



Sen. William R. Haine

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1 AMENDMENT TO SENATE BILL 2876

2 AMENDMENT NO. _____. Amend Senate Bill 2876 by replacing
3 everything after the enacting clause with the following:

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

1 benefits in case of death by accidental means and provisions
2 operating to safeguard such policies or contracts against
3 lapse, to give a special surrender value, or special benefit,
4 or an annuity, in the event, that the insured or annuitant
5 shall become totally and permanently disabled as defined by the
6 policy or contract, 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, as an
9 indemnity for long term care which is certified or ordered by a
10 physician, including but not limited to, professional nursing
11 care, medical care expenses, custodial nursing care,
12 non-nursing custodial care provided in a nursing home or at a
13 residence of the insured, or which contain benefits providing
14 acceleration of life or endowment or annuity benefits in
15 advance of the time they would otherwise be payable, at any
16 time during the insured's lifetime, as an indemnity for a
17 terminal illness shall be deemed to be policies of life or
18 endowment insurance or annuity contracts within the intent of
19 this clause.

20 Also to be deemed as policies of life or endowment
21 insurance or annuity contracts within the intent of this clause
22 shall be those policies or riders that provide for the payment
23 of up to 75% of the face amount of benefits in advance of the
24 time they would otherwise be payable upon a diagnosis by a
25 physician licensed to practice medicine in all of its branches
26 that the insured has incurred a covered condition listed in the

1 policy or rider.

2 "Covered condition", as used in this clause, means: heart
3 attack, stroke, coronary artery surgery, life threatening
4 cancer, renal failure, alzheimer's disease, paraplegia, major
5 organ transplantation, total and permanent disability, and any
6 other medical condition that the Department may approve for any
7 particular filing.

8 The Director may issue rules that specify prohibited policy
9 provisions, not otherwise specifically prohibited by law,
10 which in the opinion of the Director are unjust, unfair, or
11 unfairly discriminatory to the policyholder, any person
12 insured under the policy, or beneficiary.

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

25 (i) the organization is described in Section 501(c)(3)
26 of the Internal Revenue Code and is exempt from taxation

1 under Section 501(a) of the Internal Revenue Code;

2 (ii) members of the organization share a common set of
3 ethical or religious beliefs and share medical expenses
4 among members in accordance with those beliefs and without
5 regard to the state in which a member resides or is
6 employed;

7 (iii) no funds that have been given for the purpose of
8 the sharing of medical expenses among members described in
9 paragraph (ii) of this subsection (b) are held by the
10 organization in an off-shore trust or bank account;

11 (iv) the organization provides at least monthly to all
12 of its members a written statement listing the dollar
13 amount of qualified medical expenses that members have
14 submitted for sharing, as well as the amount of expenses
15 actually shared among the members;

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

18 (vi) ~~(iv)~~ the organization or a predecessor
19 organization has been in existence at all times since
20 December 31, 1999, and medical expenses of its members have
21 been shared continuously and without interruption since at
22 least December 31, 1999;

23 (vii) ~~(v)~~ the organization conducts an annual audit
24 that is performed by an independent certified public
25 accounting firm in accordance with generally accepted
26 accounting principles and is made available to the public

1 upon request;

2 (viii) ~~(vi)~~ the organization includes the following
3 statement, in writing, on or accompanying all applications
4 and guideline materials:

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

20 (ix) ~~(vii)~~ any membership card or similar document
21 issued by the organization and any written communication
22 sent by the organization to a hospital, physician, or other
23 health care provider shall include a statement that the
24 organization does not issue health insurance and that the
25 member or participant is personally liable for payment of
26 his or her medical bills; ~~and~~

1 (x) the organization provides to a participant, within
2 30 days after the participant joins, a complete set of its
3 rules for the sharing of medical expenses, appeals of
4 decisions made by the organization, and the filing of
5 complaints;

6 (xi) the organization does not offer any other services
7 that are regulated under any provision of the Illinois
8 Insurance Code or other insurance laws of this State; and

9 (xii) the organization does not amass funds as reserves
10 intended for payment of medical services, rather the
11 organization facilitates the payments provided for in this
12 subsection (b) through payments made directly from one
13 participant to another.

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

26 (i) Retainer contracts made by attorneys at law with

1 individual clients with fees based on estimates of the
2 nature and amount of services to be provided to the
3 specific client, and similar contracts made with a group of
4 clients involved in the same or closely related legal
5 matters;

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

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

11 (iv) Any lawyer referral service authorized or
12 operated by a state, county, local or other bar
13 association;

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

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

25 (vii) Legal services provided by an employee welfare
26 benefit plan defined by the Employee Retirement Income

1 Security Act of 1974;

2 (viii) Any collectively bargained plan for legal
3 services between a labor union and an employer negotiated
4 pursuant to Section 302 of the Labor Management Relations
5 Act as now or hereafter amended, under which plan legal
6 services will be provided for employees of the employer
7 whether or not payments for such services are funded to or
8 through an insurance company.

9 Class 2. Casualty, Fidelity and Surety.

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

18 (b) Vehicle. Insurance against any loss or liability
19 resulting from or incident to the ownership, maintenance or use
20 of any vehicle (motor or otherwise), draft animal or aircraft.
21 Any policy insuring against any loss or liability on account of
22 the bodily injury or death of any person may contain a
23 provision for payment of disability benefits to injured persons
24 and death benefits to dependents, beneficiaries or personal
25 representatives of persons who are killed, including the named
26 insured, irrespective of legal liability of the insured, if the

1 injury or death for which benefits are provided is caused by
2 accident and sustained while in or upon or while entering into
3 or alighting from or through being struck by a vehicle (motor
4 or otherwise), draft animal or aircraft, and such provision
5 shall not be deemed to be accident insurance.

6 (c) Liability. Insurance against the liability of the
7 insured for the death, injury or disability of an employee or
8 other person, and insurance against the liability of the
9 insured for damage to or destruction of another person's
10 property.

11 (d) Workers' compensation. Insurance of the obligations
12 accepted by or imposed upon employers under laws for workers'
13 compensation.

14 (e) Burglary and forgery. Insurance against loss or damage
15 by burglary, theft, larceny, robbery, forgery, fraud or
16 otherwise; including all householders' personal property
17 floater risks.

18 (f) Glass. Insurance against loss or damage to glass
19 including lettering, ornamentation and fittings from any
20 cause.

21 (g) Fidelity and surety. Become surety or guarantor for any
22 person, copartnership or corporation in any position or place
23 of trust or as custodian of money or property, public or
24 private; or, becoming a surety or guarantor for the performance
25 of any person, copartnership or corporation of any lawful
26 obligation, undertaking, agreement or contract of any kind,

1 except contracts or policies of insurance; and underwriting
2 blanket bonds. Such obligations shall be known and treated as
3 suretyship obligations and such business shall be known as
4 surety business.

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

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

5 (j) Contingent losses. Contingent, consequential and
6 indirect coverages wherein the proximate cause of the loss is
7 attributable to any one of the causes enumerated under Class 2.
8 Such coverages shall, for the purpose of classification, be
9 included in the specific grouping of the kinds of insurance
10 wherein such cause is specified.

11 (k) Livestock and domestic animals. Insurance against
12 mortality, accident and health of livestock and domestic
13 animals.

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

17 Class 3. Fire and Marine, etc.

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

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

25 (c) War, riot and explosion. Insurance against loss or
26 damage by bombardment, invasion, insurrection, riot, strikes,

1 civil war or commotion, military or usurped power, or explosion
2 (other than explosion of steam boilers and the breaking of fly
3 wheels on premises owned, controlled, managed, or maintained by
4 the insured.)

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

1 (but not including life insurance or surety bonds); but, except
2 as herein specified, shall not mean insurances against loss by
3 reason of bodily injury to the person; and insurance against
4 loss or damage to precious stones, jewels, jewelry, gold,
5 silver and other precious metals whether used in business or
6 trade or otherwise and whether the same be in course of
7 transportation or otherwise, which shall include jewelers'
8 block insurance; and insurance against loss or damage to
9 bridges, tunnels and other instrumentalities of transportation
10 and communication (excluding buildings, their furniture and
11 furnishings, fixed contents and supplies held in storage)
12 unless fire, tornado, sprinkler leakage, hail, explosion,
13 earthquake, riot and civil commotion are the only hazards to be
14 covered; and to piers, wharves, docks and slips, excluding the
15 risks of fire, tornado, sprinkler leakage, hail, explosion,
16 earthquake, riot and civil commotion; and to other aids to
17 navigation and transportation, including dry docks and marine
18 railways, against all risk.

19 (e) Vehicle. Insurance against loss or liability resulting
20 from or incident to the ownership, maintenance or use of any
21 vehicle (motor or otherwise), draft animal or aircraft,
22 excluding the liability of the insured for the death, injury or
23 disability of another person.

24 (f) Property damage, sprinkler leakage and crop. Insurance
25 against the liability of the insured for loss or damage to
26 another person's property or property interests from any cause

1 enumerated in this class; insurance against loss or damage by
2 water entering through leaks or openings in buildings, or from
3 the breakage or leakage of a sprinkler, pumps, water pipes,
4 plumbing and all tanks, apparatus, conduits and containers
5 designed to bring water into buildings or for its storage or
6 utilization therein, or caused by the falling of a tank, tank
7 platform or supports or against loss or damage from any cause
8 to such sprinklers, pumps, water pipes, plumbing, tanks,
9 apparatus, conduits or containers; insurance against loss or
10 damage from insects, diseases or other causes to trees, crops
11 or other products of the soil.

12 (g) Other fire and marine risks. Insurance against any
13 other property risk not otherwise specified under Classes 1 or
14 2, which may lawfully be the subject of insurance and may
15 properly be classified under Class 3.

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

22 (i) Legal expense insurance. Insurance against risk
23 resulting from the cost of legal services as defined under
24 Class 1(c).

25 (Source: 09700HB3443eng.)".