

HB5583



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB5583

by Rep. Norine K. Hammond

SYNOPSIS AS INTRODUCED:

215 ILCS 5/143

from Ch. 73, par. 755

Amends the Illinois Insurance Code. In provisions concerning an application blank in a life or accident and health policy form, removes language allowing the Director of Insurance to extend the period to approve or disapprove a form by not more than 30 days. Provides that an insurer may request by electronic notification that the extension end on a specified date, but no sooner than 30 days after the request. Makes other changes.

LRB100 18937 SMS 34187 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 143 as follows:

6 (215 ILCS 5/143) (from Ch. 73, par. 755)

7 Sec. 143. Policy forms.

8 (1) Life, accident and health. No company transacting the
9 kind or kinds of business enumerated in Classes 1 (a), 1 (b)
10 and 2 (a) of Section 4 shall issue or deliver in this State a
11 policy or certificate of insurance or evidence of coverage,
12 attach an endorsement or rider thereto, incorporate by
13 reference bylaws or other matter therein or use an application
14 blank in this State until the form and content of such policy,
15 certificate, evidence of coverage, endorsement, rider, bylaw
16 or other matter incorporated by reference or application blank
17 has been filed electronically with the Director, either through
18 the System for Electronic Rate and Form Filing (SERFF) or as
19 otherwise prescribed by the Director, and approved by the
20 Director. Any such endorsement or rider that unilaterally
21 reduces benefits and is to be attached to a policy subsequent
22 to the date the policy is issued must be filed with, reviewed,
23 and formally approved by the Director prior to the date it is

1 attached to a policy issued or delivered in this State. It
2 shall be the duty of the Director to withhold approval of any
3 such policy, certificate, endorsement, rider, bylaw or other
4 matter incorporated by reference or application blank filed
5 ~~with him~~ if it contains provisions which encourage
6 misrepresentation or are unjust, unfair, inequitable,
7 ambiguous, misleading, inconsistent, deceptive, contrary to
8 law or to the public policy of this State, or contains
9 exceptions and conditions that unreasonably or deceptively
10 affect the risk purported to be assumed in the general coverage
11 of the policy. In all cases the Director shall approve or
12 disapprove any such form within 60 days after submission unless
13 the Director extends ~~by not more than an additional 30 days~~ the
14 period within which he or she shall approve or disapprove any
15 such form by giving written notice to the insurer of such
16 extension before expiration of the initial 60-day ~~60 days~~
17 period. At any time after the expiration of the initial 60-day
18 period, the insurer may send an electronic notification to the
19 Director requesting that the extension end on a specified date,
20 except that the requested end date shall be no sooner than 30
21 days after the insurer's electronic notification to the
22 Director requesting that the extension end. The Director shall
23 approve or disapprove any form within the time frame requested
24 by the insurer, provided it is no sooner than 30 days after the
25 insurer's electronic notification to the Director requesting
26 that the extension end. The Director shall withdraw his

1 approval of a policy, certificate, evidence of coverage,
2 endorsement, rider, bylaw, or other matter incorporated by
3 reference or application blank if he subsequently determines
4 that such policy, certificate, evidence of coverage,
5 endorsement, rider, bylaw, other matter, or application blank
6 is misrepresentative, unjust, unfair, inequitable, ambiguous,
7 misleading, inconsistent, deceptive, contrary to law or public
8 policy of this State, or contains exceptions or conditions
9 which unreasonably or deceptively affect the risk purported to
10 be assumed in the general coverage of the policy or evidence of
11 coverage.

12 If a previously approved policy, certificate, evidence of
13 coverage, endorsement, rider, bylaw or other matter
14 incorporated by reference or application blank is withdrawn for
15 use, the Director shall serve upon the company an order of
16 withdrawal of use, either personally or by mail, and if by
17 mail, such service shall be completed if such notice be
18 deposited in the post office, postage prepaid, addressed to the
19 company's last known address specified in the records of the
20 Department of Insurance. The order of withdrawal of use shall
21 take effect 30 days from the date of mailing but shall be
22 stayed if within the 30-day period a written request for
23 hearing is filed with the Director. Such hearing shall be held
24 at such time and place as designated in the order given by the
25 Director. The hearing may be held either in the City of
26 Springfield, the City of Chicago or in the county where the

1 principal business address of the company is located. The
2 action of the Director in disapproving or withdrawing such form
3 shall be subject to judicial review under the Administrative
4 Review Law.

5 This subsection shall not apply to riders or endorsements
6 issued or made at the request of the individual policyholder
7 relating to the manner of distribution of benefits or to the
8 reservation of rights and benefits under his life insurance
9 policy.

10 (2) Casualty, fire, and marine. The Director shall require
11 the filing of all policy forms issued or delivered by any
12 company transacting the kind or kinds of business enumerated in
13 Classes 2 (except Class 2 (a)) and 3 of Section 4 in an
14 electronic format either through the System for Electronic Rate
15 and Form Filing (SERFF) or as otherwise prescribed and approved
16 by the Director. In addition, he may require the filing of any
17 generally used riders, endorsements, certificates, application
18 blanks, and other matter incorporated by reference in any such
19 policy or contract of insurance. Companies that are members of
20 an organization, bureau, or association may have the same filed
21 for them by the organization, bureau, or association. If the
22 Director shall find from an examination of any such policy
23 form, rider, endorsement, certificate, application blank, or
24 other matter incorporated by reference in any such policy so
25 filed that it (i) violates any provision of this Code, (ii)
26 contains inconsistent, ambiguous, or misleading clauses, or

1 (iii) contains exceptions and conditions that will
2 unreasonably or deceptively affect the risks that are purported
3 to be assumed by the policy, he shall order the company or
4 companies issuing these forms to discontinue their use. Nothing
5 in this subsection shall require a company transacting the kind
6 or kinds of business enumerated in Classes 2 (except Class 2
7 (a)) and 3 of Section 4 to obtain approval of these forms
8 before they are issued nor in any way affect the legality of
9 any policy that has been issued and found to be in conflict
10 with this subsection, but such policies shall be subject to the
11 provisions of Section 442.

12 (3) This Section shall not apply (i) to surety contracts or
13 fidelity bonds, (ii) to policies issued to an industrial
14 insured as defined in Section 121-2.08 except for workers'
15 compensation policies, nor (iii) to riders or endorsements
16 prepared to meet special, unusual, peculiar, or extraordinary
17 conditions applying to an individual risk.

18 (Source: P.A. 97-486, eff. 1-1-12; 98-226, eff. 1-1-14.)