

## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED AMENDMENT

- 1) Heading of the Part: Destruction of Records
- 2) Code Citation: 50 Ill. Adm. Code 901
- 3) Section Number: 901.20                      Proposed Action:  
Amendment
- 4) Statutory Authority: Implementing Section 133 and authorized by Section 401 of the Illinois Insurance Code [215 ILCS 5/133 and 401]
- 5) A Complete Description of the Subjects and Issues Involved: Section 133 of the Insurance Code concerning record retention requires that all books, records, documents, accounts and vouchers related to the financial condition, affairs and operations of a domestic company or of any principal U.S. office of a foreign/alien company located in this State, be preserved until the Director authorizes the disposal and/or destruction of such records. Title 50, Section 901.20 of the Illinois Administrative Code concerns the process by which an insurer can request permission to dispose of and/or destroy records pursuant to Section 133 of the Code. The Department recognizes that the current process outlined by this rule is outdated, unnecessary, and not in line with other states' requirements. The amendment to Section 901.20 will grant the authority to companies to destroy/dispose of records that are no longer needed in the transaction of current business, for the final disposition of an insurance claim or to determine the financial condition of the company for the period since the last examination report, or after a period of seven years, whichever is later, for items related to the final disposition of an insurance claim or the financial condition of the company.
- 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

## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED AMENDMENT

- 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:
- |  |    |  |
|--|----|--|
| Diana Villamil Zuver<br>Assistant General Counsel<br>Illinois Department of Insurance<br>122 S. Michigan Ave, 19th Fl<br>Chicago IL 60603<br><br>312/814-8135<br>fax: 312/814-2862 | or | Susan Anders<br>Rules Coordinator<br>Illinois Department of Insurance<br>320 W. Washington St.<br>Springfield IL 62767<br><br>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. The current version of Title 50, Section 901.20 of the Illinois Administrative Code requires a significant amount of reporting, bookkeeping and/or other procedures, including reviewing list of applications for the authority to destroy accumulated records and schedules of applications for continuing authority to destroy records after specified periods of time or the occurrence of specified events. This amendment provides that the company will have the authority to destroy/dispose of records when the files are no longer needed in the transaction of current business or after seven years if no longer needed for the disposition of an insurance claim or to determine the financial condition of the company since the date of the last examination report. The Department will have the authority to ensure compliance with this amended Section at the time of financial examination conducted approximately every five years.
- C) Types of professional skills necessary for compliance: Accounting skills. Department financial examiners already have the requisite skills necessary to ensure compliance with the amended Section.

DEPARTMENT OF INSURANCE

NOTICE OF PROPOSED AMENDMENT

- 14) Regulatory Agenda on which this rulemaking was summarized: This rulemaking was not included on either of the 2 most recent agendas because: it was not anticipated within that time period.

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

## DEPARTMENT OF INSURANCE

## NOTICE OF PROPOSED AMENDMENT

TITLE 50: INSURANCE  
 CHAPTER I: DEPARTMENT OF INSURANCE  
 SUBCHAPTER 1: PROVISIONS APPLICABLE TO ALL COMPANIES

## PART 901

DISPOSAL AND DESTRUCTION OF RECORDS

## Section

901.5 Introduction

901.10 Definitions

901.20 Disposal and Destruction Procedures for Compiling and Submitting Lists and Schedules of Records for Destruction

AUTHORITY: Implementing Section 133 and authorized by Section 401 of the Illinois Insurance Code [215 ILCS 5/133 and 401].

SOURCE: Filed and effective November 25, 1968; codified at 7 Ill. Reg. 4213; amended at 40 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

**Section 901.20 Disposal and Destruction Procedures for Compiling and Submitting Lists and Schedules of Records for Destruction**

~~a) The company is authorized to dispose of or destroy~~ shall submit to the Director lists or schedules of records in its custody; that do not have sufficient administrative, legal or fiscal value to warrant their further preservation and are not needed:

- a) in the transaction of current business;
- b) ~~or~~ for the final settlement or disposition of any claim arising out of a policy of insurance issued by the company, except that these records must be maintained for at least 7 years; or
- c) ~~and are not required~~ to determine the financial condition of the company for the period since the date of the last examination report of the company officially filed with the Department of Insurance, except that these records must be maintained for at least 7 years, and that do not have sufficient administrative legal or fiscal value to warrant their further preservation, or that the retention of the records is an unnecessary expense to the company and such records serve no useful purpose.
- 1) Lists are applications for authority to destroy accumulated records.



DEPARTMENT OF INSURANCE

NOTICE OF PROPOSED AMENDMENT

~~matters to which the records may pertain; that no listed records are required to be retained in order to determine the financial condition of the Company or to verify the condition of the Company as stated in any annual statement filed subsequent to the date of the last examination report officially filed by the Department of Insurance; that other records exist as to any item which may become material in the future for the determination of the financial condition of the Company.~~

~~This Affidavit is signed for the purpose of obtaining the approval of the Director of Insurance for the destruction of records, to save unnecessary expense of unwarranted preservation, and for no other purpose.~~

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

~~Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.~~

\_\_\_\_\_  
Notary

~~The destruction of records described as listed or scheduled in the foregoing Affidavit is hereby authorized this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.~~

\_\_\_\_\_  
Director of Insurance

(Source: Amended at 40 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)