



Illinois Insurance Facts

Illinois Department of Insurance

Cancer Insurance

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Note: This information was developed to provide consumers with general information and guidance about insurance coverages and laws. It is not intended to provide a formal, definitive description or interpretation of Department policy. For specific Department policy on any issue, regulated entities (insurance industry) and interested parties should contact the Department.

What Is Cancer Insurance?

Cancer insurance is a limited insurance policy that pays benefits for the actual diagnosis, and/or treatment of cancer and related illnesses caused by cancer or resulting from cancer therapy (such as infections, diabetes and pneumonia). Cancer insurance is not a substitute for comprehensive health insurance or for Medicare supplement insurance. In fact, cancer insurance pays in addition to other insurance you may already carry. If you have other insurance that pays most or all of your medical expenses, you may use the money paid by your cancer policy to defer other expenses such as travel or hotel rooms. Benefits from the cancer policy may be paid directly to you if you wish.

Your first priority should be to purchase insurance that provides comprehensive coverage for most health care expenses regardless of the kind of illness or injury involved. Then, if you want and can afford to buy cancer insurance, you should take a close look at the policies available.

Traditional Types of Cancer Insurance

There are two traditional types of cancer insurance. The first (sometimes known as an expense incurred policy) pays a percentage for all expenses listed up to the benefit or policy's maximum dollar limit. The second type (sometimes called an indemnity policy) also pays for all benefits listed, but places a fixed dollar limit on each individual benefit allowed; the benefit amount is not related to the actual expense incurred. In addition to these two types of policies that cover cancer only, a critical illness policy (also called a specified disease policy) provides hospital and medical benefits for other diseases in addition to cancer, such as heart disease, stroke and Alzheimer's disease.

Benefits

Since cancer and critical illness policies do differ in the benefits provided, be sure to read the contract carefully and understand exactly what benefits are being offered. Also, not all policies cover all types of cancer. For example, some policies specifically exclude coverage for skin cancer.

Most cancer and critical illness policies will provide some coverage for:

- Hospital room and board;
- Treatment by a legally qualified physician;
- Private duty nursing care while hospital confined;
- Surgery and anesthesia;
- X-ray, radiation therapy, chemotherapy, and other therapy procedures used in the treatment of cancer;
- Licensed or professional ambulance service to and from the hospital;
- Blood and blood plasma for transfusions;
- Prescription drugs and medicines recognized by the Food and Drug Administration as medically effective – usually applies only when received during a hospital confinement.

Some traditional cancer policies provide benefits for outpatient treatment as well; however, older policies generally do not contain this coverage. If you are shopping for a traditional cancer insurance policy, you may wish to look for one with outpatient benefits because many cancer treatments are now provided on an outpatient basis.

Limitations

Most cancer policies contain several provisions that specifically limit coverage. Be sure you have a clear understanding of the following:

Waiting Periods – In Illinois you must wait up to 30 days from the effective date before a cancer policy will pay any benefits. If cancer is diagnosed during the probationary period, you may not be covered.

Pre-existing Conditions – If cancer is diagnosed **after** the probationary period, but **symptoms** were present **prior** to the effective date of the coverage or **during** the probationary period, coverage may be denied.

Diagnosis – Most insurance companies require a **pathology report** (usually obtained from a tissue sample or biopsy) to verify the diagnosis of cancer. If a pathology test is medically unsafe, a clinical diagnosis is usually accepted.

Duplicate Coverage – Carefully review the benefits of your existing policies to avoid unnecessary duplication.

Renewability – Some cancer policies are guaranteed renewable and may not be canceled by the company. Others are renewable only at the company's option.

Newer Types of Cancer Insurance

Newer types of insurance policies that cover cancer include the following:

First Diagnosis or First Occurrence Cancer Policy – This type of policy pays a lump sum upon the first diagnosis of cancer. The benefit under the policy may be any amount, for example \$2,000, \$5,000, \$10,000 or even \$100,000. These policies cannot deny a claim due to pre-existing conditions if the cancer is diagnosed after the effective date and applicable waiting period. However, they may contain a waiting period longer than the thirty days common with traditional cancer policies. Read the policy carefully to fully understand the benefit. The policy may also be combined with a traditional cancer policy that pays other benefits. See the previous sections for information on benefits, limitations and waiting periods commonly found in traditional policies.

First Diagnosis Critical Illness Policy – This type of policy is similar to the First Diagnosis or First Occurrence Cancer Policy except that it includes coverage for other illnesses as specified in the policy. Examples of critical illnesses may be heart attack, stroke, cancer or Alzheimer's disease. Once again, the policy pays a lump sum benefit upon initial diagnosis of the illness. It may not contain a pre-existing condition limitation but may have a waiting period longer than the thirty-day period imposed by traditional cancer policies. This policy may contain a graduated benefit. For example, it may pay 25% of the benefit for a heart angioplasty, leaving 75% of the maximum benefit in case another critical illness occurs. Or the benefit may vary according to the seriousness of the illness. For example, it may pay a smaller benefit for a non-life threatening disease and a larger or full benefit for a life-threatening disease. Once the maximum benefit is paid, the policy expires. This policy may be combined with a traditional critical illness policy as described above.

Tips on Buying Cancer Insurance

- **Find a reliable company.** Contact the Department of Insurance to find out if a company is **licensed** in Illinois. To sell insurance or provide coverage in Illinois, insurance companies must be licensed by the Department of Insurance and obey our laws and regulations. Licensed companies must also pay into an insurance guaranty fund or association that protects consumers if a licensed company becomes bankrupt and is placed in liquidation. **If you buy insurance from an unlicensed entity, you have no guarantee that the policy complies with Illinois laws or that the coverage you pay for will be honored.**

Check a company's **complaint ratio**. Our website lists [complaint information](#) for accident and health companies with ten or more insurance complaints. Check a company's **financial stability** to ensure that it can pay its claims. Refer to our fact sheet [Finding a Reputable Insurance Company – Using Financial Rating Agencies](#) for assistance.

- **Find a licensed agent.** Look in the yellow pages or ask people you know and respect if they would recommend their agent. Find an agent who is reliable and helpful in answering any questions you have regarding your policy. You can verify an agent's licensing status by contacting our Department or visiting the [Producer Licensing Record](#) in the Producer Information section on our website.
- **If you are turned down for insurance**, ask for the specific reasons. If you have had cancer in the past, most companies will not issue you a cancer policy.
- **Fill out your application completely and accurately.** It is important to give correct and complete answers when applying for insurance. If you omit or misrepresent information, the company can void the contract.
- **Make sure there is a “free look” provision.** Companies issuing cancer policies in Illinois are required to give you a minimum period of ten days to review the policy and return it if you are not satisfied for any reason. The ten days begin the day you receive the policy either in the mail or by delivery from an agent. If during the ten-day period, you decide not to keep the policy, return it to the agent and obtain a receipt, or return it to the company by certified mail. Once the ten days have passed, the company is not required to refund the premium. Some companies, however, will take extenuating circumstances into consideration, so it is worth the effort to explain any unusual delay in returning the policy for a refund.
- **Pay policy premiums** by check, money order, or bank draft made directly to the **insurance company**. If you pay in cash, obtain a receipt for the payment. Keep in mind that when you pay an annual or semi-annual premium, the company considers the premium to be fully earned when they receive it and seldom will they refund any portion of the prepaid premium if you decide to change companies or drop the current policy.

For More Information

Call our Consumer Services Section at (312) 814-2420 or our Office of Consumer Health Insurance toll free at (877) 527-9431 or visit us on our website at <http://insurance.illinois.gov>