

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by  
5 changing Section 4 as follows:

6 (215 ILCS 5/4) (from Ch. 73, par. 616)

7 Sec. 4. Classes of insurance. Insurance and insurance  
8 business shall be classified as follows:

9 Class 1. Life, Accident and Health.

10 (a) Life. Insurance on the lives of persons and every  
11 insurance appertaining thereto or connected therewith and  
12 granting, purchasing or disposing of annuities. Policies of  
13 life or endowment insurance or annuity contracts or contracts  
14 supplemental thereto which contain provisions for additional  
15 benefits in case of death by accidental means and provisions  
16 operating to safeguard such policies or contracts against  
17 lapse, to give a special surrender value, or special benefit,  
18 or an annuity, in the event, that the insured or annuitant  
19 shall become totally and permanently disabled as defined by the  
20 policy or contract, or which contain benefits providing  
21 acceleration of life or endowment or annuity benefits in  
22 advance of the time they would otherwise be payable, as an  
23 indemnity for long term care which is certified or ordered by a

1 physician, including but not limited to, professional nursing  
2 care, medical care expenses, custodial nursing care,  
3 non-nursing custodial care provided in a nursing home or at a  
4 residence of the insured, or which contain benefits providing  
5 acceleration of life or endowment or annuity benefits in  
6 advance of the time they would otherwise be payable, at any  
7 time during the insured's lifetime, as an indemnity for a  
8 terminal illness shall be deemed to be policies of life or  
9 endowment insurance or annuity contracts within the intent of  
10 this clause.

11 Also to be deemed as policies of life or endowment  
12 insurance or annuity contracts within the intent of this clause  
13 shall be those policies or riders that provide for the payment  
14 of up to 75% of the face amount of benefits in advance of the  
15 time they would otherwise be payable upon a diagnosis by a  
16 physician licensed to practice medicine in all of its branches  
17 that the insured has incurred a covered condition listed in the  
18 policy or rider.

19 "Covered condition", as used in this clause, means: heart  
20 attack, stroke, coronary artery surgery, life threatening  
21 cancer, renal failure, alzheimer's disease, paraplegia, major  
22 organ transplantation, total and permanent disability, and any  
23 other medical condition that the Department may approve for any  
24 particular filing.

25 The Director may issue rules that specify prohibited policy  
26 provisions, not otherwise specifically prohibited by law,

1 which in the opinion of the Director are unjust, unfair, or  
2 unfairly discriminatory to the policyholder, any person  
3 insured under the policy, or beneficiary.

4 (b) Accident and health. Insurance against bodily injury,  
5 disablement or death by accident and against disablement  
6 resulting from sickness or old age and every insurance  
7 appertaining thereto, including stop-loss insurance. Stop-loss  
8 insurance is insurance against the risk of economic loss issued  
9 to a single employer self-funded employee disability benefit  
10 plan or an employee welfare benefit plan as described in 29  
11 U.S.C. 100 et seq. The insurance laws of this State, including  
12 this Code, do not apply to arrangements between a religious  
13 organization and the organization's members or participants  
14 when the arrangement and organization meet all of the following  
15 criteria:

16 (i) the organization is described in Section 501(c)(3)  
17 of the Internal Revenue Code and is exempt from taxation  
18 under Section 501(a) of the Internal Revenue Code;

19 (ii) members of the organization share a common set of  
20 ethical or religious beliefs and share medical expenses  
21 among members in accordance with those beliefs and without  
22 regard to the state in which a member resides or is  
23 employed;

24 (iii) members of the organization retain membership  
25 even after they develop a medical condition;

26 (iv) the organization or a predecessor organization

1 has been in existence at all times since December 31, 1999,  
2 and medical expenses of its members have been shared  
3 continuously and without interruption since at least  
4 December 31, 1999;

5 (v) the organization conducts an annual audit that is  
6 performed by an independent certified public accounting  
7 firm in accordance with generally accepted accounting  
8 principles and is made available to the public upon  
9 request;

10 (vi) the organization includes the following  
11 statement, in writing, on or accompanying all applications  
12 and guideline materials:

13 "Notice: The organization facilitating the sharing of  
14 medical expenses is not an insurance company, and  
15 neither its guidelines nor plan of operation  
16 constitute or create an insurance policy. Any  
17 assistance you receive with your medical bills will be  
18 totally voluntary. Neither the organization nor any  
19 other participant can be compelled by law to contribute  
20 toward your medical bills. As such, participation in  
21 the organization or a subscription to any of its  
22 documents should never be considered to be insurance.  
23 Whether or not you receive any payments for medical  
24 expenses and whether or not this organization  
25 continues to operate, you are always personally  
26 responsible for the payment of your own medical

1           bills."; and  
2           (vii) any membership card or similar document issued by  
3           the organization and any written communication sent by the  
4           organization to a hospital, physician, or other health care  
5           provider shall include a statement that the organization  
6           does not issue health insurance and that the member or  
7           participant is personally liable for payment of his or her  
8           medical bills.

9           (c) Legal Expense Insurance. Insurance which involves the  
10          assumption of a contractual obligation to reimburse the  
11          beneficiary against or pay on behalf of the beneficiary, all or  
12          a portion of his fees, costs, or expenses related to or arising  
13          out of services performed by or under the supervision of an  
14          attorney licensed to practice in the jurisdiction wherein the  
15          services are performed, regardless of whether the payment is  
16          made by the beneficiaries individually or by a third person for  
17          them, but does not include the provision of or reimbursement  
18          for legal services incidental to other insurance coverages. The  
19          insurance laws of this State, including this Act do not apply  
20          to:

21                 (i) Retainer contracts made by attorneys at law with  
22                 individual clients with fees based on estimates of the  
23                 nature and amount of services to be provided to the  
24                 specific client, and similar contracts made with a group of  
25                 clients involved in the same or closely related legal  
26                 matters;

1           (ii) Plans owned or operated by attorneys who are the  
2 providers of legal services to the plan;

3           (iii) Plans providing legal service benefits to groups  
4 where such plans are owned or operated by authority of a  
5 state, county, local or other bar association;

6           (iv) Any lawyer referral service authorized or  
7 operated by a state, county, local or other bar  
8 association;

9           (v) The furnishing of legal assistance by labor unions  
10 and other employee organizations to their members in  
11 matters relating to employment or occupation;

12           (vi) The furnishing of legal assistance to members or  
13 dependents, by churches, consumer organizations,  
14 cooperatives, educational institutions, credit unions, or  
15 organizations of employees, where such organizations  
16 contract directly with lawyers or law firms for the  
17 provision of legal services, and the administration and  
18 marketing of such legal services is wholly conducted by the  
19 organization or its subsidiary;

20           (vii) Legal services provided by an employee welfare  
21 benefit plan defined by the Employee Retirement Income  
22 Security Act of 1974;

23           (viii) Any collectively bargained plan for legal  
24 services between a labor union and an employer negotiated  
25 pursuant to Section 302 of the Labor Management Relations  
26 Act as now or hereafter amended, under which plan legal

1 services will be provided for employees of the employer  
2 whether or not payments for such services are funded to or  
3 through an insurance company.

4 Class 2. Casualty, Fidelity and Surety.

5 (a) Accident and health. Insurance against bodily injury,  
6 disablement or death by accident and against disablement  
7 resulting from sickness or old age and every insurance  
8 appertaining thereto, including stop-loss insurance. Stop-loss  
9 insurance is insurance against the risk of economic loss issued  
10 to a single employer self-funded employee disability benefit  
11 plan or an employee welfare benefit plan as described in 29  
12 U.S.C. 1001 et seq.

13 (b) Vehicle. Insurance against any loss or liability  
14 resulting from or incident to the ownership, maintenance or use  
15 of any vehicle (motor or otherwise), draft animal or aircraft.  
16 Any policy insuring against any loss or liability on account of  
17 the bodily injury or death of any person may contain a  
18 provision for payment of disability benefits to injured persons  
19 and death benefits to dependents, beneficiaries or personal  
20 representatives of persons who are killed, including the named  
21 insured, irrespective of legal liability of the insured, if the  
22 injury or death for which benefits are provided is caused by  
23 accident and sustained while in or upon or while entering into  
24 or alighting from or through being struck by a vehicle (motor  
25 or otherwise), draft animal or aircraft, and such provision  
26 shall not be deemed to be accident insurance.

1           (c) Liability. Insurance against the liability of the  
2 insured for the death, injury or disability of an employee or  
3 other person, and insurance against the liability of the  
4 insured for damage to or destruction of another person's  
5 property.

6           (d) Workers' compensation. Insurance of the obligations  
7 accepted by or imposed upon employers under laws for workers'  
8 compensation.

9           (e) Burglary and forgery. Insurance against loss or damage  
10 by burglary, theft, larceny, robbery, forgery, fraud or  
11 otherwise; including all householders' personal property  
12 floater risks.

13           (f) Glass. Insurance against loss or damage to glass  
14 including lettering, ornamentation and fittings from any  
15 cause.

16           (g) Fidelity and surety. Become surety or guarantor for any  
17 person, copartnership or corporation in any position or place  
18 of trust or as custodian of money or property, public or  
19 private; or, becoming a surety or guarantor for the performance  
20 of any person, copartnership or corporation of any lawful  
21 obligation, undertaking, agreement or contract of any kind,  
22 except contracts or policies of insurance; and underwriting  
23 blanket bonds. Such obligations shall be known and treated as  
24 suretyship obligations and such business shall be known as  
25 surety business.

26           (h) Miscellaneous. Insurance against loss or damage to

1 property and any liability of the insured caused by accidents  
2 to boilers, pipes, pressure containers, machinery and  
3 apparatus of any kind and any apparatus connected thereto, or  
4 used for creating, transmitting or applying power, light, heat,  
5 steam or refrigeration, making inspection of and issuing  
6 certificates of inspection upon elevators, boilers, machinery  
7 and apparatus of any kind and all mechanical apparatus and  
8 appliances appertaining thereto; insurance against loss or  
9 damage by water entering through leaks or openings in  
10 buildings, or from the breakage or leakage of a sprinkler,  
11 pumps, water pipes, plumbing and all tanks, apparatus, conduits  
12 and containers designed to bring water into buildings or for  
13 its storage or utilization therein, or caused by the falling of  
14 a tank, tank platform or supports, or against loss or damage  
15 from any cause (other than causes specifically enumerated under  
16 Class 3 of this Section) to such sprinkler, pumps, water pipes,  
17 plumbing, tanks, apparatus, conduits or containers; insurance  
18 against loss or damage which may result from the failure of  
19 debtors to pay their obligations to the insured; and insurance  
20 of the payment of money for personal services under contracts  
21 of hiring.

22 (i) Other casualty risks. Insurance against any other  
23 casualty risk not otherwise specified under Classes 1 or 3,  
24 which may lawfully be the subject of insurance and may properly  
25 be classified under Class 2.

26 (j) Contingent losses. Contingent, consequential and

1 indirect coverages wherein the proximate cause of the loss is  
2 attributable to any one of the causes enumerated under Class 2.  
3 Such coverages shall, for the purpose of classification, be  
4 included in the specific grouping of the kinds of insurance  
5 wherein such cause is specified.

6 (k) Livestock and domestic animals. Insurance against  
7 mortality, accident and health of livestock and domestic  
8 animals.

9 (l) Legal expense insurance. Insurance against risk  
10 resulting from the cost of legal services as defined under  
11 Class 1(c).

12 Class 3. Fire and Marine, etc.

13 (a) Fire. Insurance against loss or damage by fire, smoke  
14 and smudge, lightning or other electrical disturbances.

15 (b) Elements. Insurance against loss or damage by  
16 earthquake, windstorms, cyclone, tornado, tempests, hail,  
17 frost, snow, ice, sleet, flood, rain, drought or other weather  
18 or climatic conditions including excess or deficiency of  
19 moisture, rising of the waters of the ocean or its tributaries.

20 (c) War, riot and explosion. Insurance against loss or  
21 damage by bombardment, invasion, insurrection, riot, strikes,  
22 civil war or commotion, military or usurped power, or explosion  
23 (other than explosion of steam boilers and the breaking of fly  
24 wheels on premises owned, controlled, managed, or maintained by  
25 the insured.)

26 (d) Marine and transportation. Insurance against loss or

1 damage to vessels, craft, aircraft, vehicles of every kind,  
2 (excluding vehicles operating under their own power or while in  
3 storage not incidental to transportation) as well as all goods,  
4 freights, cargoes, merchandise, effects, disbursements,  
5 profits, moneys, bullion, precious stones, securities, choses  
6 in action, evidences of debt, valuable papers, bottomry and  
7 respondentia interests and all other kinds of property and  
8 interests therein, in respect to, appertaining to or in  
9 connection with any or all risks or perils of navigation,  
10 transit, or transportation, including war risks, on or under  
11 any seas or other waters, on land or in the air, or while being  
12 assembled, packed, crated, baled, compressed or similarly  
13 prepared for shipment or while awaiting the same or during any  
14 delays, storage, transshipment, or reshipment incident  
15 thereto, including marine builder's risks and all personal  
16 property floater risks; and for loss or damage to persons or  
17 property in connection with or appertaining to marine, inland  
18 marine, transit or transportation insurance, including  
19 liability for loss of or damage to either arising out of or in  
20 connection with the construction, repair, operation,  
21 maintenance, or use of the subject matter of such insurance,  
22 (but not including life insurance or surety bonds); but, except  
23 as herein specified, shall not mean insurances against loss by  
24 reason of bodily injury to the person; and insurance against  
25 loss or damage to precious stones, jewels, jewelry, gold,  
26 silver and other precious metals whether used in business or

1 trade or otherwise and whether the same be in course of  
2 transportation or otherwise, which shall include jewelers'  
3 block insurance; and insurance against loss or damage to  
4 bridges, tunnels and other instrumentalities of transportation  
5 and communication (excluding buildings, their furniture and  
6 furnishings, fixed contents and supplies held in storage)  
7 unless fire, tornado, sprinkler leakage, hail, explosion,  
8 earthquake, riot and civil commotion are the only hazards to be  
9 covered; and to piers, wharves, docks and slips, excluding the  
10 risks of fire, tornado, sprinkler leakage, hail, explosion,  
11 earthquake, riot and civil commotion; and to other aids to  
12 navigation and transportation, including dry docks and marine  
13 railways, against all risk.

14 (e) Vehicle. Insurance against loss or liability resulting  
15 from or incident to the ownership, maintenance or use of any  
16 vehicle (motor or otherwise), draft animal or aircraft,  
17 excluding the liability of the insured for the death, injury or  
18 disability of another person.

19 (f) Property damage, sprinkler leakage and crop. Insurance  
20 against the liability of the insured for loss or damage to  
21 another person's property or property interests from any cause  
22 enumerated in this class; insurance against loss or damage by  
23 water entering through leaks or openings in buildings, or from  
24 the breakage or leakage of a sprinkler, pumps, water pipes,  
25 plumbing and all tanks, apparatus, conduits and containers  
26 designed to bring water into buildings or for its storage or

1 utilization therein, or caused by the falling of a tank, tank  
2 platform or supports or against loss or damage from any cause  
3 to such sprinklers, pumps, water pipes, plumbing, tanks,  
4 apparatus, conduits or containers; insurance against loss or  
5 damage from insects, diseases or other causes to trees, crops  
6 or other products of the soil.

7 (g) Other fire and marine risks. Insurance against any  
8 other property risk not otherwise specified under Classes 1 or  
9 2, which may lawfully be the subject of insurance and may  
10 properly be classified under Class 3.

11 (h) Contingent losses. Contingent, consequential and  
12 indirect coverages wherein the proximate cause of the loss is  
13 attributable to any of the causes enumerated under Class 3.  
14 Such coverages shall, for the purpose of classification, be  
15 included in the specific grouping of the kinds of insurance  
16 wherein such cause is specified.

17 (i) Legal expense insurance. Insurance against risk  
18 resulting from the cost of legal services as defined under  
19 Class 1(c).

20 (Source: P.A. 90-741, eff. 8-13-98; 90-810, eff. 1-6-99.)