

# SB0092



## 103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB0092

Introduced 1/20/2023, by Sen. Laura Fine

### SYNOPSIS AS INTRODUCED:

215 ILCS 5/355a

from Ch. 73, par. 967a

Amends the Illinois Insurance Code. Provides that the Director of Insurance shall issue rules to establish specific standards which may cover, but shall not be limited to, alignment of an accident and health insurance policy's coverage year and deductible year for the purpose of determining patient out-of-pocket cost-sharing limits. Defines "coverage year" and "deductible year".

LRB103 05011 BMS 50024 b

A BILL FOR

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 355a as follows:

6 (215 ILCS 5/355a) (from Ch. 73, par. 967a)

7 Sec. 355a. Standardization of terms and coverage.

8 (1) The purposes of this Section shall be (a) to provide  
9 reasonable standardization and simplification of terms and  
10 coverages of individual accident and health insurance policies  
11 to facilitate public understanding and comparisons; (b) to  
12 eliminate provisions contained in individual accident and  
13 health insurance policies which may be misleading or  
14 unreasonably confusing in connection either with the purchase  
15 of such coverages or with the settlement of claims; and (c) to  
16 provide for reasonable disclosure in the sale of accident and  
17 health coverages.

18 (2) Definitions applicable to this Section are as follows:

19 (a) "Policy" means all or any part of the forms  
20 constituting the contract between the insurer and the  
21 insured, including the policy, certificate, subscriber  
22 contract, riders, endorsements, and the application if  
23 attached, which are subject to filing with and approval by

1 the Director.

2 (b) "Service corporations" means voluntary health and  
3 dental corporations organized and operating respectively  
4 under the Voluntary Health Services Plans Act and the  
5 Dental Service Plan Act.

6 (c) "Accident and health insurance" means insurance  
7 written under Article XX of this Code, other than credit  
8 accident and health insurance, and coverages provided in  
9 subscriber contracts issued by service corporations. For  
10 purposes of this Section such service corporations shall  
11 be deemed to be insurers engaged in the business of  
12 insurance.

13 (d) "Coverage year" means the 12-month period during  
14 which coverage is provided by an accident and health  
15 insurance policy.

16 (e) "Deductible year" means the 12-month period used  
17 for the purpose of determining the accrual of deductibles  
18 and out-of-pocket cost-sharing limits under an accident  
19 and health insurance policy.

20 (3) The Director shall issue such rules as he shall deem  
21 necessary or desirable to establish specific standards,  
22 including standards of full and fair disclosure that set forth  
23 the form and content and required disclosure for sale, of  
24 individual policies of accident and health insurance, which  
25 rules and regulations shall be in addition to and in  
26 accordance with the applicable laws of this State, and which

1 may cover but shall not be limited to: (a) terms of  
2 renewability; (b) initial and subsequent conditions of  
3 eligibility; (c) non-duplication of coverage provisions; (d)  
4 coverage of dependents; (e) pre-existing conditions; (f)  
5 termination of insurance; (g) probationary periods; (h)  
6 limitation, exceptions, and reductions; (i) elimination  
7 periods; (j) requirements regarding replacements; (k)  
8 recurrent conditions; ~~and~~ (l) the definition of terms,  
9 including, but not limited to, the following: hospital,  
10 accident, sickness, injury, physician, accidental means, total  
11 disability, partial disability, nervous disorder, guaranteed  
12 renewable, and non-cancellable; and (m) alignment of an  
13 accident and health insurance policy's coverage year and  
14 deductible year for the purpose of determining patient  
15 out-of-pocket cost-sharing limits.

16 The Director may issue rules that specify prohibited  
17 policy provisions not otherwise specifically authorized by  
18 statute which in the opinion of the Director are unjust,  
19 unfair or unfairly discriminatory to the policyholder, any  
20 person insured under the policy, or beneficiary.

21 (4) The Director shall issue such rules as he shall deem  
22 necessary or desirable to establish minimum standards for  
23 benefits under each category of coverage in individual  
24 accident and health policies, other than conversion policies  
25 issued pursuant to a contractual conversion privilege under a  
26 group policy, including but not limited to the following

1 categories: (a) basic hospital expense coverage; (b) basic  
2 medical-surgical expense coverage; (c) hospital confinement  
3 indemnity coverage; (d) major medical expense coverage; (e)  
4 disability income protection coverage; (f) accident only  
5 coverage; and (g) specified disease or specified accident  
6 coverage.

7 Nothing in this subsection (4) shall preclude the issuance  
8 of any policy which combines two or more of the categories of  
9 coverage enumerated in subparagraphs (a) through (f) of this  
10 subsection.

11 No policy shall be delivered or issued for delivery in  
12 this State which does not meet the prescribed minimum  
13 standards for the categories of coverage listed in this  
14 subsection unless the Director finds that such policy is  
15 necessary to meet specific needs of individuals or groups and  
16 such individuals or groups will be adequately informed that  
17 such policy does not meet the prescribed minimum standards,  
18 and such policy meets the requirement that the benefits  
19 provided therein are reasonable in relation to the premium  
20 charged. The standards and criteria to be used by the Director  
21 in approving such policies shall be included in the rules  
22 required under this Section with as much specificity as  
23 practicable.

24 The Director shall prescribe by rule the method of  
25 identification of policies based upon coverages provided.

26 (5) (a) In order to provide for full and fair disclosure in

1 the sale of individual accident and health insurance policies,  
2 no such policy shall be delivered or issued for delivery in  
3 this State unless the outline of coverage described in  
4 paragraph (b) of this subsection either accompanies the  
5 policy, or is delivered to the applicant at the time the  
6 application is made, and an acknowledgment signed by the  
7 insured, of receipt of delivery of such outline, is provided  
8 to the insurer. In the event the policy is issued on a basis  
9 other than that applied for, the outline of coverage properly  
10 describing the policy must accompany the policy when it is  
11 delivered and such outline shall clearly state that the policy  
12 differs, and to what extent, from that for which application  
13 was originally made. All policies, except single premium  
14 nonrenewal policies, shall have a notice prominently printed  
15 on the first page of the policy or attached thereto stating in  
16 substance, that the policyholder shall have the right to  
17 return the policy within 10 days of its delivery and to have  
18 the premium refunded if after examination of the policy the  
19 policyholder is not satisfied for any reason.

20 (b) The Director shall issue such rules as he shall deem  
21 necessary or desirable to prescribe the format and content of  
22 the outline of coverage required by paragraph (a) of this  
23 subsection. "Format" means style, arrangement, and overall  
24 appearance, including such items as the size, color, and  
25 prominence of type and the arrangement of text and captions.  
26 "Content" shall include without limitation thereto, statements

1 relating to the particular policy as to the applicable  
2 category of coverage prescribed under subsection (4);  
3 principal benefits; exceptions, reductions and limitations;  
4 and renewal provisions, including any reservation by the  
5 insurer of a right to change premiums. Such outline of  
6 coverage shall clearly state that it constitutes a summary of  
7 the policy issued or applied for and that the policy should be  
8 consulted to determine governing contractual provisions.

9 (c) (Blank).

10 (d) (Blank).

11 (e) (Blank).

12 (f) (Blank).

13 (6) Prior to the issuance of rules pursuant to this  
14 Section, the Director shall afford the public, including the  
15 companies affected thereby, reasonable opportunity for  
16 comment. Such rulemaking is subject to the provisions of the  
17 Illinois Administrative Procedure Act.

18 (7) When a rule has been adopted, pursuant to this  
19 Section, all policies of insurance or subscriber contracts  
20 which are not in compliance with such rule shall, when so  
21 provided in such rule, be deemed to be disapproved as of a date  
22 specified in such rule not less than 120 days following its  
23 effective date, without any further or additional notice other  
24 than the adoption of the rule.

25 (8) When a rule adopted pursuant to this Section so  
26 provides, a policy of insurance or subscriber contract which

1 does not comply with the rule shall, not less than 120 days  
2 from the effective date of such rule, be construed, and the  
3 insurer or service corporation shall be liable, as if the  
4 policy or contract did comply with the rule.

5 (9) Violation of any rule adopted pursuant to this Section  
6 shall be a violation of the insurance law for purposes of  
7 Sections 370 and 446 of this Code.

8 (Source: P.A. 102-775, eff. 5-13-22.)