



# Illinois Department of Insurance

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Governor

MICHAEL T. McRAITH  
Director

TO: ALL COMPANIES AUTHORIZED TO WRITE HEALTH INSURANCE IN ILLINOIS

FROM: MICHAEL T. McRAITH, DIRECTOR OF INSURANCE *MTM*

DATE: DECEMBER 21, 2009

RE: SUPPORTING DOCUMENTS REQUIRED IN RESPONSE TO CONSUMER COMPLAINTS INVOLVING RESCISSION OF HEALTH INSURANCE COVERAGE (CB 2009-09)

The purpose of this bulletin is to advise companies of the Department's procedures with respect to consumer complaints involving the rescission of a health insurance policy.

The Health Maintenance Organization Act, the Limited Health Service Organization Act, and the Illinois Administrative Code establish guidelines for the handling of consumer complaints received by the Department and impose certain requirements on the Department and on the individual or entity that is the subject of the complaint ("the respondent"). See 215 ILCS 125/4-6; 215 ILCS 130/3003; 50 Ill. Admin. Code §926.40. Generally, once a complaint has been received, the Department is required to notify the respondent and to specify a date by which the respondent must submit a response to the Department. 215 ILCS 125/4-6(b); 215 ILCS 130/3003(a); 50 Ill. Admin. Code §926.40(a). Such response must include adequate documentation of any actions taken or not taken by the respondent which were the basis for the complaint, any documents necessary to support the respondent's position, and any information requested by the Department. 215 ILCS 125/4-6(c); 215 ILCS 130/3003(b); 50 Ill. Admin. Code §926.40(d).

As provided by section 359a(3) of the Illinois Insurance Code (215 ILCS 5/359a(3)) and section 2005.40(d) of Title 50 of the Illinois Administrative Code (50 Ill. Admin. Code §2005.40(d)), a health insurance policy may only be rescinded when an insured has provided a false statement in an application which materially affected the acceptance of a risk or hazard assumed. The effect of a false statement on the acceptance of a risk or hazard assumed can only be measured through an examination of established underwriting guidelines as set by the company.

Accordingly, effective immediately, companies shall provide as part of a response involving the rescission of a health insurance policy a full and complete copy of its underwriting guidelines, including any supplements, appendices, or exhibits. The underwriting guidelines must be submitted free from redactions, deletions, or exclusions of any kind and must include the provision or provisions on which the company relied to support the rescission. The company must also specifically identify in its response which provision or provisions of the underwriting guidelines were relied upon in rescinding the policy.

Questions regarding this bulletin should be directed to Bill McAndrew at [bill.mcandrew@illinois.gov](mailto:bill.mcandrew@illinois.gov).