



Illinois Department of Insurance

PAT QUINN
Governor

JACK MESSMORE
Acting Director

June 24, 2011

Karen Z. Schutter, Executive Director
Interstate Insurance Product Regulation Commission
444 North Capitol Street, NW
Hall of the States, Suite 701
Washington, DC 20001-1509

Re: Illinois Department of Insurance Review of Proposed Standards for
Individual Disability Income Insurance Policies

Dear Ms. Schutter:

Illinois appreciates the opportunity to provide comments regarding the Standards For Individual Disability Income Insurance Policies. Illinois' observations and related requests are as follows:

1. The definition of "Injury" on page 7 of the standard allows the definition to include the language "independent of all other causes." Presently, Illinois law does not permit this phrase as it is considered overly broad, ambiguous, and places too great a burden on the insured. Illinois only permits "direct result" language pursuant to the definition of "accident" in 50 IAC 2007.50 and 50 IAC 2001.20(q) and 215 ILCS 5/143 (1). Illinois accordingly requests that the "independent of all other causes" standard be changed to a "direct result" methodology.
2. The "Preexisting Condition" definition on page 8 of the standard allows for preexisting conditions existing two years preceding the effective date of the policy for symptoms that would cause a prudent person to seek diagnosis, care or treatment.

Illinois regulations only permit preexisting conditions existing 12 months prior to the effective date of the policy where it is evident that there was a clear, distinct symptom or symptoms of the disease, illness, or sickness that would cause an ordinarily prudent person to seek care, diagnosis or treatment, and two years for any disease or illness diagnosed or treated before the effective date. 50 IAC 2005.30 (A) (3).

The Standard is less favorable to policyholders than the present Illinois regulation as the Standard allows companies to exclude coverage of pre-existing conditions for an additional twelve months beyond what the Illinois regulation allows. Illinois accordingly requests that the Standard be changed so that such preexisting conditions are limited in duration to 12 months.

3. Also in regard to preexisting conditions, under the permissible limitations on page 20 of the Standards, policy language limiting or excluding losses incurred or disabilities arising from preexisting conditions shall clearly define and disclose the limitations and exclusions; however, the standards do not contain the time frames for how long a company may limit or exclude a preexisting condition.

Illinois regulations limit the insurer's right to apply preexisting conditions more than 2 years prior the effective date for diagnosed or treated, and 12 months for conditions that would cause a prudent lay person to seek treatment. 50 IAC 2005.30. Similarly, Illinois in-contestability provisions limit the time for which a preexisting conditions may be excluded or limited to 2 years. 215 ILCS 5/357.3.

Illinois accordingly requests that there be a two year limitation as to how long an insurer can exclude or limit a preexisting condition.

4. The Standards contain both a Time Limit for Certain Defenses on pages 12-13 and a Time Life for Certain Defenses for other than misstatements in the application on page 16.


Illinois believes that the latter provision may be redundant and is uncertain as to its purpose.

5. The Time of Payment of Claims provision in the standard on page 17 does not require that interest be paid on any claims not paid within 30 days. Illinois law requires the insurer to pay interest. 215 ILCS 5/357.9a

Illinois accordingly requests that the Standard provide for payment of interest by the insurer on claims not paid with 30 days.

Again, Illinois appreciates the opportunity to participate in this process, and looks forward to a continuing and constructive dialogue as an engaged member of the Compact.

Sincerely,


Jack Messmore
Acting Director