

1 AN ACT concerning insurance.

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 4 as follows:

6 (215 ILCS 5/4) (from Ch. 73, par. 616)

7 Sec. 4. Classes of insurance. Insurance and insurance
8 business shall be classified as follows:

9 Class 1. Life, Accident and Health.

10 (a) Life. Insurance on the lives of persons and every
11 insurance appertaining thereto or connected therewith and
12 granting, purchasing or disposing of annuities. Policies of
13 life or endowment insurance or annuity contracts or contracts
14 supplemental thereto which contain provisions for additional
15 benefits in case of death by accidental means and provisions
16 operating to safeguard such policies or contracts against
17 lapse, to give a special surrender value, or special benefit,
18 or an annuity, in the event, that the insured or annuitant
19 shall become totally and permanently disabled as defined by the
20 policy or contract, or which contain benefits providing
21 acceleration of life or endowment or annuity benefits in
22 advance of the time they would otherwise be payable, as an
23 indemnity for long term care which is certified or ordered by a

1 physician, including but not limited to, professional nursing
2 care, medical care expenses, custodial nursing care,
3 non-nursing custodial care provided in a nursing home or at a
4 residence of the insured, or which contain benefits providing
5 acceleration of life or endowment or annuity benefits in
6 advance of the time they would otherwise be payable, at any
7 time during the insured's lifetime, as an indemnity for a
8 terminal illness shall be deemed to be policies of life or
9 endowment insurance or annuity contracts within the intent of
10 this clause.

11 Also to be deemed as policies of life or endowment
12 insurance or annuity contracts within the intent of this clause
13 shall be those policies or riders that provide for the payment
14 of up to 75% of the face amount of benefits in advance of the
15 time they would otherwise be payable upon a diagnosis by a
16 physician licensed to practice medicine in all of its branches
17 that the insured has incurred a covered condition listed in the
18 policy or rider.

19 "Covered condition", as used in this clause, means: heart
20 attack, stroke, coronary artery surgery, life threatening
21 cancer, renal failure, alzheimer's disease, paraplegia, major
22 organ transplantation, total and permanent disability, and any
23 other medical condition that the Department may approve for any
24 particular filing.

25 The Director may issue rules that specify prohibited policy
26 provisions, not otherwise specifically prohibited by law,

1 which in the opinion of the Director are unjust, unfair, or
2 unfairly discriminatory to the policyholder, any person
3 insured under the policy, or beneficiary.

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

16 (i) the organization is described in Section 501(c)(3)
17 of the Internal Revenue Code and is exempt from taxation
18 under Section 501(a) of the Internal Revenue Code;

19 (ii) members of the organization share a common set of
20 ethical or religious beliefs and share medical expenses
21 among members in accordance with those beliefs and without
22 regard to the state in which a member resides or is
23 employed;

24 (iii) members of the organization retain membership
25 even after they develop a medical condition;

26 (iv) the organization or a predecessor organization

1 has been in existence at all times since December 31, 1999,
2 and medical expenses of its members have been shared
3 continuously and without interruption since at least
4 December 31, 1999;

5 (v) the organization conducts an annual audit that is
6 performed by an independent certified public accounting
7 firm in accordance with generally accepted accounting
8 principles and is made available to the public upon
9 request;

10 (vi) the organization includes the following
11 statement, in writing, on or accompanying all applications
12 and guideline materials:

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

1 bills."; and
2 (vii) any membership card or similar document issued by
3 the organization and any written communication sent by the
4 organization to a hospital, physician, or other health care
5 provider shall include a statement that the organization
6 does not issue health insurance and that the member or
7 participant is personally liable for payment of his or her
8 medical bills.

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

21 (i) Retainer contracts made by attorneys at law with
22 individual clients with fees based on estimates of the
23 nature and amount of services to be provided to the
24 specific client, and similar contracts made with a group of
25 clients involved in the same or closely related legal
26 matters;

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

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

6 (iv) Any lawyer referral service authorized or
7 operated by a state, county, local or other bar
8 association;

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

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

20 (vii) Legal services provided by an employee welfare
21 benefit plan defined by the Employee Retirement Income
22 Security Act of 1974;

23 (viii) Any collectively bargained plan for legal
24 services between a labor union and an employer negotiated
25 pursuant to Section 302 of the Labor Management Relations
26 Act as now or hereafter amended, under which plan legal

1 services will be provided for employees of the employer
2 whether or not payments for such services are funded to or
3 through an insurance company.

4 Class 2. Casualty, Fidelity and Surety.

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

13 (b) Vehicle. Insurance against any loss or liability
14 resulting from or incident to the ownership, maintenance or use
15 of any vehicle (motor or otherwise), draft animal or aircraft.
16 Any policy insuring against any loss or liability on account of
17 the bodily injury or death of any person may contain a
18 provision for payment of disability benefits to injured persons
19 and death benefits to dependents, beneficiaries or personal
20 representatives of persons who are killed, including the named
21 insured, irrespective of legal liability of the insured, if the
22 injury or death for which benefits are provided is caused by
23 accident and sustained while in or upon or while entering into
24 or alighting from or through being struck by a vehicle (motor
25 or otherwise), draft animal or aircraft, and such provision
26 shall not be deemed to be accident insurance.

1 (c) Liability. Insurance against the liability of the
2 insured for the death, injury or disability of an employee or
3 other person, and insurance against the liability of the
4 insured for damage to or destruction of another person's
5 property.

6 (d) Workers' compensation. Insurance of the obligations
7 accepted by or imposed upon employers under laws for workers'
8 compensation.

9 (e) Burglary and forgery. Insurance against loss or damage
10 by burglary, theft, larceny, robbery, forgery, fraud or
11 otherwise; including all householders' personal property
12 floater risks.

13 (f) Glass. Insurance against loss or damage to glass
14 including lettering, ornamentation and fittings from any
15 cause.

16 (g) Fidelity and surety. Become surety or guarantor for any
17 person, copartnership or corporation in any position or place
18 of trust or as custodian of money or property, public or
19 private; or, becoming a surety or guarantor for the performance
20 of any person, copartnership or corporation of any lawful
21 obligation, undertaking, agreement or contract of any kind,
22 except contracts or policies of insurance; and underwriting
23 blanket bonds. Such obligations shall be known and treated as
24 suretyship obligations and such business shall be known as
25 surety business.

26 (h) Miscellaneous. Insurance against loss or damage to

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

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

26 (j) Contingent losses. Contingent, consequential and

1 indirect coverages wherein the proximate cause of the loss is
2 attributable to any one of the causes enumerated under Class 2.
3 Such coverages shall, for the purpose of classification, be
4 included in the specific grouping of the kinds of insurance
5 wherein such cause is specified.

6 (k) Livestock and domestic animals. Insurance against
7 mortality, accident and health of livestock and domestic
8 animals.

9 (l) Legal expense insurance. Insurance against risk
10 resulting from the cost of legal services as defined under
11 Class 1(c).

12 Class 3. Fire and Marine, etc.

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

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

20 (c) War, riot and explosion. Insurance against loss or
21 damage by bombardment, invasion, insurrection, riot, strikes,
22 civil war or commotion, military or usurped power, or explosion
23 (other than explosion of steam boilers and the breaking of fly
24 wheels on premises owned, controlled, managed, or maintained by
25 the insured.)

26 (d) Marine and transportation. Insurance against loss or

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

1 trade or otherwise and whether the same be in course of
2 transportation or otherwise, which shall include jewelers'
3 block insurance; and insurance against loss or damage to
4 bridges, tunnels and other instrumentalities of transportation
5 and communication (excluding buildings, their furniture and
6 furnishings, fixed contents and supplies held in storage)
7 unless fire, tornado, sprinkler leakage, hail, explosion,
8 earthquake, riot and civil commotion are the only hazards to be
9 covered; and to piers, wharves, docks and slips, excluding the
10 risks of fire, tornado, sprinkler leakage, hail, explosion,
11 earthquake, riot and civil commotion; and to other aids to
12 navigation and transportation, including dry docks and marine
13 railways, against all risk.

14 (e) Vehicle. Insurance against loss or liability resulting
15 from or incident to the ownership, maintenance or use of any
16 vehicle (motor or otherwise), draft animal or aircraft,
17 excluding the liability of the insured for the death, injury or
18 disability of another person.

19 (f) Property damage, sprinkler leakage and crop. Insurance
20 against the liability of the insured for loss or damage to
21 another person's property or property interests from any cause
22 enumerated in this class; insurance against loss or damage by
23 water entering through leaks or openings in buildings, or from
24 the breakage or leakage of a sprinkler, pumps, water pipes,
25 plumbing and all tanks, apparatus, conduits and containers
26 designed to bring water into buildings or for its storage or

1 utilization therein, or caused by the falling of a tank, tank
2 platform or supports or against loss or damage from any cause
3 to such sprinklers, pumps, water pipes, plumbing, tanks,
4 apparatus, conduits or containers; insurance against loss or
5 damage from insects, diseases or other causes to trees, crops
6 or other products of the soil.

7 (g) Other fire and marine risks. Insurance against any
8 other property risk not otherwise specified under Classes 1 or
9 2, which may lawfully be the subject of insurance and may
10 properly be classified under Class 3.

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

17 (i) Legal expense insurance. Insurance against risk
18 resulting from the cost of legal services as defined under
19 Class 1(c).

20 (Source: P.A. 90-741, eff. 8-13-98; 90-810, eff. 1-6-99.)