until the inception date, none of the duties, obligations, contingencies or

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consequences of or from the Pilot Program will be imposed. The four-year term of the program will begin on the inception date.

**Section 346.36 Inception Date of the Pilot Program**

The Secretary of Financial and Professional Regulation declares September 1, 2006 as the inception date of the Pilot Program created by Section 70(b) of the Residential Real Property Disclosure Act [765 ILCS 77/70(b)]. Until the inception date, none of the duties, obligations, contingencies or consequences of or from the Pilot Program will be imposed. The four-year term of the program will begin on the inception date.

**Section 346.40 Exemption**

Borrowers applying for reverse mortgage financing of residential real estate under programs regulated by the Federal Housing Authority (FHA) that require HUD-certified counseling may submit a HUD counseling certificate to comply with the Pilot Program.

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## NOTICE OF PROPOSED AMENDMENTS

- 1) Heading of the Part: Savings Bank Act
- 2) Code Citation: 38 Ill. Adm. Code 1075
- 3) 

<u>Section Numbers:</u>	<u>Proposed Actions:</u>
1075.140	Repealed
1075.3000	Repealed
1075.3100	Repealed
1075.3150	Repealed
1075.3200	Repealed
1075.3225	Repealed
1075.3250	Repealed
1075.3300	Repealed
1075.3325	Repealed
1075.3350	Repealed
1075.3400	Repealed
1075.3450	Repealed
1075.3500	Repealed
1075.3550	Repealed
1075.3600	Repealed
1075.3650	Repealed
1075.3700	Repealed
1075.3750	Repealed
- 4) Statutory Authority: Implementing and authorized by the Savings Bank Act [205 ILCS 205].
- 5) A Complete Description of the Subjects and Issues Involved: Pursuant to Executive Order 2016-13, issued by Governor Rauner on October 17, 2016, IDFPR is repealing the Sections listed above under the “Cutting the Red Tape Initiative” to make certain that our regulatory standards are up to date; use plain language where appropriate; provide continuity across the balance of our Title 38 administrative rules; are not unduly burdensome to businesses or social service providers or recipients and are statutorily authorized.
- 6) Any published studies or reports, along with the sources of underlying data, that were used when comprising this rulemaking, in accordance with 1 Ill. Adm. Code 100.355:  
None

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- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.
- 12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

Department of Financial and Professional Regulation  
Attention: Craig Cellini  
320 West Washington, 3rd Floor  
Springfield IL 62786

217/785-0813  
fax: 217/557-4451

All written comments received within 45 days after this issue of the *Illinois Register* will be considered.

- 13) Initial Regulatory Flexibility Analysis:
  - A) Types of small businesses, small municipalities and not-for-profit corporations affected: Not applicable
  - B) Reporting, bookkeeping or other procedures required for compliance: Not applicable
  - C) Types of professional skills necessary for compliance: Not applicable
- 14) Regulatory Agenda on which this rulemaking was summarized: These amendments were not included on either of the 2 most recent agendas because IDFPD could not have

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anticipated the signing of Executive Order 2016-13, issued by Governor Rauner on October 17, 2016.

The full text of the Proposed Amendments begins on the next page:

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TITLE 38: FINANCIAL INSTITUTIONS

CHAPTER II: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

PART 1075

SAVINGS BANK ACT

SUBPART A: FILINGS

Section

- 1075.100 Filings
- 1075.110 Conditions
- 1075.120 Examination Fees
- 1075.130 Supervisory Fees
- 1075.140 Adjusted Supervisory Fees ([Repealed](#))
- 1075.141 Special Credit (Repealed)
- 1075.150 Withdrawal of Application or Other Filings

SUBPART B: DEFINITIONS

Section

- 1075.200 Definitions

SUBPART C: REPORTS

Section

- 1075.300 Contracts
- 1075.310 Financial Reports

SUBPART D: OPERATIONS

Section

- 1075.400 Capital Stock (Repealed)
- 1075.410 Minimum Capital Requirement
- 1075.415 Conflicting Federal Powers, Law and Regulations
- 1075.420 Advertising
- 1075.430 Maintenance of Records
- 1075.440 Business Plan
- 1075.450 Excess Insurance
- 1075.455 Vacancies in the Board of Directors

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1075.460	Bond of Officers, Organization Directors, Employees and Agents
1075.465	Indemnification of Officers, Organization Directors, Employees and Agents
1075.470	Deceptively Similar Names
1075.480	Manner of Display of Annual Meeting Notice
1075.490	Procedures for Exercise of Dissenters Rights

## SUBPART E: INVESTMENTS

Section	
1075.500	Prudent Person Rule
1075.505	Investment Underwriting Practice
1075.510	Discrimination and Redlining
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## Section

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1075.3450	Negative Amortization ( <a href="#">Repealed</a> )
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1075.APPENDIX A Estimated Monthly Income and Expenses Worksheet

1075.APPENDIX B Mortgage Ratio Worksheet

AUTHORITY: Implementing and authorized by the Savings Bank Act [205 ILCS 205].

SOURCE: Emergency Rules adopted at 14 Ill. Reg. 15029, effective September 4, 1990, for a maximum of 150 days; adopted at 15 Ill. Reg. 1916, effective January 25, 1991; amended at 16 Ill. Reg. 4891, effective March 16, 1992; amended at 17 Ill. Reg. 8894, effective June 7, 1993; expedited correction at 17 Ill. Reg. 18223, effective June 7, 1993; emergency amendment adopted at 18 Ill. Reg. 7016, effective April 22, 1994, for a maximum of 150 days; amended at 18 Ill. Reg. 15094, effective September 26, 1994; emergency amendment at 19 Ill. Reg. 10277, effective June 29, 1995, for a maximum of 150 days; amended at 19 Ill. Reg. 15474, effective October 31, 1995; recodified from Chapter VIII, Commissioner of Savings and Residential Finance, to Chapter II, Office of Banks and Real Estate, pursuant to PA 89-508, at 20 Ill. Reg. 12645; amended at 22 Ill. Reg. 6719, effective March 30, 1998; amended at 24 Ill. Reg. 73, effective January 1, 2000; emergency amendment at 24 Ill. Reg. 6986, effective April 24, 2000, for a maximum of 150 days; emergency expired on September 20, 2000; amended at 24 Ill. Reg. 15026, effective September 26, 2000; emergency amendment at 24 Ill. Reg. 19331, effective December 15, 2000, for a maximum of 150 days; emergency amendment repealed at 25 Ill. Reg. 3698, effective January 30, 2001, in response to an objection of the Joint Committee on Administrative Rules at 25 Ill. Reg. 1858; amended at 25 Ill. Reg. 6197, effective May 17, 2001; amended at 26 Ill. Reg. 13483, effective September 13, 2002; emergency amendment at 27 Ill.



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Reg. 16043, effective September 29, 2003, for a maximum of 150 days; emergency amendments suspended at 27 Ill. Reg. 18485, effective November 18, 2003; emergency suspension withdrawn at 28 Ill. Reg. 409, effective December 16, 2003; emergency repealed at 28 Ill. Reg. 427, effective December 16, 2003, in response to the objection and suspension of the Joint Committee on Administrative Rules; amended at 28 Ill. Reg. 807, effective December 29, 2003; amended at 28 Ill. Reg. 7285, effective May 7, 2004; amended at 30 Ill. Reg. 19068, effective December 1, 2006; amended at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

## SUBPART A: FILINGS

**Section 1075.140 Adjusted Supervisory Fees (Repealed)**

- a) ~~There shall be paid to the Department an additional fee as an adjustment to the supervisory fee specified in Section 1075.130 of this Part, to be based upon the difference between the total assets of each savings bank and each service corporation as shown by its financial report filed with the Director for the reporting period of the calendar year ended December 31 on which the supervisory fee was based, and the total assets of each savings bank and each service corporation as shown by its financial report filed with the Director for the reporting period of the calendar year ended December 31 in which the quarterly payments referred to in Section 1075.130 of this Part are made according to the following schedule:~~

~~28.82¢ per \$1,000 of the first \$2,000,000 of total assets,~~

~~26.2¢ per \$1,000 of the next \$3,000,000 of total assets,~~

~~23.58¢ per \$1,000 of the next \$5,000,000 of total assets,~~

~~19.65¢ per \$1,000 of the next \$15,000,000 of total assets,~~

~~17.03¢ per \$1,000 of the next \$25,000,000 of total assets,~~

~~14.41¢ per \$1,000 of the next \$50,000,000 of total assets,~~

~~11.79¢ per \$1,000 of the next \$400,000,000 of total assets,~~

~~7.86¢ per \$1,000 of the next \$500,000,000 of total assets, and~~

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~~5.24¢ per \$1,000 of all total assets in excess of \$1,000,000,000 of the savings bank or service corporation.~~

~~In the situation where service corporations and/or finance subsidiaries are owned by the savings bank, the owned assets may be consolidated with the assets of the savings bank for calculation of this fee. If the finance subsidiary is not active and is in the form of a Collateralized Mortgage Obligation or a similar vehicle, the Director shall waive that portion of the fee attributed to the finance subsidiary.~~

- b) ~~Adjusted supervisory fees shall be remitted as billed by the Director. In the event the total assets of each savings bank and each service corporation as reported on the earlier financial report are more than the total assets as reported on the later annual report, the Director shall credit the next quarterly remittance of the supervisory fee in the same proportion.~~
- e) ~~In the event the State charter is converted or otherwise surrendered during the year, the Director shall determine the supervisory fee based on the total assets of the savings bank as of the month end immediately preceding the cancellation of the State charter, except that the measurement date may be another date at the discretion of the Director in the event a savings bank elects to liquidate. In determining whether to set another measurement date, the Director shall consider the following elements: whether the savings bank is undergoing a planned liquidation (where a savings bank elects to not continue operations); or, the savings bank has transferred significant assets (more than .5% of the total assets at the previous measurement date).~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

## SUBPART P: HIGH RISK HOME LOANS

**Section 1075.3000 Definitions (Repealed)**

~~"Approved Credit Counselor" means a credit counselor as approved by the Director of the Division of Financial Institutions of the Department of Financial and Professional Regulation.~~

~~"Good faith" means honesty in fact in the conduct of the transaction.~~

~~"High risk home loan" means a home equity loan on residential real property in~~

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~~which:~~

~~at the time of origination, the APR exceeds by more than 6 percentage points in the case of a first lien mortgage, or by more than 8 percentage points in the case of a junior mortgage, the yield on U.S. Treasury securities having comparable periods of maturity to the loan maturity as of the 15<sup>th</sup> day of the month immediately preceding the month in which the application for the loan is received by the lender; or~~

~~the total points and fees payable by the consumer at or before closing will exceed the greater of 5% of the total loan amount or \$800. The \$800 figure shall be adjusted annually on January 1 by the annual percentage change in the Consumer Price Index.~~

~~However this Subpart shall not apply to a loan that is made primarily for a business purpose unrelated to the residential real property securing the loan or to an open-end credit plan subject to 12 CFR 226 (2000), no subsequent amendments or editions are included).~~

~~"Home equity loan" means any loan secured by the borrower's primary residence where the proceeds are not to be used as purchase money for the residence.~~

~~"Points and fees" means:~~

~~all items required to be disclosed as points and fees under 12 CFR 226.32 (2000, no subsequent amendments or editions included);~~

~~the premium of any single premium credit life, credit disability, credit unemployment, or any other life or health insurance that is financed directly or indirectly into the loan;~~

~~all compensation paid directly or indirectly to a mortgage broker, including a broker that originates a loan in its own name in a table funded transaction, not otherwise included in 12 CFR 226.4.~~

~~"Servicer" means any entity chartered under the Act who is responsible for the collection or remittance for, or the right or obligation to collect or remit for, any lender, noteowner, noteholder, or for a licensee's own account, of payments, interests, principal, and trust items such as hazard insurance and taxes on a~~

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~~residential mortgage loan in accordance with the terms of the residential mortgage loan; and includes loan payment follow up, delinquency loan follow up, loan analysis and any notifications to the borrower that are necessary to enable the borrower to keep the loan current and in good standing.~~

~~"Total loan amount" is the same as the term used in 12 CFR 226.32, and shall be calculated in accordance with the Federal Reserve Board's Official Staff Commentary to that regulation.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3100 Ability to Repay (Repealed)**

~~A lender shall not make a high risk home loan if the lender does not believe at the time the loan is consummated that the borrower or borrowers will be able to make the scheduled payments to repay the obligation based upon a consideration of their current and expected income, current obligations, employment status and other financial resources (other than the borrower's equity in the dwelling that secures repayment of the loan). A borrower shall be presumed to be able to repay the loan if, at the time the loan is consummated, or at the time of the first rate adjustment in the case of a lower introductory interest rate, the borrower's scheduled monthly payments on the loan (including principal, interest, taxes, insurance and assessments), combined with the scheduled payments for all other disclosed debts, do not exceed 50% of the borrower's monthly gross income.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3150 Verification of Ability to Pay Loan (Repealed)**

~~The lender shall verify the borrower's ability to repay the loan in the case of high risk home loans. Such verification shall require, at a minimum, the following:~~

- a) ~~The borrower prepares and submits to the lender a personal income and expense statement in a form prescribed by the Director who may permit the use of other forms such as the URLA (Fannie Mae Form 1003 (10/92), available from Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, DC 20016-2892 and Freddie Mac Form 85 (10/92), available from Freddie Mac at 1101 Pennsylvania Avenue, NW, Suite 950, PO Box 37347, Washington, DC 20077-0001, no subsequent amendments or editions) and Transmittal Summary (Fannie Mae Form 1077 (3/97), available from Fannie Mae, 3900 Wisconsin Avenue, NW, Washington,~~

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~~DC 20016-2892 and Freddie Mac Form 1008 (3/97), available from Freddie Mac at 1101 Pennsylvania Avenue, NW, Suite 950, PO Box 37347, Washington, DC 20077-0001, no subsequent amendments or editions).~~

- ~~b) Income is verified by means of tax returns, pay stubs, accounting statements or other prudent means.~~
- ~~e) A credit report is obtained regarding the borrower.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3200 Fraudulent or Deceptive Practices (Repealed)**

~~No lender shall employ fraudulent or deceptive acts or practices in the making of a high risk home loan, including deceptive marketing and sales efforts.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3225 Prepayment Penalty (Repealed)**

~~No lender shall make a high risk home loan that includes a penalty provision for payment made:~~

- ~~a) after the expiration of the 36 month period following the date the loan was made;  
or~~
- ~~b) that is more than:
  - ~~1) 3% of the total loan amount, if the prepayment is made within the first 12 month period following the date the loan was made; or~~
  - ~~2) 2% of the total loan amount, if the prepayment is made within the second 12 month period after the date the loan was made; or~~
  - ~~3) 1% of the total loan amount, if the prepayment is made within the third 12 month period following the date the loan was made.~~~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3250 Pre-paid Insurance Products and Warranties (Repealed)**

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~~No lender shall make a high risk home loan that finances a single premium credit life, credit disability, credit unemployment, or any other life or health insurance, directly or indirectly. Insurance calculated and paid on a monthly basis shall not be considered to be financed by the lender.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3300 Refinancing Prohibited in Certain Cases (Repealed)**

~~No lender shall refinance any high risk home loan whenever such refinancing charges additional points and fees, within a 12 month period after the original loan agreement was signed, unless the refinancing results in a financial benefit to the borrower.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3325 Balloon Payments (Repealed)**

~~No lender shall make a high risk home loan that contains a scheduled final payment that is more than twice as large as the average of earlier scheduled monthly payments unless such balloon payment becomes due and payable at least 15 years after the loan's origination. This prohibition does not apply when the payment schedule is adjusted to account for the seasonal or irregular income of the borrower or if the purpose of the loan is a "bridge" loan connected with the acquisition or construction of a dwelling intended to become the borrower's principal dwelling.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3350 Financing of Certain Points and Fees (Repealed)**

~~No lender shall make a high risk home loan that finances points and fees in excess of 6% of the total loan amount.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3400 Payments to Contractors (Repealed)**

~~No lender shall make a payment of any proceeds of a high risk home loan to a contractor under a home improvement contract other than:~~

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- a) ~~by instrument payable to the borrower or jointly to the borrower and the contractor; or~~
- b) ~~at the election of the borrower, by a third party escrow agent in accordance with the terms established in a written agreement signed by the borrower, the lender, and the contractor before the date of payment.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3450 Negative Amortization (Repealed)**

~~No lender shall make a high risk home loan, other than a loan secured only by a reverse mortgage, with terms under which the outstanding balance will increase at any time over the course of the loan because the regular periodic payments do not cover the full amount of the interest due, unless the negative amortization is the consequence of a temporary forbearance sought by the borrower.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3500 Negative Equity (Repealed)**

~~No lender shall make a high risk home loan where the loan amount exceeds the value of the property securing the loan plus reasonable closing costs not to exceed 5% of the total loan amount.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3550 Counseling Prior to Perfecting Foreclosure Proceedings (Repealed)**

- a) ~~In the event that a high risk home loan becomes delinquent by more than 30 days, the servicer shall send a notice advising the borrower that he or she may wish to seek consumer credit counseling.~~
- b) ~~The notice required in subsection (a) shall, at a minimum, include the following language:~~

~~"YOUR LOAN IS OR WAS MORE THAN 30 DAYS PAST DUE. YOU MAY BE EXPERIENCING FINANCIAL DIFFICULTY. IT MAY BE IN YOUR BEST INTEREST TO SEEK APPROVED CONSUMER~~

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~~CREDIT COUNSELING. A LIST OF APPROVED CREDIT COUNSELORS MAY BE OBTAINED FROM THE DIVISION OF BANKS AND REAL ESTATE."~~

- e) ~~If, within 15 days after mailing the notice provided for under subsection (b), a lender or its agent is notified in writing by an approved consumer credit counselor and the approved consumer credit counselor advises the lender or its agent that the borrower is seeking approved consumer credit counseling, then the lender and its agent shall not institute legal action under Part 15 of Article XV of the Code of Civil Procedure for 30 days from the date of that notice. Only one such 30-day period of forbearance is allowed under this Section per subject loan.~~
- d) ~~If within the 30-day period provided under subsection (c) the lender or its agent, the approved consumer credit counselor, and the borrower agree to a debt management plan, then the lender and its agent shall not institute legal action under Part 15 of Article XV of the Code of Civil Procedure for so long as the debt management plan is complied with by the borrower.~~
- 1) ~~The agreed debt management plan must be in writing and signed by the lender or its agent, the approved consumer credit counselor, and the borrower. No modification of an approved debt management plan can be made without the mutual agreement of the lender or its agent, the approved consumer credit counselor, and the borrower.~~
- 2) ~~Upon written notice to the lender or its agent, the borrower may change approved consumer credit counselors.~~
- e) ~~If the borrower fails to comply with the agreed debt management plan, then nothing in this Subpart shall be construed to impair the legal right of the lender or its agent to enforce contracts or mortgage agreements.~~
- f) ~~This Section applies only to high risk home loans as defined by Section 1075.3000.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3600 Mortgage Awareness Program (Repealed)**

- a) ~~The Mortgage Awareness Program is a counseling and educational component~~



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~~that is provided by the Director of the Division of Financial Institutions of the Department.~~

- b) ~~The core curriculum of the Mortgage Awareness Program shall include an explanation of:~~
- ~~1) The amount financed;~~
  - ~~2) The finance charge;~~
  - ~~3) The annual percentage rate;~~
  - ~~4) The total payments;~~
  - ~~5) The loan costs, including broker's fees, finance charges, points, origination fees;~~
  - ~~6) The right of rescission;~~
  - ~~7) The foreclosure procedures;~~
  - ~~8) The significant debt ratios, including total debt to income, loan debt to income, and loan debt to value of residence;~~
  - ~~9) The adjustable rate mortgage;~~
  - ~~10) The balloon payments;~~
  - ~~11) The credit options;~~
  - ~~12) Each item that appears on a good faith estimate;~~
  - ~~13) The pre-payment penalties.~~
- e) ~~Counseling session attendees must also complete a personal income and expense statement and a balance sheet, on forms provided by the Director.~~
- d) ~~Prior to signing a certificate of completion, counselors shall privately discuss with each attendee that attendee's income and expense statement and balance sheet, as~~

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~~well as the terms of any loan the attendee currently has or may be contemplating, and provide a Third Party Review to establish the affordability of the loan.~~

- e) ~~Counseling session attendees must also be given a brochure that contains information covered by the Mortgage Awareness Program.~~
- f) ~~Any lender, prior to making a high risk home loan, shall inform the borrower in writing of the right to participate in the Mortgage Awareness Program.~~
- g) ~~No lender shall offer less favorable loan terms to a borrower due to a borrower's participation in a Mortgage Awareness Program.~~
- h) ~~Except as prohibited elsewhere in this Subpart, the borrower may waive participation in the program, provided that the waiver occurs no less than 2 business days after the day that the borrower receives the written notice required by subsection (f) and that the waiver is in writing in a form approved by the Director.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3650 Report of Default and Foreclosure Rates on Conventional Loans**  
**(Repealed)**

- a) ~~On or before October 1 and April 1 of each year, each savings bank that is a servicer of Illinois residential mortgage loans shall report to the Commissioner the default and foreclosure data of conventional loans for the six month periods ending June 30 and December 31, respectively.~~
- b) ~~Each savings bank shall report:~~
  - 1) ~~The average quarterly dollar amount of conventional 1-4 family mortgage loans secured by Illinois real estate.~~
  - 2) ~~The average quarterly number of conventional 1-4 family mortgage loans secured by Illinois real estate.~~
  - 3) ~~The average quarterly dollar amount of conventional 1-4 family mortgage loans secured by Illinois real estate that are in default over 90 days.~~

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- ~~4) The average quarterly number of conventional 1-4 family mortgage loans secured by Illinois real estate that are in default over 90 days.~~
  - ~~5) The dollar amount of foreclosures on 1-4 family conventional loans completed during the reporting period.~~
  - ~~6) The number of foreclosures on 1-4 family conventional loans completed during the reporting period.~~
  - ~~7) Whether any of the loans where a foreclosure was completed were originated less than 18 months before the completed foreclosure.~~
  - ~~8) Whether any of the loans where a foreclosure was completed had a note rate greater than 10% for first lien mortgage loans or greater than 12% in the case of a junior lien.~~
- e) ~~An officer of the savings bank shall sign the form.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3700 The Director's Authority – Unusually High Rate on Conventional Loans**  
**(Repealed)**

- a) ~~The Director shall review and analyze the default and foreclosure rate data reports submitted under Section 1075.3650.~~
- b) ~~The reports and their analyses may be used:~~
  - ~~1) In setting the scope of a regularly scheduled examination.~~
  - ~~2) In setting the scope of a special examination.~~
  - ~~3) In comparing the reported information of a savings bank to other savings banks subject to this Act.~~
  - ~~4) In comparing the reported information of a savings bank to the reports submitted by savings banks and charters under other Acts.~~
- e) ~~The Director may correspond with a savings bank to seek clarification of~~

## DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

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~~information contained in its report and to gather additional data concerning loans in default or loans in foreclosure.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 1075.3750 Third Party Review of High Risk Home Loans (Repealed)**

~~In the case of any high risk home loan, the borrower shall be afforded the opportunity to seek independent review by the Division of Banks and Real Estate, of the loan terms, in order to determine affordability of the loan, when and if the General Assembly appropriates adequate funding to the Division of Banks and Real Estate specifically for this program.~~

- ~~a) Every borrower who chooses to participate in the independent review provided in this Section shall submit information requested on the worksheets outlined in Appendix A and B.~~
- ~~b) The Division of Banks and Real Estate shall provide the borrower with a review of the worksheets and shall also inform the borrower of the amount the borrower has available for a monthly mortgage payment based upon the borrower's budget.~~
- ~~c) In addition, the Division of Banks and Real Estate shall review loan information pertaining to balloon payments and adjustable interest rates and other items disclosed by the loan documents affecting amount of payment and shall inform the borrower of such items.~~
- ~~d) The borrower shall receive a copy of the completed forms and shall sign the forms acknowledging receipt. A copy of the written and signed forms shall be submitted to the lender prior to the closing of the loan and shall become a part of the permanent file for the loan.~~
- ~~e) If, based upon the review, the borrower determines that the loan is not in his or her best economic interest, the reviewer shall so note this in the completed forms sent to the lender. This determination shall enable the borrower to withdraw from the contemplated loan with no financial penalty.~~

(Source: Repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED REPEALER

- 1) Heading of the Part: Reinsurance Ceded Contracts
- 2) Code Citation: 50 Ill. Adm. Code 1101
- 3) 

<u>Section Numbers</u> :	<u>Proposed Actions</u> :
1101.5	Repealed
1101.10	Repealed
1101.20	Repealed
- 4) Statutory Authority: Implementing Article XI and authorized by Section 401 of the Illinois Insurance Code [215 ILCS 5/Art. XI and 401].
- 5) A Complete Description of the Subjects and Issues Involved: 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 should be repealed in its entirety.
- 6) Any published studies or reports, along with the sources of underlying data, that were used when comprising this rulemaking, in accordance with 1 Ill. Adm. Code 100.355:  
None
- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.
- 12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED REPEALER

Robert Planthold  
Assistant General Counsel  
Illinois Department of Insurance  
122 S. Michigan Ave, 19th Fl  
Chicago IL 60603

or Susan Anders  
Rules Coordinator  
Illinois Department of Insurance  
320 W. Washington St.  
Springfield IL 62767

312/814-5445  
fax: 312/814-2862

217/558-0957

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not-for-profit corporations affected: Not applicable
  - B) Reporting, bookkeeping or other procedures required for compliance: Not applicable.
  - C) Types of professional skills necessary for compliance: Not applicable
- 14) Regulatory Agenda on which this rulemaking was summarized: This rulemaking was not included on either of the two most recent agendas because it was not anticipated within that time period.

The full text of the Proposed Repealer begins on the next page:

## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED REPEALER

TITLE 50: INSURANCE  
CHAPTER I: DEPARTMENT OF INSURANCE  
SUBCHAPTER 0: REINSURANCEPART 1101  
REINSURANCE CEDED CONTRACTS (REPEALED)

## Section

1101.5	Authority
1101.10	Application and Effective Date
1101.20	Information Required to be Furnished

**AUTHORITY:** Implementing Article XI and authorized by Section 401 of the Illinois Insurance Code (Ill. Rev. Stat. 1981, ch. 73, pars. 785 et seq. and 1013).

**SOURCE:** Filed October 24, 1962; effective December 1, 1962; codified at 7 Ill. Reg. 3465; repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

**Section 1101.5 Authority**

This Rule is issued by the Director of Insurance pursuant to Section 401 of the Illinois Insurance Code which empowers the Director "...to make reasonable rules and regulations as may be necessary for making effective ..." insurance laws of this state. It is the purpose of this Rule to implement the Illinois Insurance Code by providing for the availability of data relating to reinsurance ceded contracts. (Article XI Ill. Rev. Stat. 1981, ch. 73, par. 785 et seq.)

**Section 1101.10 Application and Effective Date**

This Rule applies to all domestic, foreign and alien insurance companies authorized to transact the business of insurance in the State of Illinois. It shall become effective December 1, 1962.

**Section 1101.20 Information Required to be Furnished**

All insurance companies, upon a written request by the Director of Insurance, shall promptly furnish to the Director a certified copy of each reinsurance ceded contract, agreement or treaty in force or hereinafter entered into and a certified copy of each subsequent amendment or cancellation affecting such contracts, agreements or treaties which are on file with the Department of Insurance.

## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED REPEALER

- 1) Heading of the Part: Security Valuation Reserve
- 2) Code Citation: 50 Ill. Adm. Code 1401
- 3) Section Number: 1401.10                      Proposed Action:  
Repealed
- 4) Statutory Authority: Implementing and authorized by Section 401 of the Illinois Insurance Code [215 ILCS 5/401].
- 5) A Complete Description of the Subjects and Issues Involved: 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.
- 6) Any published studies or reports, along with the sources of underlying data, that were used when comprising this rulemaking, in accordance with 1 Ill. Adm. Code 100.355:  
None
- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.
- 12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

Robert Planthold  
Assistant General Counsel

or            Susan Anders  
Rules Coordinator



## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED REPEALER

Illinois Department of Insurance  
122 S. Michigan Ave, 19th Fl  
Chicago IL 60603

Illinois Department of Insurance  
320 W. Washington St.  
Springfield IL 62767

312/814-5445  
fax: 312/814-2862

217/558-0957

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not-for-profit corporations affected: N/A
  - B) Reporting, bookkeeping or other procedures required for compliance: N/A
  - C) Types of professional skills necessary for compliance: N/A
- 14) Regulatory Agenda on which this rulemaking was summarized: January 2017

The full text of the Proposed Repealer begins on the next page:

## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED REPEALER

TITLE 50: INSURANCE  
CHAPTER I: DEPARTMENT OF INSURANCE  
SUBCHAPTER s: LEGAL RESERVE LIFE INSURANCEPART 1401  
SECURITY VALUATION RESERVE

Section  
1401.10 Requirements in Filing Annual Statement

AUTHORITY: Implementing and authorized by Section 401 of the Illinois Insurance Code (Ill. Rev. Stat. 1981, ch. 73, par. 1013).

SOURCE: Effective January 18, 1952; codified at 7 Ill. Reg. 271; repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

**Section 1401.10 Requirements in Filing Annual Statement**

- a) Every life insurance company, assessment legal reserve company and fraternal benefit society which is authorized to do business in this State shall include in its annual statement each year to be filed with the Illinois Department of Insurance, under liabilities, a Security Valuation Reserve on its bond and stock holdings calculated in accordance with the report of the Sub-Committee of the Committee on Valuation of Securities which was adopted by the National Association of Insurance Commissioners on December 5, 1951, as amended.
- b) The above mentioned Security Valuation Reserve is hereby prescribed by the Director of Insurance. The amount of the reserve should be shown in the annual statement as a Liability at line 25.1, page 3 in the Life and Fraternal blank.
- c) This Department will also require a statement to be filed with the annual statement showing the details of the calculations of this reserve and indicating, in the case of life companies, the amounts which have been included in the appropriate items on page 3 of the Life blank.

## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED REPEALER

- 1) Heading of the Part: Actuarial Opinion and Memorandum
- 2) Code Citation: 50 Ill. Adm. Code 1408
- 3) 

<u>Section Numbers</u> :	<u>Proposed Actions</u> :
1408.10	Repealed
1408.20	Repealed
1408.30	Repealed
1408.40	Repealed
1408.70	Repealed
1408.80	Repealed
1408.ILLUSTRATION A	Repealed
- 4) Statutory Authority: Implementing Section 223 and authorized by Section 401 of the Illinois Insurance Code [215 ILCS 5/223 and 401].
- 5) A Complete Description of the Subjects and Issues Involved: 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 source for the actuarial opinion and memorandum requirements rather than Part 1408.
- 6) Any published studies or reports, along with the sources of underlying data, that were used when comprising this rulemaking, in accordance with 1 Ill. Adm. Code 100.355:  
None
- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED REPEALER

- 12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

Robert Planthold  
Assistant General Counsel  
Illinois Department of Insurance  
122 S. Michigan Ave, 19th Fl  
Chicago IL 60603

or Susan Anders  
Rules Coordinator  
Illinois Department of Insurance  
320 W. Washington St.  
Springfield IL 62767

312/814-5445  
fax: 312/814-2862

217/558-0957

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not-for-profit corporations affected: None
  - B) Reporting, bookkeeping or other procedures required for compliance: None
  - C) Types of professional skills necessary for compliance: None
- 14) Regulatory Agenda on which this rulemaking was summarized: July 2016

The full text of the Proposed Repealer begins on the next page:

## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED REPEALER

TITLE 50: INSURANCE  
CHAPTER I: DEPARTMENT OF INSURANCE  
SUBCHAPTER s: LEGAL RESERVE LIFE INSURANCEPART 1408  
ACTUARIAL OPINION AND MEMORANDUM (REPEALED)

## Section

1408.10	Purpose
1408.20	Scope
1408.30	Definitions
1408.40	General Requirements
1408.50	Required Opinions (Repealed)
1408.60	Statement of Actuarial Opinion Not Including an Asset Adequacy Analysis (Repealed)
1408.70	Statement of Actuarial Opinion Based on Asset Adequacy Analysis
1408.80	Description of Actuarial Memorandum, Including an Asset Adequacy Analysis and Regulatory Asset Adequacy Issues Summary
1408.90	Additional Considerations for Analysis (Repealed)
1408.ILLUSTRATION A	Statement of Actuarial Opinion Based on Asset Adequacy Analysis Format

**AUTHORITY:** Implementing Section 223 and authorized by Section 401 of the Illinois Insurance Code [215 ILCS 5/223 and 401].

**SOURCE:** Adopted at 17 Ill. Reg. 4195, effective March 23, 1993; amended at 32 Ill. Reg. 19670, effective January 1, 2009; amended at 34 Ill. Reg. 6854, effective April 29, 2010; repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

**Section 1408.10 Purpose**

The purpose of this Part is to prescribe:

- a) Requirements for statements of actuarial opinion that are to be submitted in accordance with Section 223(1a) of the Illinois Insurance Code and for memoranda in support of that opinion;
- b) Requirements applicable to the appointment of an appointed actuary; and

## DEPARTMENT OF INSURANCE

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- c) Guidance as to the meaning of "adequacy of reserves".

**Section 1408.20 Scope**

This Part shall apply to all life insurance companies and fraternal benefit societies doing business in this State and to all life insurance companies and fraternal benefit societies that are authorized to reinsure life insurance, annuities or accident and health insurance business in this State. This Part shall be applied in a manner that allows the appointed actuary to utilize his or her professional judgment in performing the asset analysis and developing the actuarial opinion and supporting memoranda, consistent with relevant actuarial standards of practice. However, the Director shall have the authority to specify specific methods of actuarial analysis and actuarial assumptions when, in the Director's judgment, these specifications are necessary for an acceptable opinion to be rendered relative to the adequacy of reserves and related items. This Part shall be applicable to all annual statements filed with the office of the Director for years ending on or after December 31, 1992. A statement of opinion on the adequacy of the reserves and related actuarial items based on an asset adequacy analysis in accordance with Section 1408.70 and Illustration A of this Part, and a memorandum in support of that opinion, in accordance with Section 1408.80 of this Part, shall be required each year.

**Section 1408.30 Definitions**

Actuarial Opinion means the opinion of an Appointed Actuary regarding the adequacy of the reserves and related actuarial items based on an asset adequacy analysis in accordance with Section 1408.70 of this Part and with applicable Actuarial Standards of Practice.

Actuarial Standards Board means the board established by the American Academy of Actuaries to develop and promulgate standards of actuarial practice.

Actuarial Standards of Practice means the actuarial standards promulgated by the Actuarial Standards Board (as published in 2009, 1850 M Street NW, Washington DC 20036).

Annual Statement means that statement required by Section 136 of the Illinois Insurance Code to be filed annually by the company with the office of the Director.

Appointed Actuary means an individual who is appointed or retained in

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accordance with the requirements set forth in Section 1408.40(c) of this Part to provide the actuarial opinion and supporting memorandum as required by Section 223(1a) of the Code.

Asset Adequacy Analysis means an analysis that meets the standards and other requirements referred to in Section 1408.40(d) of this Part.

Code means the Illinois Insurance Code [215 ILCS 5].

Company means a life insurance company, fraternal benefit society or reinsurer subject to the provisions of this Part.

Department means the Department of Insurance.

Director means the Director of the Department of Insurance.

Qualified Actuary means an individual who meets the requirements set forth in Section 1408.40(b) of this Part.

**Section 1408.40 General Requirements**

- a) Submission of the Statement of Actuarial Opinion
  - 1) There is to be included on or attached to Page 1 of the annual statement the statement of an appointed actuary, entitled "Statement of Actuarial Opinion", setting forth an opinion relating to reserves and related actuarial items held in support of policies and contracts, in accordance with Section 1408.70 and Illustration A of this Part.
  - 2) Upon written request by the company, the Director may grant an extension of the date for submission of the statement of actuarial opinion.
- b) Qualified Actuary

A "qualified actuary" is an individual who:

  - 1) Is a member in good standing of the American Academy of Actuaries;
  - 2) Is qualified to sign statements of actuarial opinion for life and health insurance company annual statements in accordance with the American

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Academy of Actuaries qualification standards for actuaries signing such statements;

- 3) Is familiar with the valuation requirements applicable to life and health insurance companies;
  - 4) Has not been found by the Director (or if so found has subsequently been reinstated as a qualified actuary), following appropriate notice and hearing, to have:
    - A) violated any provision of, or any obligation imposed by, the Illinois Insurance Code or other law in the course of his or her dealings as a qualified actuary;
    - B) been found guilty of fraudulent or dishonest practices;
    - C) demonstrated his or her incompetency, lack of cooperation, or untrustworthiness to act as a qualified actuary;
    - D) submitted to the Director during the past 5 years, pursuant to this Part, an actuarial opinion or memorandum that the Director rejected because it did not meet the provisions of this Part, including standards set by the Actuarial Standards Board; or
    - E) resigned or been removed as an actuary within the past 5 years as a result of acts or omissions indicated in any adverse report of examination or as a result of failure to adhere to generally accepted actuarial standards; and
  - 5) Has not failed to notify the Director of any action taken by any Director of any other state similar to that under subsection (b)(4).
- c) **Appointed Actuary**  
An "appointed actuary" is a qualified actuary who is appointed or retained to prepare the Statement of Actuarial Opinion required by this Part, either directly or by the authority of the board of directors through an executive officer of the company other than the qualified actuary. The company shall give the Director timely written notice of the name, title (and, in the case of a consulting actuary, the name of the firm) and manner of appointment or retention of each person



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appointed or retained by the company as an appointed actuary and shall state in the notice that the person meets the requirements set forth in subsection (b). Once notice is furnished, no further notice is required with respect to this person, provided that the company shall give the Director timely written notice in the event the actuary ceases to be appointed or retained as an appointed actuary or to meet the requirements set forth in subsection (b). If any person appointed or retained as an appointed actuary replaces a previously appointed actuary, the notice shall so state and give the reasons for replacement.

- d) Standards for Asset Adequacy Analysis  
The asset adequacy analysis required by this Part:
- 1) Shall conform to the Standards of Practice as promulgated from time to time by the Actuarial Standards Board and on any additional standards under this Part, which standards are to form the basis of the statement of actuarial opinion in accordance with Section 1408.70 and Illustration A of this Part; and
  - 2) Shall be based on methods of analysis deemed appropriate for such purposes by the Actuarial Standards Board.
- e) Liabilities to be Covered
- 1) Under Section 223(1a) of the Code, the statement of actuarial opinion shall apply to all in force business on the annual statement date, whether directly issued or assumed, regardless of when or where issued, including reserves of Exhibits 5, 6 and 7 and claim liabilities in Exhibit 8, Part 1 from the annual financial statement required by Section 136 of the Code and equivalent items in the separate account statement or statements.
  - 2) If the appointed actuary determines, as the result of asset adequacy analysis, that a reserve should be held in addition to the aggregate reserve held by the company and calculated in accordance with methods set forth in Section 223(3)(b), (f) and (g), (5) and (7) of the Code, the company shall establish the additional reserve.
  - 3) Additional reserves established under subsection (e)(2), and deemed not necessary in subsequent years, may be released. Any amounts released shall be disclosed in the actuarial opinion for the applicable year. The

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release of such reserves shall not be deemed an adoption of a lower standard of valuation.

**Section 1408.50 Required Opinions (Repealed)****Section 1408.60 Statement of Actuarial Opinion Not Including an Asset Adequacy Analysis (Repealed)****Section 1408.70 Statement of Actuarial Opinion Based on Asset Adequacy Analysis**

A Statement of Actuarial Opinion based on an asset adequacy analysis shall be consistent with Illustration A of this Part.

**Section 1408.80 Description of Actuarial Memorandum, Including an Asset Adequacy Analysis and Regulatory Asset Adequacy Issues Summary**

- a) General
  - 1) In accordance with Section 223(1a) of the Code, the appointed actuary shall prepare a memorandum to the company describing the analysis done in support of his or her opinion regarding the reserves. The memorandum shall be made available for examination by the Director upon his or her request, but shall be returned to the company or destroyed after the examination and shall not be considered a record of the Department or subject to automatic filing with the Director.
  - 2) In preparing the memorandum, the appointed actuary may rely on, and include as a part of his or her own memorandum, memoranda prepared and signed by other actuaries who are qualified within the meaning of Section 1408.40(b) of this Part, with respect to the areas covered in those memoranda, and so state in his or her memoranda.
  - 3) If the Director requests a memorandum and no such memorandum exists, or if the Director finds that the analysis described in the memorandum fails to meet the standards of the Actuarial Standards Board or the standards and requirements of this Part, the Director may designate a qualified actuary to review the opinion and prepare such supporting memorandum as is required for review. The expense of the independent review shall be paid by the company but shall be directed and controlled

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by the Director.

- 4) The reviewing actuary shall have the same status as an examiner for purposes of obtaining data from the company, and the work papers and documentation of the reviewing actuary shall be retained by the Director; provided, however, that any information provided by the company to the reviewing actuary and included in the work papers shall be considered as material provided by the company to the Director and shall be kept confidential to the same extent as is prescribed by law with respect to other material provided by the company to the Director pursuant to Section 223(1a)(A)(11) of the Code. The reviewing actuary shall not be an employee of a consulting firm involved with the preparation of any prior memorandum or opinion for the insurer pursuant to this Part for the current year or any one of the preceding 3 years.
  - 5) In accordance with Section 223(1a) of the Code, when an actuarial opinion based on asset adequacy analysis is provided, the appointed actuary shall prepare a regulatory asset adequacy issues summary, the contents of which are specified in subsection (c). Companies domiciled in Illinois shall submit the regulatory asset adequacy issues summary no later than March 15 of the year following the year for which a statement of actuarial opinion based on asset adequacy is required. Illinois foreign companies are not required to submit the regulatory asset adequacy issues summary annually, however, the summary shall be made available for examination by the Director upon request. The regulatory asset adequacy issues summary is to be kept confidential to the same extent and under the same conditions as the actuarial memorandum.
- b) Details of the Memorandum Section Documenting Asset Adequacy Analysis (Section 1408.70 of this Part)
- When an actuarial opinion based on asset adequacy analysis is provided, the memorandum shall demonstrate that the analysis has been done in accordance with the standards for asset adequacy referred to in Section 1408.40(d) of this Part and any additional standards under this Part. It shall specify:
- 1) For reserves:
    - A) Product descriptions, including market description, underwriting and other aspects of a risk profile and the specific risks the

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appointed actuary deems significant;

- B) Source of liability in force;
  - C) Reserve method and basis;
  - D) Investment reserves;
  - E) Reinsurance arrangements;
  - F) Identification of any explicit or implied guarantees made by the general account in support of benefits provided through a separate account or under a separate account policy or contract and the methods used by the appointed actuary to provide for the guarantees in the asset adequacy analysis; and
  - G) Documentation of assumptions. The documentation of the assumptions shall be such that an actuary reviewing the actuarial memorandum could form a conclusion as to the reasonableness of the assumptions. Documentation of assumptions shall test reserves for the following:
    - i) Lapse rates (both base and excess);
    - ii) Interest crediting rate strategy;
    - iii) Mortality;
    - iv) Policyholder dividend strategy;
    - v) Competitor or market interest rate;
    - vi) Annuitization rates;
    - vii) Commissions and expenses; and
    - viii) Morbidity.
- 2) For assets:

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- A) Portfolio descriptions, including a risk profile disclosing the quality, distribution and types of assets;
  - B) Investment and disinvestment assumptions;
  - C) Source of asset data;
  - D) Asset valuation bases; and
  - E) Documentation of assumptions. The documentation of the assumptions shall be such that an actuary reviewing the actuarial memorandum could form a conclusion as to the reasonableness of the assumptions. Documentation of assumptions shall be made for:
    - i) Default costs;
    - ii) Bond call function;
    - iii) Mortgage prepayment function;
    - iv) Determining market value for assets sold due to disinvestment strategy; and
    - v) Determining yield on assets acquired through the investment strategy.
- 3) For the analysis basis:
- A) Methodology;
  - B) Rationale for inclusion or exclusion of different blocks of business and how pertinent risks were analyzed;
  - C) Rationale for degree of rigor in analyzing different blocks of business (include in the rationale the level of "materiality" that was used in determining how rigorously to analyze different blocks of business);

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- D) Criteria for determining asset adequacy (include in the criteria the precise basis for determining if assets are adequate to cover reserves under "moderately adverse conditions" or other conditions as specified in relevant actuarial standards of practice); and
  - E) Whether the impact of federal income taxes was considered and the method of treating reinsurance in the asset adequacy analysis.
- 4) Summary of material changes in methods, procedures, or assumptions from prior year's asset adequacy analysis.
  - 5) Summary of results.
  - 6) Conclusions.
- c) Details of the Regulatory Asset Adequacy Issues Summary
    - 1) The regulatory asset adequacy issues summary shall include:
      - A) Descriptions of the scenarios tested (including whether those scenarios are stochastic or deterministic) and the sensitivity testing done relative to those scenarios. If negative ending surplus results under certain tests in the aggregate, the actuary should describe those tests and the amount of additional reserve as of the valuation date that, if held, would eliminate the negative aggregate surplus values. Ending surplus values shall be determined by either extending the projection period until the in force and associated assets and liabilities at the end of the projection period are immaterial or by adjusting the surplus amount at the end of the projection period by an amount that appropriately estimates the value that can reasonably be expected to arise from the assets and liabilities remaining in force. Illinois domestic companies shall also include a description of each of the scenarios required by subsection (f);
      - B) The extent to which the appointed actuary uses assumptions in the asset adequacy analysis that are materially different than the assumptions used in the previous asset adequacy analysis;

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- C) The amount of reserves and the identity of the product lines that had been subjected to asset adequacy analysis in the prior opinion, but were not subject to analysis for the current opinion;
  - D) Comments on any interim results that may be of significant concern to the appointed actuary, such as the impact of the insufficiency of assets to support the payment of benefits and expenses and the establishment of statutory reserves during one or more interim periods;
  - E) The methods used by the actuary to recognize the impact of reinsurance on the company's cash flows, including both assets and liabilities, under each of the scenarios tested; and
  - F) Whether the actuary has been satisfied that all options, whether explicit or embedded, in any asset or liability (including but not limited to those affecting cash flows embedded in fixed income securities) and equity-like features in any investments have been appropriately considered in the asset adequacy analysis.
- 2) The regulatory asset adequacy issues summary shall contain the name of the company for which the regulatory asset adequacy issues summary is being supplied and shall be signed and dated by the appointed actuary rendering the actuarial opinion.
- d) **Conformity to Standards of Practice**  
The memorandum shall include a statement that reads: "Actuarial methods, considerations and analyses used in the preparation of this memorandum conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis for this memorandum."
- e) **Use of Assets Supporting the Interest Maintenance Reserve and the Asset Valuation Reserve**  
An appropriate allocation of assets in the amount of the interest maintenance reserve (IMR), whether positive or negative, shall be used in any asset adequacy analysis. Analysis of risks regarding asset default may include an appropriate allocation of assets supporting the asset valuation reserves (AVR); these AVR assets may not be applied for any other risks with respect to reserve adequacy. Analysis of these and other risks may include assets supporting other mandatory

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or voluntary reserves available to the extent not used for risk analysis and reserve support. The amount of the assets used for the AVR shall be disclosed in the table of reserves and liabilities of the opinion and in the memorandum. The method used for selecting particular assets or allocated portions of assets shall be disclosed in the memorandum.

- f) Required Interest Scenarios for Illinois Domestic Companies
- 1) For the purpose of performing the asset adequacy analysis required by this Part, the qualified actuary is expected to follow standards adopted by the Actuarial Standards Board; nevertheless, the appointed actuary must consider in the analysis the effect of at least the following interest rate scenarios:
    - A) Level with no deviation;
    - B) Uniformly increasing over 10 years at a half percent per year, and then level;
    - C) Uniformly increasing at one percent per year over 5 years, and then uniformly decreasing at one percent per year to the original level at the end of 10 years, and then level;
    - D) An immediate increase of 3%, and then level;
    - E) Uniformly decreasing over 10 years at a half percent per year, and then level;
    - F) Uniformly decreasing at one percent per year over 5 years, and then uniformly increasing at one percent per year to the original level at the end of 10 years, and then level; and
    - G) An immediate decrease of 3%, and then level.
  - 2) For these and other scenarios that may be used, projected interest rates for a 5 year Treasury Note need not be reduced beyond the point where the 5 year Treasury Note yield would be at 50% of its initial level.



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- 3) The beginning interest rates may be based on interest rates for new investments as of the valuation date, similar to recent investments allocated to support the product being tested, or may be based on an outside index, such as Treasury yields, of assets of the appropriate length on a date close to the valuation date. The method used to determine the beginning yield curve and associated interest rates shall be specifically defined. The beginning yield curve and associated interest rates shall be consistent for all interest rate scenarios.
  
- g) Documentation  
The appointed actuary shall retain on file, for at least 7 years, documentation sufficient to determine the procedures followed, the analyses performed, the bases for assumptions and the results obtained.

**Section 1408.90 Additional Considerations for Analysis (Repealed)**

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**Section 1408. ILLUSTRATION A Statement of Actuarial Opinion Based on Asset Adequacy Analysis Format**

- a) General Description  
The statement of actuarial opinion submitted in accordance with Section 1408.70 of this Part shall consist of:
- 1) A paragraph identifying the appointed actuary and his or her qualifications (subsection (b)(1));
  - 2) A scope paragraph identifying the subjects on which an opinion is to be expressed and describing the scope of the appointed actuary's work, including a tabulation delineating the reserves and related actuarial items that have been analyzed for asset adequacy and the method of analysis (see subsection (b)(2)), and identifying the reserves and related actuarial items covered by the opinion that have not been so analyzed;
  - 3) A reliance paragraph describing those areas, if any, where the appointed actuary has deferred to other experts in developing data, procedures or assumptions (e.g., anticipated cash flows from currently owned assets), including variation in cash flows according to economic scenarios (see subsection (b)(3)), supported by a statement of each such expert in the form prescribed by subsection (e);
  - 4) An opinion paragraph expressing the appointed actuary's opinion with respect to the adequacy of the supporting assets to mature the liabilities (see subsection (b)(6)); and
  - 5) One or more additional paragraphs, in individual company cases as follows:
    - A) If the appointed actuary considers it necessary to state a qualification of his or her opinion;
    - B) If the appointed actuary must disclose an inconsistency in the method of analysis or basis of asset allocation used at the prior opinion date with that used for this opinion;
    - C) If the appointed actuary must disclose whether additional reserves

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as of the prior opinion date are released as of this opinion date, and the extent of the release; or

- D) If the appointed actuary chooses to add a paragraph briefly describing the assumptions that form the basis for the actuarial opinion.

- b) Recommended Language

The following paragraphs are to be included in the statement of actuarial opinion in accordance with Section 1408.70 of this Part. The language is that which, in typical circumstances, should be included in a statement of actuarial opinion. The language may be modified as needed to meet the circumstances of a particular case, but the appointed actuary should use language that clearly expresses his or her professional judgment. However, in any event, the opinion shall retain all pertinent aspects of the language provided in this subsection.

- 1) Opening Paragraph

The opening paragraph should generally indicate the appointed actuary's relationship to the company and his or her qualifications to sign the opinion.

- A) For a company actuary, the opening paragraph of the actuarial opinion should include a statement such as: "I, [name], am [title] of [insurance company name] and a member of the American Academy of Actuaries. I was appointed by, or by the authority of, the Board of Directors of said insurer to render this opinion as stated in a letter to the Director dated [insert date]. I meet the Academy qualification standards for rendering the opinion and am familiar with the valuation requirements applicable to life and health insurance companies."
    - B) For a consulting actuary, the opening paragraph should include a statement such as: "I, [name], a member of the American Academy of Actuaries, am associated with the firm of [name of consulting firm]. I have been appointed by, or by the authority of, the Board of Directors of [name of company] to render this opinion as stated in a letter to the Director dated [insert date]. I meet the Academy qualification standards for rendering the opinion and am familiar with the valuation requirements applicable to life and

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health insurance companies."

## 2) Scope Paragraph

The scope paragraph should include a statement such as the following, accompanied by the appropriate table of tested amounts: "I have examined the actuarial assumptions and actuarial methods used in determining reserves and related actuarial items listed below, as shown in the annual statement of the company, as prepared for filing with state regulatory officials, as of December 31, 20[ ]. Tabulated below are those reserves and related actuarial items which have been subjected to asset adequacy analysis."

For companies filing a Life Annual Financial Statement, the following table shall be used:

<b>Asset Adequacy Tested Amounts – Reserves and Liabilities</b>					
<b>Statement Item</b>	<b>Formula Reserves (1)</b>	<b>Additional Actuarial Reserves<sup>(a)</sup> (2)</b>	<b>Analysis Method<sup>(b)</sup></b>	<b>Other Amount (3)</b>	<b>Total Amount (1) + (2) + (3) (4)</b>
<b>Exhibit 5</b>					
A Life Insurance					
B Annuities					
C Supplementary Contracts Involving Life Contingencies					
D Accidental Death Benefit					
E Disability-Active					
F Disability-Disabled					
G Miscellaneous					

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<b>Total</b> (Exhibit 5, Item 1, Page 3)					
<b>Exhibit 6</b>					
A Active Life Reserve					
B Claim Reserve					
<b>Total</b> (Exhibit 6, Item 2, Page 3)					
<b>Exhibit 7</b>					
A Premiums and Other Deposit Funds (Column 6, Line 14)					
B Guaranteed Interest Contracts (Column 2, Line 14)					
C Annuities Certain (Column 3, Line 14)					
D Supplemental Contracts (Column 4, Line 14)					
E Dividend Accumulations or Refunds (Column 5, Line 14)					
<b>Total</b> (Exhibit 7, Column 1, Line 14)					

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<b>Exhibit 8, Part 1</b>					
A Life (Page 3, Line 4.1)					
B Health (Page 3, Line 4.2)					
<b>Total</b> (Exhibit 8, Part 1)					
<b>Separate Accounts</b> (Page 3 of the Annual Statement of the Separate Accounts, Lines 1, 2, 3.1, 3.2, 3.3)					
<b>TOTAL RESERVES</b>					
IMR (General Account, Page ____, Line ____)					
(Separate Accounts, Page ____, Line ____)					
AVR (Page ____, Line ____)	(c)				
Net Deferred and Uncollected Premium					

- (a) **Note:** The additional actuarial reserves are the reserves established under Section 1408.40(e)(2).
- (b) **Note:** The appointed actuary should indicate the method of analysis, determined in accordance with the standards for asset adequacy analysis referred to in Section 1408.40(d), by means of symbols that should be defined in footnotes to the table.
- (c) **Note:** Allocated amount of Asset Valuation Reserve (AVR).

Or

For companies filing a Health Annual Financial Statement, the following table shall be used:

<b>Asset Adequacy Tested Amounts – Reserves and Liabilities</b>
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<b>Statement Item</b>	<b>Formula Reserves (1)</b>	<b>Additional Actuarial Reserves <sup>(a)</sup> (2)</b>	<b>Analysis Method <sup>(b)</sup></b>	<b>Other Amount (3)</b>	<b>Total Amount (1) + (2) + (3) (4)</b>
A Claims Unpaid (Page 3, Line 1)					
B Accrued Medical Incentive Pool and Bonus Payments (Page 3, Line 2)					
C Unpaid Claims Adjustment Expenses (Page 3, Line 3)					
D Aggregate Health Policy Reserves (Page 3, Line 4)					
E Aggregate Life Policy Reserves (Page 3, Line 5)					
F Total Supplemental Exhibit 7					
G Aggregate Health Claim Reserves (Page 3, Line 7)					
H Experience Rated Refunds					
I Actuarial Liabilities included in Page 3, Line 21					

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<b>TOTAL RESERVES</b>					
Uncollected Premiums and Agents' Balances in the Course of Collection (Page 2, Line 13.1, Column 3)					

(a) **Note:** The additional actuarial reserves are the reserves established under Section 1408.40(e)(2).

(b) **Note:** The appointed actuary should indicate the method of analysis, determined in accordance with the standards for asset adequacy analysis referred to in Section 1408.40(d), by means of symbols that should be defined in footnotes to the table.

3) Reliance Paragraph

- A) If the appointed actuary has relied on other experts to develop certain portions of the analysis, the reliance paragraph should include a statement such as: "I have relied on [name], [title] for [e.g., "anticipated cash flows from currently owned assets, including variations in cash flows according to economic scenarios" or "certain critical aspects of the analysis performed in conjunction with forming my opinion"], as certified in the attached statement. I have reviewed the information relied upon for reasonableness." A statement of reliance on other experts should be accompanied by a statement by each of the experts in the form prescribed by subsection (e).
- B) If the appointed actuary has examined the underlying asset and liability records, the reliance paragraph should include a statement such as: "My examination included such review of the actuarial assumptions and actuarial methods and of the underlying basic asset and liability records and such tests of the actuarial calculations as I considered necessary. I also reconciled the underlying basic asset and liability records to [exhibits and schedules listed as applicable] of the company's current annual statement."
- C) If the appointed actuary has not examined the underlying records, but has relied upon data (e.g., listings and summaries of policies in



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force and/or asset records prepared by the company), the reliance paragraph should include a statement such as: "In forming my opinion on [specify types of reserves], I relied upon data prepared by [name and title of company officer certifying in force records or other data] as certified in the attached statements. I evaluated that data for reasonableness and consistency. I also reconciled that data to [exhibits and schedules to be listed as applicable] of the company's current annual statement. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary." The reliance paragraph shall be accompanied by a statement by each person relied upon in the form prescribed by subsection (e).

## 4) Opinion Paragraph

The opinion paragraph should include statements such as:

- A) "In my opinion the reserves and related actuarial values concerning the statement items found in the Asset Adequacy Test Amounts – Reserves and Liabilities table identified above:
- i) Are computed in accordance with presently accepted actuarial standards consistently applied and are fairly stated, in accordance with sound actuarial principles;
  - ii) Are based on actuarial assumptions that produce reserves at least as great as those called for in any contract provision as to reserve basis and method, and are in accordance with all other contract provisions;
  - iii) Meet the requirements of the Insurance Law and regulations of the state of [state of domicile] and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed;
  - iv) Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end (with any exceptions noted below); and

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- v) Include provision for all actuarial reserves and related statement items that ought to be established."
- B) "The reserves and related items, when considered in light of the assets held by the company with respect to such reserves and related actuarial items, including, but not limited to, the investment earnings on the assets, and the considerations anticipated to be received and retained under the policies and contracts, make adequate provision, according to presently accepted actuarial standards of practice, for the anticipated cash flows required by the contractual obligations and related expenses of the company." This language may be omitted for an opinion filed on behalf of a company doing business only in this State and in no other state. The Director may require any company otherwise exempt to submit a statement of actuarial opinion, and to prepare a memorandum in support of that opinion, based on asset adequacy if, in the opinion of the Director, an asset adequacy analysis is necessary.
- C) "The actuarial methods, considerations and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis of this statement of opinion."
  - i) "This opinion is updated annually as required by statute. To the best of my knowledge, there have been no material changes from the applicable date of the annual statement to the date of the rendering of this opinion that should be considered in reviewing this opinion"; or
  - ii) "The following material change(s) that occurred between the date of the statement for which this opinion is applicable and the date of this opinion should be considered in reviewing this opinion:" (Describe the change or changes.)
- D) "The impact of unanticipated events subsequent to the date of this opinion is beyond the scope of this opinion. The analysis of asset

## DEPARTMENT OF INSURANCE

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adequacy portion of this opinion should be viewed recognizing that the company's future experience may not follow all the assumptions used in the analysis.

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Signature of Appointed Actuary

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Printed Name of Appointed Actuary

---

Address of Appointed Actuary

---

Telephone Number of Appointed Actuary

---

E-mail Address of Appointed Actuary

---

Date"

- c) **Assumptions for New Issues**  
The adoption for new issues or new claims or other new liabilities of an actuarial assumption that differs from a corresponding assumption used for prior new issues or new claims or other new liabilities is not a change in actuarial assumptions within the meaning of Section 1408.70 and this Illustration A.
- d) **Adverse Opinions**  
If the appointed actuary is unable to form an opinion, then he or she shall refuse to issue a statement of actuarial opinion. If the appointed actuary's opinion is adverse or qualified, then he or she shall issue an adverse or qualified actuarial opinion explicitly stating the reasons for the opinion. This statement should follow the scope paragraph and precede the opinion paragraph.
- e) **Reliance on Information Furnished by Other Persons**  
If the appointed actuary relies on the certification of others on matters concerning the accuracy or completeness of any data underlying the actuarial opinion, or the appropriateness of any other information used by the appointed actuary in forming the actuarial opinion, the actuarial opinion should indicate the persons the

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actuary is relying upon and a precise identification of the items subject to reliance. In addition, the persons on whom the appointed actuary relies shall provide a certification that precisely identifies the items on which the person is providing information and a statement as to the accuracy, completeness or reasonableness, as applicable, of the items. This certification shall include the signature, title, company, address and telephone number of the person rendering the certification, as well as the date on which it is signed.

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- 1) Heading of the Part: Explanation of Special and Contingency Reserves
- 2) Code Citation: 50 Ill. Adm. Code 1701
- 3) 

<u>Section Number:</u>	<u>Proposed Action:</u>
1701.10	Repealed
- 4) Statutory Authority: Implementing Sections 295 and 297 and authorized by Section 401 of the Illinois Insurance Code [215 ILCS 5/295, 297 and 401].
- 5) A Complete Description of the Subjects and Issues Involved: 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 should be repealed.
- 6) Any published studies or reports, along with the sources of underlying data, that were used when comprising this rulemaking, in accordance with 1 Ill. Adm. Code 100.355:  
None
- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.
- 12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

Robert Planthold

or

Susan Anders

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Assistant General Counsel  
Illinois Department of Insurance  
122 S. Michigan Ave, 19th Fl  
Chicago IL 60603

Rules Coordinator  
Illinois Department of Insurance  
320 W. Washington St.  
Springfield IL 62767

312/814-5445  
fax: 312/814-2862

217/558-0957

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not-for-profit corporations affected: None
  - B) Reporting, bookkeeping or other procedures required for compliance: None
  - C) Types of professional skills necessary for compliance: None
- 14) Regulatory Agenda on which this rulemaking was summarized: January 2017

The full text of the Proposed Repealer begins on the next page:

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TITLE 50: INSURANCE  
CHAPTER I: DEPARTMENT OF INSURANCE  
SUBCHAPTER w: FRATERNAL BENEFIT SOCIETIES

## PART 1701

EXPLANATION OF SPECIAL AND CONTINGENCY RESERVES (REPEALED)

## Section

1701.10 Requirements (Explanation of Special and Contingency Reserves)

AUTHORITY: Implementing Sections 295 and 297 and authorized by Section 401 of the Illinois Insurance Code (Ill. Rev. Stat. 1981, ch. 73, pars. 907, 909 and 1013).

SOURCE: Filed July 11, 1958; codified at 7 Ill. Reg. 273; repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

**Section 1701.10 Requirements (Explanation of Special and Contingency Reserves)**

All Illinois Fraternal Benefit Societies filing annual statements with this Department which include special and contingency reserves in the liability section will be required to show definitely the purpose for which such reserves are set up and accompany the statement with a certified copy of the resolution of the Board of Directors or other similar body authorizing such reserves to the amount set out in such statement. In the absence of such supporting resolution it will be necessary to carry any such amounts as unassigned funds in the statement.

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- 1) Heading of the Part: Adoption by Fraternal Benefit Societies of CSO 1958 Mortality Table
- 2) Code Citation: 50 Ill. Adm. Code 1706
- 3) 

<u>Section Numbers:</u>	<u>Proposed Actions:</u>
1706.5	Repealed
1706.10	Repealed
1706.20	Repealed
1706.30	Repealed
- 4) Statutory Authority: Implementing Sections 291 and 292 and authorized by Section 401 of the Illinois Insurance Code [215 ILCS 5/291, 292 and 401].
- 5) A Complete Description of the Subjects and Issues Involved: Part 1706 was originally promulgated to implement Sections 291 and 292 of the Illinois Insurance Code; both Sections were repealed in 1986. The rule prescribes procedures for fraternal benefit societies to follow before adopting the 1958 Commissioners Standard Ordinary Mortality Table, but that mortality table has been superseded since the rule was adopted. No other statute currently applicable to fraternal benefit societies requires them to adopt that mortality table, either. Lacking a statutory impetus, and because the mortality table is no longer a standard adopted in the industry, this rule should be repealed.
- 6) Any published studies or reports, along with the sources of underlying data, that were used when comprising this rulemaking, in accordance with 1 Ill. Adm. Code 100.355:  
None
- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.



## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED REPEALER

- 12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

Robert Planthold  
Assistant General Counsel  
Illinois Department of Insurance  
122 S. Michigan Ave, 19th Fl  
Chicago IL 60603

or Susan Anders  
Rules Coordinator  
Illinois Department of Insurance  
320 W. Washington St.  
Springfield IL 62767

312/814-5445  
fax: 312/814-2862

217/558-0957

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not-for-profit corporations affected: None
  - B) Reporting, bookkeeping or other procedures required for compliance: None
  - C) Types of professional skills necessary for compliance: None
- 14) Regulatory Agenda on which this rulemaking was summarized: January 2017

The full text of the Proposed Repealer begins on the next page:

## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED REPEALER

TITLE 50: INSURANCE  
CHAPTER I: DEPARTMENT OF INSURANCE  
SUBCHAPTER w: FRATERNAL BENEFIT SOCIETIESPART 1706  
ADOPTION BY FRATERNAL BENEFIT  
SOCIETIES OF CSO 1958 MORTALITY TABLE (REPEALED)

## Section

1706.5	Prescribed Procedures
1706.10	Interests of Present and Future Certificate Holders
1706.20	Adult and Juvenile Certificates
1706.30	Compliance

AUTHORITY: Implementing Sections 291 and 292 and authorized by Section 401 of the Illinois Insurance Code (Ill. Rev. Stat. 1981, ch. 73, pars. 903, 904 and 1013).

SOURCE: Filed and effective December 1, 1960; codified at 7 Ill. Reg. 3457; repealed at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

**Section 1706.5 Prescribed Procedures**

The following procedures and prescribed to be followed by both domestic and foreign fraternal benefit societies before adopting for use in Illinois the 1958 Commissioners Standard Ordinary Mortality Table:

**Section 1706.10 Interests of Present and Future Certificate Holders**

- a) The societies shall first satisfy the Director that the interests of present and future certificate holders will not be adversely affected by the adoption of the 1958 Table for the ordinary forms of insurance. A society may thereafter adopt and use the 1958 Table for the ordinary forms of insurance with a rate of interest not exceeding 3% per annum for calculating reserves, cash surrender values and paid-up non-forfeiture benefits.
- b) Before commencing the use of the proposed Table the society shall
  - 1) file with the Department comparative figures showing the attained age and the actual and expected mortality loss for the previous two (2) years on the

## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED REPEALER

mortality table currently in use as well as on the Commissioners 1958 Table, based on the gross amount at risk. (If desired the information may be set out in five (5) year age groups);

- 2) file with the Department a certified copy in the form of a Resolution of the Governing Body, or the Board of Directors of the notice of the election by the society to comply with the provisions of Section 229.2 of the Illinois Insurance Code after a specified date set forth in such Resolution; (Ill. Rev. Stat. 1981, ch. 73, par. 841.2)
- 3) file with the Department and procure tentative approval of certificate forms in advance of the proposed effective date of the adoption by the society of the Commissioners 1958 Standard Ordinary Mortality Table, which certificates shall contain statements of the basis of reserves as well as the following, which may be in substance:

"The cash surrender values and paid-up non-forfeiture benefits under this certificate are not less than the minimums required by the standard Non-Forfeiture Law on the basis of the Commissioners 1958 Standard Ordinary Mortality Table as adopted by the State of Illinois for use in legal reserve life insurance policies."

**Section 1706.20 Adult and Juvenile Certificates**

After the date selected, all adult and juvenile certificates issued by the society must be on the Commissioners 1958 Standard Mortality Table except those certificates issued in states which at said date have not yet authorized or permitted the use of said Table by fraternal benefit societies.

**Section 1706.30 Compliance**

All provisions of Section 229.2 and Section 229.3 of Article XIV of the Illinois Insurance Code together with other applicable provisions of the Code must be complied with.

## DEPARTMENT OF PUBLIC HEALTH

## NOTICE OF PROPOSED AMENDMENT

- 1) Heading of the Part: AIDS Drug Assistance Program
- 2) Code Citation: 77 Ill. Adm. Code 692
- 3) Section Number: 692.Appendix A                      Proposed Action: Amendment
- 4) Statutory Authority: Ryan White HIV/AIDS Treatment Extension Act of 2009 [Public Law 111-87]; Section 314 of the Civil Administrative Code of Illinois [20 ILCS 2310/315]
- 5) A Complete Description of the Subjects and Issues Involved: This rulemaking updates Appendix A with respect to the federal poverty level changing from the 2016 federal poverty level to the 2017 federal poverty level.
- 6) Published studies or reports, and sources of underlying data used to compose this rulemaking: Federal poverty level, issued by the US Department of Health and Human Services
- 7) Will this rulemaking replace any emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other rulemakings pending on this Part? No
- 11) Statement of Statewide Policy Objective: This rulemaking does not create or expand a State Mandate.
- 12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Interested persons may present their comments concerning this rulemaking within 45 days after the publication of the issue of the *Illinois Register* to:

Elizabeth Paton  
Assistant General Counsel  
Division of Legal Services  
Illinois Department of Public Health  
535 W. Jefferson St., 5th floor

DEPARTMENT OF PUBLIC HEALTH

NOTICE OF PROPOSED AMENDMENT

Springfield IL 62761

217/782-2043

dph.rules@illinois.gov

- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not-for-profit corporations affected: None
  - B) Reporting, bookkeeping or other procedures required for compliance: None
  - C) Types of professional skills necessary for compliance: None
- 14) Regulatory Agenda on which this rulemaking was summarized: January 2017

The full text of the Proposed Amendment begins on the next page:

## DEPARTMENT OF PUBLIC HEALTH

## NOTICE OF PROPOSED AMENDMENT

TITLE 77: PUBLIC HEALTH  
CHAPTER I: DEPARTMENT OF PUBLIC HEALTH  
SUBCHAPTER k: COMMUNICABLE DISEASE CONTROL AND IMMUNIZATIONS

PART 692  
AIDS DRUG ASSISTANCE PROGRAM

## Section

692.5	Definitions
692.6	Incorporated and Referenced Materials
692.10	Drugs to Prolong the Lives of Non-Medicaid Persons with Acquired Immunodeficiency Syndrome (AIDS) or Human Immunodeficiency Virus (HIV) Infection
692.15	Application Requirements
692.16	Non-Discrimination
692.APPENDIX A	<a href="#">20172016</a> Poverty Income Guidelines
692.APPENDIX B	Ryan White HIV/AIDS Treatment Extension Act of 2009 Sliding Fee Scale

**AUTHORITY:** Implementing the Ryan White HIV/AIDS Treatment Extension Act of 2009 (P.L. 111-87) and authorized by Section 315 of the Civil Administrative Code of Illinois [20 ILCS 2310/315].

**SOURCE:** Emergency rule adopted at 15 Ill. Reg. 14699, effective September 30, 1991, for a maximum of 150 days; adopted at 16 Ill. Reg. 4052, effective February 27, 1992; emergency amendment at 17 Ill. Reg. 12913, effective July 23, 1993, for a maximum of 150 days; emergency expired December 20, 1993; amended at 18 Ill. Reg. 1427, effective January 20, 1994; amended at 18 Ill. Reg. 17678, effective November 30, 1994; amended at 20 Ill. Reg. 7531, effective May 15, 1996; emergency amendment at 20 Ill. Reg. 8353, effective June 4, 1996, for a maximum of 150 days; emergency expired November 1, 1996; amended at 21 Ill. Reg. 1203, effective January 10, 1997; amended at 22 Ill. Reg. 14468, effective July 24, 1998; amended at 24 Ill. Reg. 11876, effective August 1, 2000; emergency amendment at 35 Ill. Reg. 16105, effective September 26, 2011, for a maximum of 150 days; amended at 36 Ill. Reg. 3909, effective February 22, 2012 ; peremptory amendment at 37 Ill. Reg. 2563, effective February 15, 2013; emergency amendment at 37 Ill. Reg. 3899, effective March 18, 2013, for a maximum of 150 days; amended at 37 Ill. Reg. 11371, effective July 2, 2013; emergency amendment at 38 Ill. Reg. 7997, effective March 28, 2014, for a maximum of 150 days; amended at 38 Ill. Reg. 17363, effective August 1, 2014; amended at 39 Ill. Reg. 9978, effective July 2, 2015; amended

DEPARTMENT OF PUBLIC HEALTH

NOTICE OF PROPOSED AMENDMENT

at 40 Ill. Reg. 9527, effective June 29, 2016; amended at 41 Ill. Reg. \_\_\_\_\_, effective  
\_\_\_\_\_.

## DEPARTMENT OF PUBLIC HEALTH

## NOTICE OF PROPOSED AMENDMENT

Section 692.APPENDIX A ~~2017~~2016 Poverty Income Guidelines2017~~2016~~ Health and Human Services Poverty Guidelines

Persons in Family	100% Poverty Guideline	Maximum Gross Annual Income ADAP 300% Eligibility
1	\$ <del>12,060</del> 11,880	\$ <del>36,180</del> 35,640
2	<del>16,240</del> 16,020	<del>48,720</del> 48,060
3	<del>20,240</del> 20,160	<del>61,260</del> 60,480
4	<del>24,600</del> 24,300	<del>73,800</del> 72,900
5	<del>28,780</del> 28,440	<del>86,240</del> 85,320
6	<del>32,960</del> 32,580	<del>98,880</del> 97,740
7	<del>37,140</del> 36,730	<del>111,420</del> 110,190
8	<del>41,320</del> 40,890	<del>123,960</del> 122,670
For additional persons, add	<del>4,180</del> 4,160	<del>12,540</del> 12,480

See: Federal Register: [82 FR 8831, January 31, 2017](#)~~81 FR 4036, January 25, 2016~~

(Source: Amended at 41 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)



## DEPARTMENT OF HUMAN SERVICES

## NOTICE OF ADOPTED AMENDMENTS

- 1) Heading of the Part: Voter Registration Program
- 2) Code Citation: 89 Ill. Adm. Code 512
- 3) 

<u>Section Numbers:</u>	<u>Adopted Actions:</u>
512.10	Amendment
512.20	Amendment
512.30	Amendment
- 4) Statutory Authority: Implementing the Department of Human Service Act [20 ILCS 1305] and the National Voter Registration Act of 1993 (52 USC 20501 through 20511) and the Illinois Election Code [10 ILCS 5].
- 5) Effective Date of Rules: April 25, 2017
- 6) Does this rulemaking contain an automatic repeal date? No
- 7) Does this rulemaking contain incorporations by reference? No
- 8) A copy of the adopted rules, including any material incorporated, is on file in the Agency's principal office and is available for public inspection.
- 9) Notice of Proposal published in the *Illinois Register*: 41 Ill. Reg. 782; February 3, 2017
- 10) Has JCAR issued a Statement of Objection to this rulemaking? No
- 11) Differences between Proposal and Final Version:
  1. In line Section 512.10, delete "Staff" and insert "For the purpose of this Part, staff" before "may" in the definition of Staff.
- 12) Have all changes agreed upon by the Agency and JCAR been made as indicated in the agreements issued by JCAR? None were made.
- 13) Will this rulemaking replace an emergency rule currently in effect? No
- 14) Are there any rule pending on this Part? Yes

Section Number:      Proposed Action:      Illinois Register Citation:

## DEPARTMENT OF HUMAN SERVICES

## NOTICE OF ADOPTED AMENDMENTS

512.10	Amendment	40 Ill. Reg. 14012; October 14, 2016
512.20	Amendment	40 Ill. Reg. 14012; October 14, 2016
512.30	Amendment	40 Ill. Reg. 14012; October 14, 2016

- 15) Summary and purpose of Rulemaking: This rulemaking clarifies the voter registration provisions. The rulemaking adds the definition for confidential office number to Section 512.10 Definitions. In addition, this rulemaking clarifies that:
1. clients will be offered assistance in completing voter registration forms;
  2. no statements will be made or actions taken to lead a client to believe that a decision to register or not to register will affect the availability of services or benefits provided;
  3. clients of State-operated mental health facilities will be instructed to register with their last address prior to entering the mental health facility;
  4. if the client indicates that he or she declines to apply to register, the client will be asked to sign the form or to affix his or her mark on the declaration form;
  5. IDHS clients who are unable to register to vote or change their address at IDHS due to the traditional close of the registration deadline (28 days prior to an election) may utilize a grace period to register to vote pursuant to 10 ILCS 5/4-50. The grace period is from the close of registration for an election until and including the day of the election;
  6. the completed declaration and registration forms will be retained by IDHS in a confidential manner separate from the client's IDHS file for a minimum of two years; and
  7. the registration application forms will be sent in plain envelopes, with no indication that the mailing originated from an IDHS office, to the Illinois State Board of Elections in Springfield, Illinois.
- 16) Information and questions regarding these adopted rules shall be directed to:

Tracie Drew, Chief  
 Bureau of Administrative Rules and Procedures  
 Department of Human Services

DEPARTMENT OF HUMAN SERVICES

NOTICE OF ADOPTED AMENDMENTS

100 South Grand Avenue East  
Harris Building, 3rd Floor  
Springfield IL 62762

217/785-9772

The full text of the Adopted Amendments begins on the next page:

## DEPARTMENT OF HUMAN SERVICES

## NOTICE OF ADOPTED AMENDMENTS

TITLE 89: SOCIAL SERVICES  
CHAPTER IV: DEPARTMENT OF HUMAN SERVICES  
SUBCHAPTER h: MISCELLANEOUS PROGRAMSPART 512  
VOTER REGISTRATION PROGRAM

Section	
512.10	Definitions
512.20	Opportunities for Voter Registration
512.30	Disposition of Voter Registration Forms

**AUTHORITY:** Implementing the Department of Human Service Act [20 ILCS 1305] and the National Voter Registration Act of 1993 (52 USC 20501 through 20511) and the Illinois Election Code [10 ILCS 5].

**SOURCE:** Adopted at 23 Ill. Reg. 7514, effective June 17, 1999; amended at 41 Ill. Reg. 4969, effective April 25, 2017.

**Section 512.10 Definitions**

For the purpose of this Part, the following terms shall have the following meanings:

**Client** – means any individual who will be at least 18 years of age on the day of the next election who is applying for, is determined or redetermined eligible for, or is being recertified or redetermined to be eligible for, or is receiving, ~~or is being recertified or redetermined to be eligible for~~ services for persons with disabilities or public assistance from the Illinois Department of Human Services (~~IDHS~~**DHS**). No person who has been legally convicted in this or another ~~state~~**State** or in any federal court of any crime, and is serving a sentence of confinement in any penal institution, ~~or who has been convicted and is serving a sentence of confinement in any penal institution,~~ shall vote, offer to vote, attempt to vote or be permitted to vote at any election until his or her release from confinement, and thus is not considered a client for the purposes of this Part.

**Confidential Office Number** – means a number assigned by a deputy registrar in charge of voter registration to each Voter Registration Application Transmittal form (R-25) that indicates which office sent the form without using an IDHS return address.

## DEPARTMENT OF HUMAN SERVICES

## NOTICE OF ADOPTED AMENDMENTS

Staff – means an individual who is employed by any ~~IDHS office~~~~DHS Office~~ or facility whose duties include contact with clients. ~~For the purpose of this Part, staff;~~~~or~~ may include contractors that provide State-funded programs to provide services to persons with disabilities and/or provide public assistance services.

(Source: Amended at 41 Ill. Reg. 4969, effective April 25, 2017)

**Section 512.20 Opportunities for Voter Registration**

- a) In accordance with the National Voter Registration Act of 1993 (~~5242~~ USC 20501 through 20511~~§1973gg, et seq.~~), ~~staff~~~~Staff~~ are required to provide clients the opportunity to apply to register to vote and to assist clients, if requested, in the completion of voter registration applications ~~and~~~~or~~ declaration forms. Opportunities for application for voter registration~~Voter Registration~~ shall be provided at the time of application for services, annual review, recertification or reassessment of services.
- 1) Staff shall:
    - A) Inform the client of his or her ~~right~~~~rights~~ to execute or decline to execute a voter registration application.
    - B) Provide the client with a declaration form that asks if he or she would like the opportunity to apply to register to vote. Each client has the right to accept or decline the opportunity.
    - C) Provide to each client who does not decline to apply to register to vote the same degree of assistance with regard to the completion of the voter registration application form as is provided by the ~~staff~~~~office~~ with regard to the completion of ~~its~~~~IDHS'~~ own forms, unless the applicant refuses ~~that~~~~such~~ assistance.
    - D) Provide the client with a mail-in voter registration application when the client provides notification to ~~IDHS~~~~DHS~~ of a change of address and offer the client assistance in completing the form.
  - 2) Staff shall not:

## DEPARTMENT OF HUMAN SERVICES

## NOTICE OF ADOPTED AMENDMENTS

- A) seek to influence a client's political preference;
  - B) display any political preference or party allegiance;
  - C) make any ~~statements~~~~statement~~ or take any action to encourage or discourage an applicant from registering to vote; or
  - D) make any ~~statements~~~~statement~~ or take any action to lead a client to believe that a decision to register or not to register will affect the ~~availability of services~~ ~~or benefits~~ provided.
- b) If the client indicates either by checking the appropriate box on the declaration form or verbally (if he or she cannot write) that he or she desires to apply to register to vote, ~~staff~~~~Staff~~ shall assist the client in the completion of the voter registration application, if requested. Assistance shall include, but not be limited to, sign-language interpreters (for deaf and hard of hearing individuals), readers (for blind and visually impaired individuals), and a verbal explanation of the application, as appropriate. The declaration form shall be retained in accordance with Section 512.30.
- c) IDHS mental health facility~~Mental Health Facilities~~ staff may offer voter registration after admission in instances in which~~where~~ it may be clinically ill-advised to do so upon admission. Staff shall ask the client to sign the declaration form and shall retain the form in accordance with Section 512.30. A State-operated mental health facility is not recognized as a valid address for voter registration. Therefore, staff shall instruct clients of State-operated mental health facilities to register with their last address prior to entering the mental health facility.
- ~~de~~) If the client indicates either by checking the appropriate box on the declaration form or verbally that he or she declines to apply to register, staff shall ask the individual to sign the form or to affix his or her mark on the form and shall retain the form in accordance with Section 512.30.
- ~~ed~~) If the client does not check the appropriate box and does not communicate any choice, ~~staff~~~~Staff~~ shall treat this as a declination. Staff shall; note that the client did not indicate a preference on the form, fill in the client's name if he or she does not and retain the form in accordance with Section 512.30.

## DEPARTMENT OF HUMAN SERVICES

## NOTICE OF ADOPTED AMENDMENTS

- f) IDHS clients who are unable to register to vote or change their address at IDHS due to the traditional close of the registration deadline (28 days prior to an election) may utilize a grace period to register to vote pursuant to Section 4-50 of the Election Code [10 ILCS 5]. The grace period is from the normal close of registration until and including the day of the election.

(Source: Amended at 41 Ill. Reg. 4969, effective April 25, 2017)

**Section 512.30 Disposition of Voter Registration Forms**

- a) The completed declaration and registration forms~~form~~ shall be retained by IDHS~~DHS~~ in a confidential manner separate from the client's IDHS~~DHS~~ file for a minimum of two~~2~~ years.
- b) If the client has chosen to apply to register to vote, and completes the registration application prescribed by the Illinois State Board of Elections, the application shall be forwarded to the Illinois State Board of Elections (ISBE)~~appropriate local election authority~~ in a manner that protects~~to protect~~ the confidentiality of the client.
- c) Staff shall submit completed voter registration applications to ISBE~~the local election authority~~ as follows:
- 1) within 10 days after the date of receipt if received by IDHS~~five DHS 5~~ or more days prior to the close of voter registration; or
  - 2) within five~~5~~ days if received five~~5~~ days or less prior to~~from~~ the close of voter registration.
- d) Registration application forms shall be submitted in plain envelopes with no indication that the mailing originated from an IDHS office. They shall be addressed to the Illinois State Board of Elections, ATTN: Voter Registration, 2329 S. MacArthur Blvd., Springfield IL 62704. The return address shall read: State Board of Elections, 2329 S. MacArthur Blvd., Springfield IL 62704. The submission shall include a Voter Registration Application Transmittal form R-25 with the confidential office number, but no other indication of from where the mailing originated.

(Source: Amended at 41 Ill. Reg. 4969, effective April 25, 2017)

## DEPARTMENT OF INSURANCE

## NOTICE OF RECODIFICATION

- 1) Heading of the Part: Navigator, In-Person Counselor and Certified Application Counselor Certification
- 2) Code Citation: 50 Ill. Adm. Code 3125
- 3) Date of Administrative Code Division Review: April 28, 2017
- 4) Reason for the Recodification: The Department is recodifying Part 3125 which was formerly found in the incorrectly named subchapter ii: Navigator, In-Person Counselor, Certified Application Counselor and Training Providers. The correct name of subchapter ii: is Insurance Producers, Limited Insurance Representatives and Registered Firms. Part 3125 is being recodified to Subchapter ww: Health Care Service Plans Part 4515 to locate the rule within a more appropriate subchapter of the Department's administrative rules.
- 5) Headings and Section Numbers of the Part Being Recodified:

SUBCHAPTER ii: NAVIGATOR, IN-PERSON COUNSELOR, CERTIFIED APPLICATION COUNSELOR AND TRAINING PROVIDERS

<u>Section Numbers:</u>	<u>Headings:</u>
3125.10	Purpose
3125.20	Definitions
3125.30	Certification Required
3125.40	Exemption from Certification
3125.50	Application for Certification
3125.60	Certification Renewal
3125.70	Navigator, In-Person Counselor and Certified Application Counselor Prohibited Conduct
3125.80	Reporting to the Director
3125.90	Training Provider Responsibilities
3125.100	Responsibilities of the Applicant for the Navigator, In-Person Counselor or Certified Application Counselor Certification
3125.110	Continuing Education Course Design
3125.120	Certification Denial, Nonrenewal or Revocation
3125.130	Regulatory Examinations
3125.140	Disqualifying Offense Review

- 6) Outline of the Section Numbers and Headings of the Part as Recodified:



## DEPARTMENT OF INSURANCE

## NOTICE OF RECODIFICATION

## SUBCHAPTER ww: HEALTH CARE SERVICE PLANS

<u>Section Numbers:</u>	<u>Headings:</u>
4515.10	Purpose
4515.20	Definitions
4515.30	Certification Required
4515.40	Exemption from Certification
4515.50	Application for Certification
4515.60	Certification Renewal
4515.70	Navigator, In-Person Counselor and Certified Application Counselor Prohibited Conduct
4515.80	Reporting to the Director
4515.90	Training Provider Responsibilities
4515.100	Responsibilities of the Applicant for the Navigator, In-Person Counselor or Certified Application Counselor Certification
4515.110	Continuing Education Course Design
4515.120	Certification Denial, Nonrenewal or Revocation
4515.130	Regulatory Examinations
4515.140	Disqualifying Offense Review

7) Conversion Table of Present and Recodified Parts:

<u>Present Part:</u>	<u>Recodified Part:</u>
3125.10	4515.10
3125.20	4515.20
3125.30	4515.30
3125.40	4515.40
3125.50	4515.50
3125.60	4515.60
3125.70	4515.70
3125.80	4515.80
3125.90	4515.90
3125.100	4515.100
3125.110	4515.110
3125.120	4515.120
3125.130	4515.130
3125.140	4515.140

## DEPARTMENT OF INSURANCE

## NOTICE OF RECODIFICATION

- 1) Heading of the Part: Payment of Annual Compliance Fees for Pension Funds
- 2) Code Citation: 50 Ill. Adm. Code 4415
- 3) Date of Administrative Code Division Review: April 28, 2017
- 4) Purpose of Recodification: DOI is recodifying the Part to reflect the July 1, 2009 transfer of the powers, duties, rights and responsibilities of the Department of Financial and Professional Regulation-Division of Insurance to the Department of Insurance pursuant to PA 96-811. The Part number and all Section numbers remain the same.

- 5) Headings and Section Numbers of the Part Being Recodified:

<u>Section Numbers:</u>	<u>Headings:</u>
4415.10	Purpose
4415.20	Applicability
4415.30	Definitions
4415.40	Annual Compliance Fee Amount
4415.50	Notification of Annual Compliance Fee Amount
4415.60	Annual Compliance Fee Payment Date
4415.70	Payment Method
4415.80	Hearing on Annual Compliance Fee Amount
4415.90	Penalties
4415.ILLUSTRATION A	Designation for Fund Transfer for State Pension Fund for Payment of Annual Compliance Fee
4415.ILLUSTRATION B	Designation for Automated Clearing House Payment of Compliance Annual Fees

- 6) Outline of the Section Numbers and Headings of the Part as Recodified:

<u>Section Numbers:</u>	<u>Headings:</u>
4415.10	Purpose
4415.20	Applicability
4415.30	Definitions
4415.40	Annual Compliance Fee Amount
4415.50	Notification of Annual Compliance Fee Amount
4415.60	Annual Compliance Fee Payment Date
4415.70	Payment Method
4415.80	Hearing on Annual Compliance Fee Amount

DEPARTMENT OF INSURANCE

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4415.90	Penalties
4415.ILLUSTRATION A	Designation for Fund Transfer for State Pension Fund for Payment of Annual Compliance Fee
4415.ILLUSTRATION B	Designation for Automated Clearing House Payment of Compliance Annual Fees

7) Conversion Table of Present and Recodified Sections:

<u>Present Sections:</u>	<u>Recodified Sections:</u>
4415.10	4415.10
4415.20	4415.20
4415.30	4415.30
4415.40	4415.40
4415.50	4415.50
4415.60	4415.60
4415.70	4415.70
4415.80	4415.80
4415.90	4415.90
4415.ILLUSTRATION A	4415.ILLUSTRATION A
4415.ILLUSTRATION B	4415.ILLUSTRATION B

## DEPARTMENT OF INSURANCE

## NOTICE OF RECODIFICATION

- 1) Heading of the Part: Mandatory Child Only Open Enrollment Period for Individual Market Carriers
- 2) Code Citation: 50 Ill. Adm. Code 5410
- 3) Date of Administrative Code Division Review: April 28, 2017
- 4) Reason for the Recodification: The Index Department requested the re-codification of Part 5410 which was formerly found in Subchapter kkk: Health Care Service Plans. Part 5410 is being recodified to Subchapter ww: Health Care Service Plans Part 4510 to update the codification format.
- 5) Headings and Section Numbers of the Part Being Recodified:

## SUBCHAPTER kkk: HEALTH CARE SERVICE PLANS

<u>Section Numbers:</u>	<u>Headings:</u>
5410.10	Scope and Purpose
5410.20	Applicability
5410.30	Definitions
5410.40	Rules
5410.50	Enforcement

- 6) Outline of the Section Numbers and Headings of the Part as Recodified:

## SUBCHAPTER ww: HEALTH CARE SERVICE PLANS

<u>Section Numbers:</u>	<u>Headings:</u>
4510.10	Scope and Purpose
4510.20	Applicability
4510.30	Definitions
4510.40	Rules
4510.50	Enforcement

- 7) Conversion Table of Present and Recodified Parts:

<u>Present Part:</u>	<u>Recodified Part:</u>
5410.10	4510.10
5410.20	4510.20

DEPARTMENT OF INSURANCE

NOTICE OF RECODIFICATION

5410.30

4510.30

5410.40

4510.40

5410.50

4510.50

## DEPARTMENT OF INSURANCE

## NOTICE OF RECODIFICATION

- 1) Heading of the Part: Managed Care Reform & Patient Rights
- 2) Code Citation: 50 Ill. Adm. Code 5420
- 3) Date of Administrative Code Division Review: April 28, 2017
- 4) Reason for the Recodification: The Index Department requested the re-codification of Part 5420 which was formerly found in Subchapter kkk: Health Care Service Plans. Part 5420 is being recodified to Subchapter ww: Health Care Service Plans Part 4520 to update the codification format.
- 5) Headings and Section Numbers of the Part Being Recodified:

## SUBCHAPTER kkk: HEALTH CARE SERVICE PLANS

<u>Section Numbers:</u>	<u>Headings:</u>
5420.10	Purpose
5420.20	Applicability and Scope
5420.30	Definitions
5420.40	Provision of Information
5420.50	Notice of Nonrenewal or Termination
5420.60	Transition of Services
5420.70	Health Care Services, Appeals, Complaints and External Independent Reviews
5420.80	Joint Resolution of Complaints – Department of Insurance and Department of Public Health – Notification and Resolution Process
5420.90	Record of Complaints
5420.100	Access and Quality of Care from Providers Without Primary Care Physician Referral or Authorization
5420.110	Emergency Services
5420.120	Post Stabilization Services
5420.130	Registration of Utilization Review Organizations
5420.140	Operational Requirements
5420.EXHIBIT A	Description of Coverage – Cover Page (Repealed)
5420.EXHIBIT B	Description of Coverage – Worksheet (Repealed)
5420.EXHIBIT C	Complaint Reporting Column Descriptions

## DEPARTMENT OF INSURANCE

## NOTICE OF RECODIFICATION

5420.EXHIBIT D	Application for Registration of a Utilization Review Organization
5420.EXHIBIT E	Utilization Review Organization Officers and Directors Biographical Affidavit
5420.EXHIBIT F	NAIC Utilization Review Organization Officers and Directors Biographical Affidavit

6) Outline of the Section Numbers and Headings of the Part as Recodified:

## SUBCHAPTER ww: HEALTH CARE SERVICE PLANS

<u>Section Numbers:</u>	<u>Headings:</u>
4520.10	Purpose
4520.20	Applicability and Scope
4520.30	Definitions
4520.40	Provision of Information
4520.50	Notice of Nonrenewal or Termination
4520.60	Transition of Services
4520.70	Health Care Services, Appeals, Complaints and External Independent Reviews
4520.80	Joint Resolution of Complaints – Department of Insurance and Department of Public Health – Notification and Resolution Process
4520.90	Record of Complaints
4520.100	Access and Quality of Care from Providers Without Primary Care Physician Referral or Authorization
4520.110	Emergency Services
4520.120	Post Stabilization Services
4520.130	Registration of Utilization Review Organizations
4520.140	Operational Requirements
4520.EXHIBIT A	Complaint Reporting Column Descriptions
4520.EXHIBIT B	Application for Registration of a Utilization Review Organization
4520.EXHIBIT C	Utilization Review Organization Officers and Directors Biographical Affidavit
4520.EXHIBIT D	NAIC Utilization Review Organization Officers and Directors Biographical Affidavit

## DEPARTMENT OF INSURANCE

## NOTICE OF RECODIFICATION

7) Conversion Table of Present and Recodified Parts:

<u>Present Part:</u>	<u>Recodified Part:</u>
5420.10	4520.10
5420.20	4520.20
5420.30	4520.30
5420.40	4520.40
5420.50	4520.50
5420.60	4520.60
5420.70	4520.70
5420.80	4520.80
5420.90	4520.90
5420.100	4520.100
5420.110	4520.110
5420.120	4520.120
5420.130	4520.130
5420.140	4520.140
5420.EXHIBIT A	None
5420.EXHIBIT B	None
5420.EXHIBIT C	4520.EXHIBIT A
5420.EXHIBIT D	4520.EXHIBIT B
5420.EXHIBIT E	4520.EXHIBIT C
5420.EXHIBIT F	4520.EXHIBIT D



## DEPARTMENT OF INSURANCE

## NOTICE OF RECODIFICATION

- 1) Heading of the Part: Health Maintenance Organization
- 2) Code Citation: 50 Ill. Adm. Code 5421
- 3) Date of Administrative Code Division Review: April 28, 2017
- 4) Reason for Recodification: The Index Department requested the re-codification of Part 5421 which was formerly found in Subchapter kkk: Health Care Service Plans. Part 5421 is being recodified to Subchapter ww: Health Care Service Plans Part 4521 to update the codification format.
- 5) Headings and Section Numbers of the Part Being Recodified:

## SUBCHAPTER kkk: HEALTH CARE SERVICE PLANS

<u>Section Numbers:</u>	<u>Headings:</u>
5421.10	Scope
5421.20	Definitions
5421.30	Valuation of Investments
5421.40	Grievance Procedure
5421.50	Contracts, Administrative Arrangements and Material Modifications
5421.60	Rates
5421.70	Subordinated Indebtedness
5421.80	Financial Reporting
5421.90	Conflict of Interest and Required Disclosure
5421.100	Solicitation
5421.110	Requirements for Group Contracts, Evidences of Coverage and Individual Contracts
5421.111	Cancellation
5421.112	Form Filing Requirements
5421.113	Point of Service Plan Requirements
5421.120	Internal Security Standards and Fidelity Bonds
5421.130	Basic Health Care Services
5421.131	Basic Outpatient Preventive and Primary Health Care Services for Children
5421.132	Required Coverage for Reconstructive Surgery Following Mastectomies
5421.140	General Provisions

## DEPARTMENT OF INSURANCE

## NOTICE OF RECODIFICATION

5421.141	HMO Producer Licensing Requirements
5421.142	Limited Insurance Representative Requirements – Public Aid and Medicare Enrollers
5421.150	Severability
5421.160	Effective Date (Repealed)

6) Outline of the Section Numbers and Headings of the Part as Recodified:

## SUBCHAPTER ww: HEALTH CARE SERVICE PLANS

<u>Section Numbers:</u>	<u>Headings:</u>
4521.10	Scope
4521.20	Definitions
4521.30	Valuation of Investments
4521.40	Grievance Procedure
4521.50	Contracts, Administrative Arrangements and Material Modifications
4521.60	Rates
4521.70	Subordinated Indebtedness
4521.80	Financial Reporting
4521.90	Conflict of Interest and Required Disclosure
4521.100	Solicitation
4521.110	Requirements for Group Contracts, Evidences of Coverage and Individual Contracts
4521.111	Cancellation
4521.112	Form Filing Requirements
4521.113	Point of Service Plan Requirements
4521.120	Internal Security Standards and Fidelity Bonds
4521.130	Basic Health Care Services
4521.131	Basic Outpatient Preventive and Primary Health Care Services for Children
4521.132	Required Coverage for Reconstructive Surgery Following Mastectomies
4521.140	General Provisions
4521.141	HMO Producer Licensing Requirements
4521.142	Limited Insurance Representative Requirements – Public Aid and Medicare Enrollers
4521.150	Severability

## DEPARTMENT OF INSURANCE

## NOTICE OF RECODIFICATION

7) Conversion Table of Present and Recodified Sections:

<u>Present Part:</u>	<u>Recodified Part:</u>
5421.10	4521.10
5421.20	4521.20
5421.30	4521.30
5421.40	4521.40
5421.50	4521.50
5421.60	4521.60
5421.70	4521.70
5421.80	4521.80
5421.90	4521.90
5421.100	4521.100
5421.110	4521.110
5421.111	4521.111
5421.112	4521.112
5421.113	4521.113
5421.120	4521.120
5421.130	4521.130
5421.131	4521.131
5421.132	4521.132
5421.140	4521.140
5421.141	4521.141
5421.142	4521.142
5421.150	4521.150
5421.160	None

## DEPARTMENT OF INSURANCE

## NOTICE OF RECODIFICATION

- 1) Heading of the Part: Managed Care Dental Plans
- 2) Code Citation: 50 Ill. Adm. Code 5425
- 3) Date of Administrative Code Division Review: April 28, 2017
- 4) Reason for the Recodification: The Index Department requested the re-codification of Part 5425, which was formerly found in Subchapter kkk: Health Care Service Plans. Part 5425 is being recodified to Subchapter ww: Health Care Service Plans Part 4525 to update the codification format.
- 5) Headings and Section Numbers of the Part Being Recodified:

## SUBCHAPTER kkk: HEALTH CARE SERVICE PLANS

<u>Section Numbers:</u>	<u>Headings:</u>
5425.10	Purpose
5425.20	Applicability
5425.30	Definitions
5425.40	Dental Managed Care Advisory Committee
5425.50	Filing and Approval of Summary Description
5425.60	Filing and Approval of Grievance Procedure
5425.70	Filing and Approval of Point of Service Plan Requirements
5425.80	Material Modification to Summary Description, Grievance Procedure or Point of Service Plan
5425.90	Enforcement and Penalties

- 6) Outline of the Section Numbers and Headings of the Part as Recodified:

## SUBCHAPTER ww: HEALTH CARE SERVICE PLANS

<u>Section Numbers:</u>	<u>Headings:</u>
4525.10	Purpose
4525.20	Applicability
4525.30	Definitions
4525.40	Dental Managed Care Advisory Committee
4525.50	Filing and Approval of Summary Description
4525.60	Filing and Approval of Grievance Procedure
4525.70	Filing and Approval of Point of Service Plan Requirements

DEPARTMENT OF INSURANCE

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4525.80                      Material Modifications to Summary Description, Grievance  
   Procedure or Point of Service Plan  
4525.90                      Enforcement and Penalties

7) Conversion Table of Present and Recodified Parts:

<u>Present Part:</u>	<u>Recodified Part:</u>
5425.10	4525.10
5425.20	4525.20
5425.30	4525.30
5425.40	4525.40
5425.50	4525.50
5425.60	4525.60
5425.70	4525.70
5425.80	4525.80
5425.90	4525.90

## DEPARTMENT OF INSURANCE

## NOTICE OF RECODIFICATION

- 1) Heading of the Part: Health Carrier External Review
- 2) Code Citation: 50 Ill. Adm. Code 5430
- 3) Date of Administrative Code Division Review: April 28, 2017
- 4) Reason for the Recodification: The Index Department requested the re-codification of Part 5430 which was formerly found in Subchapter kkk: Health Care Service Plans. Part 5430 is being recodified to Subchapter ww: Health Care Service Plans Part 4530 to update the codification format.
- 5) Headings and Section Numbers of the Part Being Recodified:

## SUBCHAPTER kkk: HEALTH CARE SERVICE PLANS

<u>Section Numbers:</u>	<u>Headings:</u>
5430.10	Purpose
5430.20	Applicability and Scope
5430.30	Definitions
5430.40	Health Carrier Obligations
5430.50	Independent Review Organization Obligations
5430.60	Registration of Independent Review Organizations
5430.70	Operational Requirements
5430.80	Examination
5430.90	Random Selection of IROs by Director
5430.APPENDIX A	External Review Annual Report Form (Repealed)
5430.APPENDIX B	IRO Notice of Decision Template – Non-Experimental and Investigational
5430.APPENDIX C	IRO Notice of Decision Template – Experimental and Investigational
5430.APPENDIX D	Independent Review Organizations – Application for Registration
5430.APPENDIX E	Independent Review Organizations – Application for Reapproving Independent Review Organizations
5430.APPENDIX F	Illinois or NAIC Biographical Affidavit

- 6) Outline of the Section Numbers and Headings of the Part as Recodified:

## SUBCHAPTER ww: HEALTH CARE SERVICE PLANS

## DEPARTMENT OF INSURANCE

## NOTICE OF RECODIFICATION

<u>Section Numbers:</u>	<u>Headings:</u>
4530.10	Purpose
4530.20	Applicability and Scope
4530.30	Definitions
4530.40	Health Carrier Obligations
4530.50	Independent Review Organization Obligations
4530.60	Registration of Independent Review Organizations
4530.70	Operational Requirements
4530.80	Examination
4530.90	Random Selection of IROs by Director
4530.APPENDIX A	IRO Notice of Decision Template – Non-Experimental and Investigational
4530.APPENDIX B	IRO Notice of Decision Template – Experimental and Investigational
4530.APPENDIX C	Independent Review Organizations – Application for Registration
4530.APPENDIX D	Independent Review Organizations – Application for Reapproving Independent Review Organizations
4530.APPENDIX E	Illinois or NAIC Biographical Affidavit

7) Conversion Table of Present and Recodified Parts:

<u>Present Part:</u>	<u>Recodified Part:</u>
5430.10	4530.10
5430.20	4530.20
5430.30	4530.30
5430.40	4530.40
5430.50	4530.50
5430.60	4530.60
5430.70	4530.70
5430.80	4530.80
5430.90	4530.90
5430.EXHIBIT A	None
5430.EXHIBIT B	4530.EXHIBIT A
5430.EXHIBIT C	4530.EXHIBIT B
5430.EXHIBIT D	4530.EXHIBIT C
5430.EXHIBIT E	4530.EXHIBIT D
5430.EXHIBIT F	4530.EXHIBIT E

JOINT COMMITTEE ON ADMINISTRATIVE RULES  
ILLINOIS GENERAL ASSEMBLY

SECOND NOTICES RECEIVED

The following second notices were received during the period of April 25, 2017 through May 1, 2017. The DHS and DFPR rulemakings are scheduled for review at the Committee's May 9, 2017 meeting, while the IGB rulemaking is scheduled for the June 13, 2017 meeting. Other items not contained in this published list may also be considered. Members of the public wishing to express their views with respect to a rulemaking should submit written comments to the Committee at the following address: Joint Committee on Administrative Rules, 700 Stratton Bldg., Springfield IL 62706.

<u>Second Notice Expires</u>	<u>Agency and Rule</u>	<u>Start of First Notice</u>	<u>JCAR Meeting</u>
6/8/17	<u>Department of Human Services</u> , Office of the Inspector General Investigations of Alleged Abuse or Neglect in State-Operated Facilities and Community Agencies (59 Ill. Adm. Code 50)	2/24/17 41 Ill. Reg. 02305	5/9/17
6/9/17	<u>Department of Financial and Professional Regulation</u> , Acupuncture Practice Act (68 Ill. Adm. Code 1140)	3/3/17 41 Ill. Reg. 2724	5/9/17
6/14/17	<u>Illinois Gaming Board</u> , Video Gaming (General) (11 Ill. Adm. Code 1800)	2/24/17 41 Ill. Reg. 2669	6/13/17



**ILLINOIS ADMINISTRATIVE CODE**  
**Issue Index - With Effective Dates**

Rules acted upon in Volume 41, Issue 19 are listed in the Issues Index by Title number, Part number, Volume and Issue. Inquiries about the Issue Index may be directed to the Administrative Code Division at (217) 782-7017/18.

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