



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

SB0776

Introduced 2/18/2005, by Sen. Martin A. Sandoval

#### SYNOPSIS AS INTRODUCED:

New Act

Creates the Military Service Members Mortgage Life Insurance Act. Requires the Department of Military Affairs to establish a program for service members called to active duty to assist service members in the procurement of mortgage life insurance and to pay the premiums for such mortgage life insurance. Provides application requirements and procedures. Requires the Department to cease paying premiums once the service member is discharged from active duty and to notify the insurer and the service member that, unless the service member chooses to continue paying the premiums, the mortgage life insurance policy will be cancelled. Requires the Department to adopt rules to carry out the provisions of the Act.

LRB094 10735 LJB 41145 b

FISCAL NOTE ACT  
MAY APPLY

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the  
5 Military Service Members Mortgage Life Insurance Act.

6 Section 5. Purpose. The General Assembly finds that, for  
7 the economic benefit of active duty military service members  
8 having residence in the State of Illinois, it is important to  
9 provide home-ownership security for those who are serving this  
10 State and the country. The State of Illinois should help active  
11 duty military service members procure mortgage life insurance  
12 to guard against the loss of a residence in this State from the  
13 inability to meet mortgage payments due to injuries or death as  
14 a result of service in the military.

15 Section 10. Definitions. As used in this Act:

16 "Active duty" means any duty performed in the active  
17 service of the State of Illinois or the United States in  
18 accordance with that jurisdiction's laws and pursuant to the  
19 orders of the President of the United States or the Governor of  
20 Illinois.

21 "Department" means the Department of Military Affairs.

22 "Mortgage life insurance" means insurance that will pay off  
23 all or a portion of the remaining balance of a mortgage if the  
24 policyholder dies prematurely or becomes critically ill or  
25 injured.

26 "Service member" means a member of any branch of the United  
27 States Armed Forces, the Illinois National Guard, or the  
28 Reserves of the United States Armed Forces.

29 Section 15. Program. The Department shall establish a  
30 program for service members who are called up to active duty to

1 assist individual service members in the procurement of  
2 mortgage life insurance and payment of premiums to protect the  
3 service member from defaulting on a home mortgage due to  
4 critical injury sustained or death or critical illness caused  
5 as a result of active duty.

6 Section 20. Application.

7 (a) A service member seeking relief under this program  
8 shall apply to the Department in writing and shall include the  
9 following information:

10 (1) the name and address of the service member;

11 (2) the name and address of the bank or financial  
12 institution holding the mortgage;

13 (3) the amount of the mortgage and the amount of the  
14 monthly payment, including taxes; and

15 (4) any other information required by the Department.

16 (c) The Department shall provide written information to an  
17 applicant, upon the applicant's request, explaining the  
18 application process and detailing the purpose and function of  
19 mortgage life insurance.

20 (d) The Department shall review each application and make a  
21 determination within 30 days of the receipt of the application.

22 (e) The Department shall notify the applicant in writing of  
23 the Department's decision regarding the application within 15  
24 days of the determination.

25 Section 25. Payment. Upon approval of the application, the  
26 Department shall procure mortgage life insurance for the  
27 service member's mortgage in the name of the service member and  
28 pay all premiums for the insurance.

29 Section 30. Notification of discharge from active duty;  
30 assumption of premiums.

31 (a) A service member who has been accepted by the  
32 Department for participation in the program established under  
33 this Act must notify the Department of his or her discharge

1 from active duty within 3 months after the discharge.

2 (b) Within 6 months after the discharge of the service  
3 member from active duty, the Department shall notify the  
4 mortgage life insurer that the mortgage life insurance will be  
5 cancelled unless the service member (i) chooses to continue to  
6 pay the premiums for the mortgage life insurance and (ii)  
7 notifies the insurer within 2 months after receiving notice  
8 from the Department pursuant to subsection (c) of this Section  
9 that he or she intends to pay premiums for the mortgage life  
10 insurance.

11 (c) The Department shall send a written notice to the  
12 service member within 2 weeks after the Department provides the  
13 notice to the insurer required under subsection (b) of this  
14 Section notifying him or her that the mortgage life insurance  
15 shall be cancelled unless the service member notifies the  
16 insurer of his or her intent to continue paying premiums. The  
17 notice required under this subsection (c) shall inform the  
18 service member that notice must be sent to the insurer within 2  
19 months after the service member receives notice from the  
20 Department.

21 Section 35. Rules. The Department shall adopt rules  
22 necessary to carry out the provisions of this Act.