



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB4650

Introduced 2/5/2020, by Rep. Darren Bailey

SYNOPSIS AS INTRODUCED:

215 ILCS 5/357.3

from Ch. 73, par. 969.3

Amends the Illinois Insurance Code. Provides that an insurer shall not use misstatements made by an applicant in an application for an accident and health insurance policy to void the policy or to deny a claim for loss incurred or disability after one year (rather than 2 years) from the date of issue of the policy, unless the misstatements are fraudulent.

LRB101 17310 BMS 66715 b

1 AN ACT concerning regulation.

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 357.3 as follows:

6 (215 ILCS 5/357.3) (from Ch. 73, par. 969.3)

7 Sec. 357.3. "TIME LIMIT ON CERTAIN DEFENSES:

8 (1) After one year ~~2 years~~ from the date of issue of this
9 policy no misstatements, except fraudulent misstatements, made
10 by the applicant in the application for such policy shall be
11 used to void the policy or to deny a claim for loss incurred or
12 disability (as defined in the policy) commencing after the
13 expiration of such one-year ~~2-year~~ period."

14 (The foregoing policy provision shall not be so construed
15 as to affect any legal requirement for avoidance of a policy or
16 denial of a claim during such initial one-year ~~2-year~~ period,
17 nor to limit the application of Section ~~section~~ 357.15 through
18 Section ~~section~~ 357.19 in the event of misstatement with
19 respect to age or occupation or other insurance.)

20 A policy which the insured has the right to continue in
21 force subject to its terms by the timely payment of premium (1)
22 until at least age 50 or, (2) in the case of a policy issued
23 after age 44, for at least 5 years from its date of issue, may

1 contain in lieu of the foregoing the following provisions (from
2 which the clause in parentheses may be omitted at the company's
3 option) under the caption "INCONTESTABLE":

4 "After this policy has been in force for a period of one
5 year ~~2 years~~ during the lifetime of the insured (excluding any
6 period during which the insured is a person with a disability),
7 it shall become incontestable as to the statements contained in
8 the application."

9 (2) "No claim for loss incurred or disability (as defined
10 in the policy) commencing after one year ~~2 years~~ from the date
11 of issue of this policy shall be reduced or denied on the
12 ground that a disease or physical condition not excluded from
13 coverage by name or specific description effective on the date
14 of loss had existed prior to the effective date of coverage of
15 this policy."

16 (Source: P.A. 99-143, eff. 7-27-15.)