

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 Sections 224 and 424 and by adding Section 155.43 as  
6 follows:

7 (215 ILCS 5/155.43 new)

8 Sec. 155.43. Misrepresentation of Senior-Specific  
9 Certification.

10 (a) No insurance producer shall use a senior-specific  
11 certification or professional designation that indicates or  
12 implies in such a way as to mislead a purchaser or prospective  
13 purchaser that the insurance producer has a special  
14 certification or training in advising or servicing seniors in  
15 connection with the solicitation, sale, or purchase of a life  
16 insurance or annuity product or in the provision of advice as  
17 to the value of or the advisability of purchasing or selling a  
18 life insurance or annuity product, either directly or  
19 indirectly through publications, writings, or by issuing or  
20 promulgating analyses or reports related to a life insurance or  
21 annuity product.

22 (b) "Use of senior-specific certifications or professional  
23 designations" includes, but is not limited to, all of the

1 following:

2 (1) Use of a certification or professional designation  
3 by an insurance producer who has not actually earned or is  
4 otherwise ineligible to use such certification or  
5 designation.

6 (2) Use of a nonexistent or self-conferred  
7 certification or professional designation.

8 (3) Use of a certification or professional designation  
9 that indicates or implies a level of occupational  
10 qualifications obtained through education, training, or  
11 experience that the insurance producer using the  
12 certification or designation does not have.

13 (4) Use of a certification or professional designation  
14 that was obtained from a certifying or designating  
15 organization that:

16 (i) is primarily engaged in the business of  
17 instruction in sales or marketing;

18 (ii) does not have reasonable standards or  
19 procedures for assuring the competency of its  
20 certificate holders or designees;

21 (iii) does not have reasonable standards or  
22 procedures for monitoring and disciplining its  
23 certificate holders or designees for improper or  
24 unethical conduct; or

25 (iv) does not have reasonable continuing education  
26 requirements for its certificate holders or designees

1 in order to maintain the certificate or designation.

2 (c) There is a rebuttable presumption that a certifying or  
3 designating organization is not disqualified under this  
4 Section if the certification or designation issued from the  
5 organization does not primarily apply to sales or marketing and  
6 if the organization or the certification or designation in  
7 question has been accredited by any of the following entities:

8 (i) the American National Standards Institute;

9 (ii) the National Commission for Certifying Agencies;

10 or

11 (iii) any organization included on the list  
12 "Accrediting Agencies Recognized for Title IV Purposes"  
13 prepared by the United States Department of Education.

14 (d) In determining whether a combination of words or an  
15 acronym standing for a combination of words constitutes a  
16 certification or professional designation indicating or  
17 implying that a person has a special certification or training  
18 in advising or servicing seniors, the Department of Insurance  
19 shall consider all of the following:

20 (1) Use of one or more words, such as "senior",  
21 "retirement", "elder", or like words combined with one or  
22 more words, such as "certified", "registered",  
23 "chartered", "advisor", "specialist", "consultant",  
24 "planner", or like words in the name of the certification  
25 or professional designation.

26 (2) The manner in which the words listed in paragraph

1           (1) of subsection (b) are combined.

2           (e) For purposes of this Section, a job title within an  
3 organization that is licensed or registered by a State or  
4 federal financial services regulatory agency is not a  
5 certification or professional designation, unless it is used in  
6 a manner that would confuse or mislead a reasonable consumer,  
7 if the job title indicates seniority or standing within the  
8 organization or specifies an individual's area of  
9 specialization within the organization. For purposes of this  
10 subsection (e), "financial services regulatory agency"  
11 includes, but is not limited to, an agency that regulates  
12 insurers, insurance producers, broker-dealers, investment  
13 advisers, or investment companies.

14           (215 ILCS 5/224) (from Ch. 73, par. 836)

15           Sec. 224. Standard provisions for life policies.

16           (1) After the first day of July, 1937, no policy of life  
17 insurance other than industrial, group or annuities and pure  
18 endowments with or without return of premiums or of premiums  
19 and interest, may be issued or delivered in this State, unless  
20 such policy contains in substance the following provisions:

21           (a) A provision that all premiums after the first shall  
22 be payable in advance either at the home office of the  
23 company or to an agent of the company, upon delivery of a  
24 receipt signed by one or more of the officers who shall be  
25 designated in the policy, when such receipt is requested by

1 the policyholder.

2 (b) A provision that the insured is entitled to a grace  
3 period either of 30 days or of one month within which the  
4 payment of any premium after the first may be made, subject  
5 at the option of the company to an interest charge not in  
6 excess of 6% per annum for the number of days of grace  
7 elapsing before the payment of the premium, during which  
8 period of grace the policy shall continue in force, but in  
9 case the policy becomes a claim during the grace period  
10 before the overdue premium is paid, or the deferred  
11 premiums of the current policy year, if any, are paid, the  
12 amount of such premium or premiums with interest thereon  
13 may be deducted in any settlement under the policy.

14 (c) A provision that the policy, together with the  
15 application therefor, a copy of which shall be endorsed  
16 upon or attached to the policy and made a part thereof,  
17 shall constitute the entire contract between the parties  
18 and that after it has been in force during the lifetime of  
19 the insured a specified time, not later than 2 years from  
20 its date, it shall be incontestable except for nonpayment  
21 of premiums and except at the option of the company, with  
22 respect to provisions relative to benefits in the event of  
23 total and permanent disability, and provisions which grant  
24 additional insurance specifically against death by  
25 accident and except for violations of the conditions of the  
26 policy relating to naval or military service in time of war

1 or for violation of an express condition, if any, relating  
2 to aviation, (except riding as a fare-paying passenger of a  
3 commercial air line flying on regularly scheduled routes  
4 between definitely established airports) in which case the  
5 liability of the company shall be fixed at a definitely  
6 determined amount not less than the full reserve for the  
7 policy and any dividend additions; provided that the  
8 application therefor need not be attached to or made a part  
9 of any policy containing a clause making the policy  
10 incontestable from date of issue.

11 (d) A provision that if it is found at any time before  
12 final settlement under the policy that the age of the  
13 insured (or the age of the beneficiary, if considered in  
14 determining the premium) has been misstated, the amount  
15 payable under the policy shall be such as the premium would  
16 have purchased at the correct age or ages, according to the  
17 company's published rate at date of issue.

18 (e) A provision that the policy shall participate  
19 annually in the surplus of the company beginning not later  
20 than the end of the third policy year; and any policy  
21 containing provision for annual participation beginning at  
22 the end of the first policy year, may also provide that  
23 each dividend be paid subject to the payment of the  
24 premiums for the next ensuing year; and the insured under  
25 any annual dividend policy shall have the right each year  
26 to have the dividend arising from such participation either

1       paid in cash, or applied in reduction of premiums, or  
2       applied to the purchase of paid-up additional insurance, or  
3       be left to accumulate to the credit of the policy, with  
4       interest at such rate as may be determined from time to  
5       time by the company, but not less than a guaranteed minimum  
6       rate specified in the policy, and payable at the maturity  
7       of the policy, but withdrawable on any anniversary date,  
8       subject to such further provisions as the policy may  
9       provide regarding the application of dividends toward the  
10      payment of any premiums unpaid at the end of the grace  
11      period; and if the insured fails to notify the company in  
12      writing of his election within the period of grace allowed  
13      for the payment of premium, the policy shall further  
14      provide which of such options are effective.

15           (f) A provision that after the policy has been in force  
16      3 full years the company at any time, while the policy is  
17      in force, will advance, on proper assignment or pledge of  
18      the policy and on the sole security thereof, at a specified  
19      maximum fixed or adjusted rate of interest in accordance  
20      with Section 229.5, a sum equal to, or at the option of the  
21      insured less than the amount required by Section 229.3  
22      under the conditions specified thereby and with  
23      notification as required by Section 229.5; and that the  
24      company will deduct from such loan value any indebtedness  
25      not already deducted in determining such value and any  
26      unpaid balance of the premium for the current policy year,

1 and may collect interest in advance on the loan to the end  
2 of the current policy year; and any policy may also provide  
3 that if the interest on the loan is not paid when due it  
4 shall be added to the existing loan and shall bear interest  
5 at the same rate. No condition other than as provided  
6 herein or in Sections 229.3 and 229.5 shall be exacted as a  
7 prerequisite to any such loan. This clause shall not apply  
8 to term insurance.

9 (g) A provision for nonforfeiture benefits and cash  
10 surrender values in accordance with the requirements of  
11 paragraph (1) of Section 229.1 or, Section 229.2.

12 (h) A table showing in figures the loan values and the  
13 options available under the policy each year, upon default  
14 in premium payments, during at least the first 20 years of  
15 the policy; the policy to contain a provision that the  
16 company will furnish upon request an extension of such  
17 table beyond the years shown in the policy.

18 (i) A provision that in event of default in premium  
19 payments the value of the policy is applied to the purchase  
20 of other insurance as provided in this Section, and if such  
21 insurance is in force and the original policy is not  
22 surrendered to the company and cancelled, the policy may be  
23 reinstated within 3 years from such default, upon evidence  
24 of insurability satisfactory to the company and payment of  
25 arrears of premiums and the payment or reinstatement of any  
26 other indebtedness to the company upon the policy, with



1 interest on the premiums at a rate not exceeding 6% per  
2 annum payable annually and with interest on the  
3 indebtedness at a rate not exceeding the rate prescribed by  
4 Section 229.5.

5 (j) A provision that when a policy is a claim by the  
6 death of the insured settlement shall be made upon receipt  
7 of due proof of death and not later than 2 months after the  
8 receipt of such proof. The policy may require that due  
9 proof of the death of the insured shall consist of a  
10 certified copy of the death certificate of the insured, or  
11 other lawful evidence providing equivalent information,  
12 and proof of the claimant's interest in the proceeds.

13 (k) If the policy provides for payment of its proceeds  
14 in installments, a table showing the amount and period of  
15 such installments shall be included in the policy.

16 (l) Interest shall accrue on the proceeds payable  
17 because of the death of the insured, from date of death, at  
18 the rate of 10% annually ~~9%~~ on the total amount payable or  
19 the face amount if payments are to be made in installments  
20 until the total payment or first installment is paid,  
21 unless payment is made within 31 ~~fifteen (15)~~ days from the  
22 latest of the following to occur:

23 (1) the date that due proof of death is received by  
24 the company;

25 (2) the date that the company receives sufficient  
26 information to determine its liability, the extent of

1       the liability, and the appropriate payee legally  
2       entitled to the proceeds; or

3               (3) the date that legal impediments to payment of  
4       proceeds that depend on the action of parties other  
5       than the company are resolved and sufficient evidence  
6       of the same is provided to the company; legal  
7       impediments to payment include, but are not limited to,  
8       (A) the establishment of guardianships and  
9       conservatorships, (B) the appointment and  
10       qualification of trustees, executors, and  
11       administrators, and (C) the submission of information  
12       required to satisfy State and federal reporting  
13       requirements.

14       ~~date of receipt by the company of due proof of loss.~~ This  
15       provision need not appear in the policy, however, the  
16       company shall notify the beneficiary at the time of claim  
17       of this provision. The payment of interest shall apply to  
18       all policies now in force, as well as those written after  
19       the effective date of this amendment.

20               (m) Title on the face and on the back of the policy  
21       briefly describing its form.

22               (n) A provision, or a notice attached to the policy, to  
23       the effect that during a period of ten days from the date  
24       the policy is delivered to the policy owner, it may be  
25       surrendered to the insurer together with a written request  
26       for cancellation of the policy and in such event, the

1 insurer will refund any premium paid therefor, including  
2 any policy fees or other charges. The Director may by rule  
3 exempt specific types of policies from the requirements of  
4 this subsection.

5 (2) In the case of the replacement of life insurance, as  
6 defined in the rule promulgated by the Director, the replacing  
7 insurer shall either (1) delay the issuance of its policy for  
8 not less than 20 days from the date it has transmitted a policy  
9 summary to the existing insurer, or (2) provide in a form  
10 titled "Notice Regarding Replacement of Life Insurance", as  
11 well as in its policy, or in a separate notice delivered with  
12 the policy, that the insured has the right to an unconditional  
13 refund of all premiums paid, and that such right may be  
14 exercised within a period of 20 days commencing from the date  
15 of delivery of such policy. Where option (2) is exercised, the  
16 replacing insurer shall also transmit a policy summary to the  
17 existing insurer within 3 working days after the date the  
18 replacement policy is issued.

19 (3) Any of the foregoing provisions or portions thereof not  
20 applicable to single premium or nonparticipating or term  
21 policies shall to that extent not be incorporated therein. This  
22 Section shall not apply to policies of reinsurance nor to  
23 policies issued or granted pursuant to the nonforfeiture  
24 provisions prescribed in subparagraph (g) of paragraph (1) of  
25 this Section.

26 (Source: P.A. 92-139, eff. 7-24-01.)

1 (215 ILCS 5/424) (from Ch. 73, par. 1031)

2 Sec. 424. Unfair methods of competition and unfair or  
3 deceptive acts or practices defined. The following are hereby  
4 defined as unfair methods of competition and unfair and  
5 deceptive acts or practices in the business of insurance:

6 (1) The commission by any person of any one or more of the  
7 acts defined or prohibited by Sections 134, 143.24c, 147, 148,  
8 149, 151, 155.22, 155.22a, 155.42, 236, 237, 364, and 469 of  
9 this Code.

10 (2) Entering into any agreement to commit, or by any  
11 concerted action committing, any act of boycott, coercion or  
12 intimidation resulting in or tending to result in unreasonable  
13 restraint of, or monopoly in, the business of insurance.

14 (3) Making or permitting, in the case of insurance of the  
15 types enumerated in Classes 1, 2, and 3 of Section 4, any  
16 unfair discrimination between individuals or risks of the same  
17 class or of essentially the same hazard and expense element  
18 because of the race, color, religion, or national origin of  
19 such insurance risks or applicants. The application of this  
20 Article to the types of insurance enumerated in Class 1 of  
21 Section 4 shall in no way limit, reduce, or impair the  
22 protections and remedies already provided for by Sections 236  
23 and 364 of this Code or any other provision of this Code.

24 (4) Engaging in any of the acts or practices defined in or  
25 prohibited by Sections 154.5 through 154.8 of this Code.

1           (5) Making or charging any rate for insurance against  
2 losses arising from the use or ownership of a motor vehicle  
3 which requires a higher premium of any person by reason of his  
4 physical handicap, race, color, religion, or national origin.

5           (Source: P.A. 92-399, eff. 8-16-01; 92-651, eff. 7-11-02;  
6 92-669, eff. 1-1-03.)

7           Section 99. Effective date. This Act takes effect upon  
8 becoming law.