

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. If and only if House Bill 3443 of the 97th
5 General Assembly becomes law in the form in which it left the
6 House, then the Illinois Insurance Code is amended by changing
7 Section 4 as follows:

8 (215 ILCS 5/4) (from Ch. 73, par. 616)

9 Sec. 4. Classes of insurance. Insurance and insurance
10 business shall be classified as follows:

11 Class 1. Life, Accident and Health.

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

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

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

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

1 The Director may issue rules that specify prohibited policy
2 provisions, not otherwise specifically prohibited by law,
3 which in the opinion of the Director are unjust, unfair, or
4 unfairly discriminatory to the policyholder, any person
5 insured under the policy, or beneficiary.

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

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

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

26 (iii) no funds that have been given for the purpose of

1 the sharing of medical expenses among members described in
2 paragraph (ii) of this subsection (b) are held by the
3 organization in an off-shore trust or bank account;

4 (iv) the organization provides at least monthly to all
5 of its members a written statement listing the dollar
6 amount of qualified medical expenses that members have
7 submitted for sharing, as well as the amount of expenses
8 actually shared among the members;

9 (v) ~~(iii)~~ members of the organization retain
10 membership even after they develop a medical condition;

11 (vi) ~~(iv)~~ the organization or a predecessor
12 organization has been in existence at all times since
13 December 31, 1999, and medical expenses of its members have
14 been shared continuously and without interruption since at
15 least December 31, 1999;

16 (vii) ~~(v)~~ the organization conducts an annual audit
17 that is performed by an independent certified public
18 accounting firm in accordance with generally accepted
19 accounting principles and is made available to the public
20 upon request;

21 (viii) ~~(vi)~~ the organization includes the following
22 statement, in writing, on or accompanying all applications
23 and guideline materials:

24 "Notice: The organization facilitating the sharing of
25 medical expenses is not an insurance company, and
26 neither its guidelines nor plan of operation

1 constitute or create an insurance policy. Any
2 assistance you receive with your medical bills will be
3 totally voluntary. ~~Neither the organization nor any~~
4 ~~other participant can be compelled by law to contribute~~
5 ~~toward your medical bills.~~ As such, participation in
6 the organization or a subscription to any of its
7 documents should never be considered to be insurance.
8 Whether or not you receive any payments for medical
9 expenses and whether or not this organization
10 continues to operate, you are always personally
11 responsible for the payment of your own medical
12 bills."; and

13 (ix) ~~(vii)~~ any membership card or similar document
14 issued by the organization and any written communication
15 sent by the organization to a hospital, physician, or other
16 health care provider shall include a statement that the
17 organization does not issue health insurance and that the
18 member or participant is personally liable for payment of
19 his or her medical bills; -

20 (x) the organization provides to a participant, within
21 30 days after the participant joins, a complete set of its
22 rules for the sharing of medical expenses, appeals of
23 decisions made by the organization, and the filing of
24 complaints;

25 (xi) the organization does not offer any other services
26 that are regulated under any provision of the Illinois

1 Insurance Code or other insurance laws of this State; and
2 (xii) the organization does not amass funds as reserves
3 intended for payment of medical services, rather the
4 organization facilitates the payments provided for in this
5 subsection (b) through payments made directly from one
6 participant to another.

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

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

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

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

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

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

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

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

21 (viii) Any collectively bargained plan for legal
22 services between a labor union and an employer negotiated
23 pursuant to Section 302 of the Labor Management Relations
24 Act as now or hereafter amended, under which plan legal
25 services will be provided for employees of the employer
26 whether or not payments for such services are funded to or

1 through an insurance company.

2 Class 2. Casualty, Fidelity and Surety.

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

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

25 (c) Liability. Insurance against the liability of the
26 insured for the death, injury or disability of an employee or

1 other person, and insurance against the liability of the
2 insured for damage to or destruction of another person's
3 property.

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

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

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

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

24 (h) Miscellaneous. Insurance against loss or damage to
25 property and any liability of the insured caused by accidents
26 to boilers, pipes, pressure containers, machinery and

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

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

24 (j) Contingent losses. Contingent, consequential and
25 indirect coverages wherein the proximate cause of the loss is
26 attributable to any one of the causes enumerated under Class 2.

1 Such coverages shall, for the purpose of classification, be
2 included in the specific grouping of the kinds of insurance
3 wherein such cause is specified.

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

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

10 Class 3. Fire and Marine, etc.

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

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

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

24 (d) Marine and transportation. Insurance against loss or
25 damage to vessels, craft, aircraft, vehicles of every kind,
26 (excluding vehicles operating under their own power or while in

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

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

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

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

1 to such sprinklers, pumps, water pipes, plumbing, tanks,
2 apparatus, conduits or containers; insurance against loss or
3 damage from insects, diseases or other causes to trees, crops
4 or other products of the soil.

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

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

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

18 (Source: 09700HB3443eng.)