



Illinois Department of Insurance

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Governor

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Director

TO: ALL ILLINOIS DOMICILED INSURANCE COMPANIES, HEALTH
MAINTENANCE ORGANIZATIONS, AND DENTAL SERVICE PLAN

FROM: ANDREW BORON, DIRECTOR OF INSURANCE AEB

DATE: JULY 22, 2013

RE: COMPANY BULLETIN 2013 - 11

SUPPLEMENTAL COMPENSATION EXHIBIT REPORTING
CLARIFICATION; ILLINOIS DOMESTIC INSURERS BOARD OF
DIRECTORS RESIDENCY REQUIREMENT

The Department's review of the Supplemental Compensation Exhibits, required as part of the Annual Statement per 215 ILCS 5/136, has determined that numerous domestic companies are not completing "Part 3 – Director Compensation" of the Supplemental Compensation Exhibit, and several domestic companies have not submitted this Exhibit for each insurer within a group. Completing Part 3 – Director Compensation with the response "NONE" is not acceptable.

If your company is part of a group of insurers or other holding company system, and is filing the Supplemental Compensation Exhibit either on a total gross basis or by allocation to each insurer in the group, a Supplemental Compensation Exhibit should be filed for each licensed insurer within the group, and the names of the Directors of the Board and their compensation should be listed in "Part 3 – Director Compensation" for each insurer, even if those Directors are being paid by the group or holding company system (a notation can be made to indicate if the compensation listed is allocated to each insurer within the group, or paid by the holding company).

On a going forward basis, when completing the Supplemental Compensation Exhibit, list the names of all Directors of the Board, and following their names, indicate their State of Residency. One of the requirements of maintaining your company's Certificate of Authority in Illinois is to be under the control of a Board of Directors, with at least three of those Directors being residents and citizens of the State of Illinois, pursuant to 215 ILCS 5/10(2), 215 ILCS 5/40(2), 215 ILCS 125/2-10, and 215 ILCS 110/17, respectively.

At this time the Department is requiring that your company report the names of each of the Members of the Board of Directors on the attached form, with their State of Residency and their compensation for the year ending 12/31/2012. Again, be advised that "None" is not an acceptable response, per the aforementioned citations, your company must be under the control of a Board of Directors, and their names are required to be listed on the attached form, and included in Part 3 of all future Supplemental Compensation Exhibits as evidence of this requirement.

