

**PART 2020 REIMBURSEMENT PROVISION CONTAINED IN INDIVIDUAL AND GROUP ACCIDENT
AND HEALTH POLICIES
CHAPTER I: DEPARTMENT OF INSURANCE**

Section 2020.10 Scope

This Part shall apply to any insurance company licensed to do business in this State which is transacting the kind or kinds of business described as Class 1(b) or Class 2(a) of Section 4 of the Illinois Insurance Code [215 ILCS 5/4].

Section 2020.20 Purpose

The purpose of this Part is to clarify policy form language concerning the application of Sections 357.18 and 357.19 of the Illinois Insurance Code [215 ILCS 5/357.18 and 357.19] and the use of reimbursement and subrogation provisions in such policy forms. This Part is not intended to affect any equitable causes of action, if any, that may exist or develop in relation to the insurance contract.

Section 2020.30 Definitions

Code means the Illinois Insurance Code [215 ILCS 5].

Department means the Illinois Department of Financial and Professional Regulation.

Division means the Illinois Department of Financial and Professional Regulation-Division of Insurance.

Section 2020.40 Reimbursement Provision

Right of Reimbursement: In addition to any other requirements set forth in the Code or Department regulations, if an insurer includes a reimbursement provision in its policy, that provision shall be in the form set forth in subsection (a)(1) if the insurer has the right to first reimbursement, or subsection (b) if the insurer does not have the right to first reimbursement:

a) "If a covered person recovers expenses for sickness or injury that occurred due to the negligence of a third party, we have the right to first reimbursement for all benefits we paid from any and all damages collected from the negligent third party for those same expenses whether by action at law, settlement, or compromise, by the covered person, the covered person's parents if the covered person is a minor, or the covered person's legal representative as a result of that sickness or injury. You are required to furnish any information or assistance, or provide any documents that we may reasonably require in order to exercise our rights under this provision. This provision applies whether or not the third party admits liability."

b) "If a covered person recovers expenses for sickness or injury that occurred due to the negligence of a third party, we have the right to reimbursement for all benefits we paid from any and all damages collected from the negligent third party for those same expenses whether by action at law, settlement, or compromise, by the covered person, covered person's parents if the covered person is a minor, or covered person's legal representative as a result of that sickness or injury. You are required to furnish any information or assistance, or provide any documents that we may reasonably require in order to exercise our rights under this provision. This provision applies whether or not the third party admits liability."

Section 2020.50 Subrogation Provision

In addition to any other requirements set forth in the Code or Division's regulations, if an insurer includes a subrogation provision in its policy, that provision shall be in the form as follows: "We are assigned the right to recover from the negligent third party, or his or her insurer, to the extent of the benefits we paid for that sickness or injury. You are required to furnish any information or assistance, or provide any documents that we may reasonably require in order to exercise our rights under this provision. This provision applies whether or not the third party admits liability."

Section 2020.100 Effective Date for Existing Policies

Any policy containing a reimbursement or subrogation provision that is in effect prior to November 1, 2007 shall comply with the provisions of this Part upon the renewal of that policy.

(Source: Added at 31 Ill. Reg. 14723, effective October 22, 2007)