

AN ACT concerning insurance.

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

Section 5. The Illinois Insurance Code is amended by changing Sections 224 and 424 and by adding Section 155.43 as follows:

(215 ILCS 5/155.43 new)

Sec. 155.43. Misrepresentation of Senior-Specific Certification.

(a) No insurance producer shall use a senior-specific certification or professional designation that indicates or implies in such a way as to mislead a purchaser or prospective purchaser that the insurance producer has a special certification or training in advising or servicing seniors in connection with the solicitation, sale, or purchase of a life insurance or annuity product or in the provision of advice as to the value of or the advisability of purchasing or selling a life insurance or annuity product, either directly or indirectly through publications, writings, or by issuing or promulgating analyses or reports related to a life insurance or annuity product.

(b) "Use of senior-specific certifications or professional designations" includes, but is not limited to, all of the

following:

(1) Use of a certification or professional designation by an insurance producer who has not actually earned or is otherwise ineligible to use such certification or designation.

(2) Use of a nonexistent or self-conferred certification or professional designation.

(3) Use of a certification or professional designation that indicates or implies a level of occupational qualifications obtained through education, training, or experience that the insurance producer using the certification or designation does not have.

(4) Use of a certification or professional designation that was obtained from a certifying or designating organization that:

(i) is primarily engaged in the business of instruction in sales or marketing;

(ii) does not have reasonable standards or procedures for assuring the competency of its certificate holders or designees;

(iii) does not have reasonable standards or procedures for monitoring and disciplining its certificate holders or designees for improper or unethical conduct; or

(iv) does not have reasonable continuing education requirements for its certificate holders or designees

in order to maintain the certificate or designation.

(c) There is a rebuttable presumption that a certifying or designating organization is not disqualified under this Section if the certification or designation issued from the organization does not primarily apply to sales or marketing and if the organization or the certification or designation in question has been accredited by any of the following entities:

(i) the American National Standards Institute;

(ii) the National Commission for Certifying Agencies;

or

(iii) any organization included on the list "Accrediting Agencies Recognized for Title IV Purposes" prepared by the United States Department of Education.

(d) In determining whether a combination of words or an acronym standing for a combination of words constitutes a certification or professional designation indicating or implying that a person has a special certification or training in advising or servicing seniors, the Department of Insurance shall consider all of the following:

(1) Use of one or more words, such as "senior", "retirement", "elder", or like words combined with one or more words, such as "certified", "registered", "chartered", "advisor", "specialist", "consultant", "planner", or like words in the name of the certification or professional designation.

(2) The manner in which the words listed in paragraph

(1) of subsection (b) are combined.

(e) For purposes of this Section, a job title within an organization that is licensed or registered by a State or federal financial services regulatory agency is not a certification or professional designation, unless it is used in a manner that would confuse or mislead a reasonable consumer, if the job title indicates seniority or standing within the organization or specifies an individual's area of specialization within the organization. For purposes of this subsection (e), "financial services regulatory agency" includes, but is not limited to, an agency that regulates insurers, insurance producers, broker-dealers, investment advisers, or investment companies.

(215 ILCS 5/224) (from Ch. 73, par. 836)

Sec. 224. Standard provisions for life policies.

(1) After the first day of July, 1937, no policy of life insurance other than industrial, group or annuities and pure endowments with or without return of premiums or of premiums and interest, may be issued or delivered in this State, unless such policy contains in substance the following provisions:

(a) A provision that all premiums after the first shall be payable in advance either at the home office of the company or to an agent of the company, upon delivery of a receipt signed by one or more of the officers who shall be designated in the policy, when such receipt is requested by

the policyholder.

(b) A provision that the insured is entitled to a grace period either of 30 days or of one month within which the payment of any premium after the first may be made, subject at the option of the company to an interest charge not in excess of 6% per annum for the number of days of grace elapsing before the payment of the premium, during which period of grace the policy shall continue in force, but in case the policy becomes a claim during the grace period before the overdue premium is paid, or the deferred premiums of the current policy year, if any, are paid, the amount of such premium or premiums with interest thereon may be deducted in any settlement under the policy.

(c) A provision that the policy, together with the application therefor, a copy of which shall be endorsed upon or attached to the policy and made a part thereof, shall constitute the entire contract between the parties and that after it has been in force during the lifetime of the insured a specified time, not later than 2 years from its date, it shall be incontestable except for nonpayment of premiums and except at the option of the company, with respect to provisions relative to benefits in the event of total and permanent disability, and provisions which grant additional insurance specifically against death by accident and except for violations of the conditions of the policy relating to naval or military service in time of war

or for violation of an express condition, if any, relating to aviation, (except riding as a fare-paying passenger of a commercial air line flying on regularly scheduled routes between definitely established airports) in which case the liability of the company shall be fixed at a definitely determined amount not less than the full reserve for the policy and any dividend additions; provided that the application therefor need not be attached to or made a part of any policy containing a clause making the policy incontestable from date of issue.

(d) A provision that if it is found at any time before final settlement under the policy that the age of the insured (or the age of the beneficiary, if considered in determining the premium) has been misstated, the amount payable under the policy shall be such as the premium would have purchased at the correct age or ages, according to the company's published rate at date of issue.

(e) A provision that the policy shall participate annually in the surplus of the company beginning not later than the end of the third policy year; and any policy containing provision for annual participation beginning at the end of the first policy year, may also provide that each dividend be paid subject to the payment of the premiums for the next ensuing year; and the insured under any annual dividend policy shall have the right each year to have the dividend arising from such participation either

paid in cash, or applied in reduction of premiums, or applied to the purchase of paid-up additional insurance, or be left to accumulate to the credit of the policy, with interest at such rate as may be determined from time to time by the company, but not less than a guaranteed minimum rate specified in the policy, and payable at the maturity of the policy, but withdrawable on any anniversary date, subject to such further provisions as the policy may provide regarding the application of dividends toward the payment of any premiums unpaid at the end of the grace period; and if the insured fails to notify the company in writing of his election within the period of grace allowed for the payment of premium, the policy shall further provide which of such options are effective.

(f) A provision that after the policy has been in force 3 full years the company at any time, while the policy is in force, will advance, on proper assignment or pledge of the policy and on the sole security thereof, at a specified maximum fixed or adjusted rate of interest in accordance with Section 229.5, a sum equal to, or at the option of the insured less than the amount required by Section 229.3 under the conditions specified thereby and with notification as required by Section 229.5; and that the company will deduct from such loan value any indebtedness not already deducted in determining such value and any unpaid balance of the premium for the current policy year,

and may collect interest in advance on the loan to the end of the current policy year; and any policy may also provide that if the interest on the loan is not paid when due it shall be added to the existing loan and shall bear interest at the same rate. No condition other than as provided herein or in Sections 229.3 and 229.5 shall be exacted as a prerequisite to any such loan. This clause shall not apply to term insurance.

(g) A provision for nonforfeiture benefits and cash surrender values in accordance with the requirements of paragraph (1) of Section 229.1 or, Section 229.2.

(h) A table showing in figures the loan values and the options available under the policy each year, upon default in premium payments, during at least the first 20 years of the policy; the policy to contain a provision that the company will furnish upon request an extension of such table beyond the years shown in the policy.

(i) A provision that in event of default in premium payments the value of the policy is applied to the purchase of other insurance as provided in this Section, and if such insurance is in force and the original policy is not surrendered to the company and cancelled, the policy may be reinstated within 3 years from such default, upon evidence of insurability satisfactory to the company and payment of arrears of premiums and the payment or reinstatement of any other indebtedness to the company upon the policy, with

interest on the premiums at a rate not exceeding 6% per annum payable annually and with interest on the indebtedness at a rate not exceeding the rate prescribed by Section 229.5.

(j) A provision that when a policy is a claim by the death of the insured settlement shall be made upon receipt of due proof of death and not later than 2 months after the receipt of such proof. The policy may require that due proof of the death of the insured shall consist of a certified copy of the death certificate of the insured, or other lawful evidence providing equivalent information, and proof of the claimant's interest in the proceeds.

(k) If the policy provides for payment of its proceeds in installments, a table showing the amount and period of such installments shall be included in the policy.

(l) Interest shall accrue on the proceeds payable because of the death of the insured, from date of death, at the rate of 10% annually ~~9%~~ on the total amount payable or the face amount if payments are to be made in installments until the total payment or first installment is paid, unless payment is made within 31 ~~fifteen (15)~~ days from the latest of the following to occur:

(1) the date that due proof of death is received by the company;

(2) the date that the company receives sufficient information to determine its liability, the extent of

the liability, and the appropriate payee legally entitled to the proceeds; or

(3) the date that legal impediments to payment of proceeds that depend on the action of parties other than the company are resolved and sufficient evidence of the same is provided to the company; legal impediments to payment include, but are not limited to, (A) the establishment of guardianships and conservatorships, (B) the appointment and qualification of trustees, executors, and administrators, and (C) the submission of information required to satisfy State and federal reporting requirements.

~~date of receipt by the company of due proof of loss.~~ This provision need not appear in the policy, however, the company shall notify the beneficiary at the time of claim of this provision. The payment of interest shall apply to all policies now in force, as well as those written after the effective date of this amendment.

(m) Title on the face and on the back of the policy briefly describing its form.

(n) A provision, or a notice attached to the policy, to the effect that during a period of ten days from the date the policy is delivered to the policy owner, it may be surrendered to the insurer together with a written request for cancellation of the policy and in such event, the

insurer will refund any premium paid therefor, including any policy fees or other charges. The Director may by rule exempt specific types of policies from the requirements of this subsection.

(2) In the case of the replacement of life insurance, as defined in the rule promulgated by the Director, the replacing insurer shall either (1) delay the issuance of its policy for not less than 20 days from the date it has transmitted a policy summary to the existing insurer, or (2) provide in a form titled "Notice Regarding Replacement of Life Insurance", as well as in its policy, or in a separate notice delivered with the policy, that the insured has the right to an unconditional refund of all premiums paid, and that such right may be exercised within a period of 20 days commencing from the date of delivery of such policy. Where option (2) is exercised, the replacing insurer shall also transmit a policy summary to the existing insurer within 3 working days after the date the replacement policy is issued.

(3) Any of the foregoing provisions or portions thereof not applicable to single premium or nonparticipating or term policies shall to that extent not be incorporated therein. This Section shall not apply to policies of reinsurance nor to policies issued or granted pursuant to the nonforfeiture provisions prescribed in subparagraph (g) of paragraph (1) of this Section.

(Source: P.A. 92-139, eff. 7-24-01.)

(215 ILCS 5/424) (from Ch. 73, par. 1031)

Sec. 424. Unfair methods of competition and unfair or deceptive acts or practices defined. The following are hereby defined as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance:

(1) The commission by any person of any one or more of the acts defined or prohibited by Sections 134, 143.24c, 147, 148, 149, 151, 155.22, 155.22a, 155.42, 236, 237, 364, and 469 of this Code.

(2) Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the business of insurance.

(3) Making or permitting, in the case of insurance of the types enumerated in Classes 1, 2, and 3 of Section 4, any unfair discrimination between individuals or risks of the same class or of essentially the same hazard and expense element because of the race, color, religion, or national origin of such insurance risks or applicants. The application of this Article to the types of insurance enumerated in Class 1 of Section 4 shall in no way limit, reduce, or impair the protections and remedies already provided for by Sections 236 and 364 of this Code or any other provision of this Code.

(4) Engaging in any of the acts or practices defined in or prohibited by Sections 154.5 through 154.8 of this Code.

(5) Making or charging any rate for insurance against losses arising from the use or ownership of a motor vehicle which requires a higher premium of any person by reason of his physical handicap, race, color, religion, or national origin.

(Source: P.A. 92-399, eff. 8-16-01; 92-651, eff. 7-11-02; 92-669, eff. 1-1-03.)

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