

**SB0240**



**96TH GENERAL ASSEMBLY**

**State of Illinois**

**2009 and 2010**

**SB0240**

Introduced 2/4/2009, by Sen. William R. Haine

**SYNOPSIS AS INTRODUCED:**

215 ILCS 5/4

from Ch. 73, par. 616

Amends the Illinois Insurance Code. In the provisions concerning the classification of insurance and insurance businesses, provides that the insurance laws of this State, including the Act, do not apply to a religious organization or members of the organization when the organization adheres to specified provisions. Sets forth the verbatim written disclaimer that all such organizations shall provide on all applications for membership or participation. Effective immediately.

LRB096 04317 RPM 14363 b

**A BILL FOR**

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 Act, do not apply to a religious organization or members  
13 of the organization when the organization:

14 (i) is a nonprofit religious organization;

15 (ii) is limited to participants who are members of the  
16 same religion;

17 (iii) facilitates payments between participants who  
18 have financial, physical, or medical needs and  
19 participants with the present ability to pay for the  
20 benefit of those participants with present financial,  
21 physical, or medical needs; nothing in this item (iii)  
22 shall prevent the organization from establishing  
23 qualifications of participation relating to the health of  
24 the prospective participant nor shall it prevent the  
25 participants from limiting the financial or medical needs  
26 that may be eligible for payment among the participants;

1           (iv) facilitates the payments provided for in item  
2           (iii) of this subsection (b) through payments made directly  
3           from one participant to another; the requirements of this  
4           item (iv) can be satisfied by means of payments between  
5           members made in person, through the United States postal  
6           service, expedited delivery service, or by wire or other  
7           form of electronic transfer;

8           (v) specifies amounts that participants may give with  
9           no assumption of risk or promise to pay either among the  
10           participants or between the participants and the  
11           organization; nothing in this item (v) shall prevent the  
12           organization from canceling the membership of a  
13           participant when that participant indicates their  
14           unwillingness to participate by failing to make a payment  
15           to another participant for a period in excess of 60 days;  
16           and

17           (vi) provides the following verbatim written  
18           disclaimer on all applications for membership or  
19           participation:

20           "NOTICE: This organization is not insurance or an insurance  
21           policy nor is it offered through an insurance company.  
22           Whether anyone chooses to assist you with your medical  
23           bills will be totally voluntary, as no other member will be  
24           compelled by law to contribute toward your medical bills.  
25           As such, this organization should never be considered to be  
26           insurance. Whether you receive any payments for medical

1 expenses and whether or not this organization continues to  
2 operate, you are always personally responsible for the  
3 payment of your own medical bills. This organization is not  
4 subject to the regulatory requirements or consumer  
5 protections of your State's Insurance Code or Statutes.".

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

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

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

26 (iii) Plans providing legal service benefits to groups

1 where such plans are owned or operated by authority of a  
2 state, county, local or other bar association;

3 (iv) Any lawyer referral service authorized or  
4 operated by a state, county, local or other bar  
5 association;

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

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

17 (vii) Legal services provided by an employee welfare  
18 benefit plan defined by the Employee Retirement Income  
19 Security Act of 1974;

20 (viii) Any collectively bargained plan for legal  
21 services between a labor union and an employer negotiated  
22 pursuant to Section 302 of the Labor Management Relations  
23 Act as now or hereafter amended, under which plan legal  
24 services will be provided for employees of the employer  
25 whether or not payments for such services are funded to or  
26 through an insurance company.

1 Class 2. Casualty, Fidelity and Surety.

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

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

24 (c) Liability. Insurance against the liability of the  
25 insured for the death, injury or disability of an employee or  
26 other person, and insurance against the liability of the



1 insured for damage to or destruction of another person's  
2 property.

3 (d) Workers' compensation. Insurance of the obligations  
4 accepted by or imposed upon employers under laws for workers'  
5 compensation.

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

10 (f) Glass. Insurance against loss or damage to glass  
11 including lettering, ornamentation and fittings from any  
12 cause.

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

23 (h) Miscellaneous. Insurance against loss or damage to  
24 property and any liability of the insured caused by accidents  
25 to boilers, pipes, pressure containers, machinery and  
26 apparatus of any kind and any apparatus connected thereto, or

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

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

23 (j) Contingent losses. Contingent, consequential and  
24 indirect coverages wherein the proximate cause of the loss is  
25 attributable to any one of the causes enumerated under Class 2.  
26 Such coverages shall, for the purpose of classification, be

1 included in the specific grouping of the kinds of insurance  
2 wherein such cause is specified.

3 (k) Livestock and domestic animals. Insurance against  
4 mortality, accident and health of livestock and domestic  
5 animals.

6 (l) Legal expense insurance. Insurance against risk  
7 resulting from the cost of legal services as defined under  
8 Class 1(c).

9 Class 3. Fire and Marine, etc.

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

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

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

23 (d) Marine and transportation. Insurance against loss or  
24 damage to vessels, craft, aircraft, vehicles of every kind,  
25 (excluding vehicles operating under their own power or while in  
26 storage not incidental to transportation) as well as all goods,

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

1 bridges, tunnels and other instrumentalities of transportation  
2 and communication (excluding buildings, their furniture and  
3 furnishings, fixed contents and supplies held in storage)  
4 unless fire, tornado, sprinkler leakage, hail, explosion,  
5 earthquake, riot and civil commotion are the only hazards to be  
6 covered; and to piers, wharves, docks and slips, excluding the  
7 risks of fire, tornado, sprinkler leakage, hail, explosion,  
8 earthquake, riot and civil commotion; and to other aids to  
9 navigation and transportation, including dry docks and marine  
10 railways, against all risk.

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

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

1 apparatus, conduits or containers; insurance against loss or  
2 damage from insects, diseases or other causes to trees, crops  
3 or other products of the soil.

4 (g) Other fire and marine risks. Insurance against any  
5 other property risk not otherwise specified under Classes 1 or  
6 2, which may lawfully be the subject of insurance and may  
7 properly be classified under Class 3.

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

14 (i) Legal expense insurance. Insurance against risk  
15 resulting from the cost of legal services as defined under  
16 Class 1(c).

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

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law.