**Section 919.70 Required** **Claims Practices – Life, Accident and Health Companies**

a) Required Practices.

1) Insurance companies shall utilize the following guidelines to search for additional policies or insurance coverages on the life of an insured upon notification of death of the insured. Companies selling group life insurance policies or credit life insurance policies for which the company does not maintain records of the certificate holders shall be exempt from the requirements of this subsection (a)(1).

A) Upon submission of a death claim form pursuant to an insurance contract, insurers shall conduct a search for other policies on the decedent’s life.

B) The company shall investigate additional policy files identified by the search, for which liability is not immediately verified, and complete a determination of liability no later than 6 months following the claim filing date.

C) Where such other policies exist, the insurer shall notify the policy owner (if different than the insured) and the beneficiary and arrange for payment pursuant to the policies.

D) Insurers shall adopt a written claim processing standard and methodology that will allow the company to process a death or endowment or other claim being presented against a life insurance or accidental death or dismemberment policy.

E) The company, as a part of its claim processing standard and methodology, shall inquire for every claim filed with the company for death benefits about other names by which the insured may have been known, such as maiden name, hyphenated name, nickname, derivative form of first and middle name or an alias. If the filer of the claim form includes such additional name information on the claim form or if the company otherwise knows about other names by which the insured may have been known, the company shall include this information as a part of its search criteria to determine whether additional policies exist.

F) Claim records shall be maintained that demonstrate that the insurer has followed the written claim processing standard and methodology required by this subsection (a)(1).

2) If a claim remains unresolved for 45 days from the date it is reported, the company shall provide the insured or, when applicable, the insured's beneficiary, with a reasonable written explanation for the delay. In credit or mortgage claims, the notice must be provided to the debtor/insured in addition to the policyholder. Notice of availability of the Department of Insurance shall accompany the written explanation to the insured beneficiary.

3) If a company is under contract for direct filing of claims either with a provider or another carrier on behalf of the insured, the requirement for acknowledgment of claims or notice requirements are waived provided the insured has otherwise received prior notice of such arrangements. If a claim remains unresolved for more than 90 days from the date the administrator provides notice to the company, the notice of delay, as specified in subsection(a)(1), shall be required. Nothing in this Section shall waive the written notice requirement for denial of a claim.

4) A disability claim settlement on a lump sum basis shall be accompanied with a written explanation of the basis of the settlement including a comparison of the different modes of settlement.

b) Improper Practices or Procedures.

1) No company shall settle a claim involving both a covered and non-covered condition, on a percentage basis of contributing loss, unless said percentage is reasonable under the circumstances and the insured is provided with written explanation. The basis for settlement must be maintained in the file.

2) No company shall undertake any activity that has the effect of misrepresenting policy provisions or otherwise unduly influencing the insured to settle a disability claim on a lump sum basis.

(Source: Amended at 28 Ill. Reg. 9253, effective July 1, 2004)