

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 591

BY HEALTH AND WELFARE COMMITTEE

AN ACT

1 RELATING TO DISABILITY INSURANCE; AMENDING SECTION 41-2103, IDAHO CODE, TO
2 PROVIDE A CORRECT CODE REFERENCE AND TO MAKE TECHNICAL CORRECTIONS;
3 AMENDING SECTION 41-2117, IDAHO CODE, TO PROVIDE A CORRECT CODE REFER-
4 ENCE AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 41-2126, IDAHO
5 CODE, TO PROVIDE THAT AN INSURER SHALL NOT BE LIABLE FOR A LOSS WHEN CER-
6 TAIN ILLEGAL ACTS CONTRIBUTED TO THE LOSS; REPEALING SECTION 41-2127,
7 IDAHO CODE, RELATING TO LOSSES SUSTAINED DUE TO INTOXICATION OR USE OF
8 NARCOTICS; AND AMENDING SECTION 41-2129, IDAHO CODE, TO PROVIDE A COR-
9 RECT CODE REFERENCE AND TO MAKE TECHNICAL CORRECTIONS.
10

11 Be It Enacted by the Legislature of the State of Idaho:

12 SECTION 1. That Section 41-2103, Idaho Code, be, and the same is hereby
13 amended to read as follows:

14 41-2103. SCOPE AND FORMAT OF POLICY. No policy of disability insurance
15 shall be delivered or issued for delivery to any person in this state unless
16 it otherwise complies with this code, and complies with the following:

17 (1) The entire money and other considerations therefor shall be ex-
18 pressed therein;

19 (2) The time when the insurance takes effect and terminates shall be ex-
20 pressed therein;

21 (3) It shall purport to insure only one (1) person, except that a policy
22 may insure, originally or by subsequent amendment, upon the application of
23 an adult member of a family, who shall be deemed the policyholder, any two
24 (2) or more eligible members of that family, including husband, wife and any
25 other dependent or dependents. As used in this subsection ~~(3)~~ and for all new
26 and renewing policies, "dependent" includes an unmarried child under the age
27 of twenty-five (25) years and who receives more than one-half (1/2) of his
28 financial support from the parent, or an unmarried child of any age who is
29 medically certified as disabled and dependent upon the parent;

30 (4) The style, arrangement and overall appearance of the policy shall
31 give no undue prominence to any portion of the text, and every printed por-
32 tion of the text of the policy and of any endorsements or attached papers
33 shall be plainly printed in light-faced type of a style in general use, the
34 size of which shall be uniform and not less than ten (10) point with a lower
35 case unspaced alphabet length not less than one hundred twenty (120) point
36 (the "text" shall include all printed matter except the name and address of
37 the insurer, name or title of the policy, the brief description, if any, and
38 captions and subcaptions);

39 (5) The exceptions and reductions of indemnity shall be set forth in the
40 policy and, other than those contained in sections 41-2105 through 41-21276,
41 Idaho Code, shall be printed, at the insurer's option, either included with
42 the benefit provisions to which they apply, or under an appropriate caption

1 such as "~~E~~xceptions," or "~~E~~xceptions and ~~R~~eductions," except that if an
 2 exception or reduction specifically applies only to a particular benefit of
 3 the policy, a statement of such exception or reduction shall be included with
 4 the benefit provision to which it applies;

5 (6) Each such form, including riders and endorsements, shall be identi-
 6 fied by a form number in the lower left-hand corner of the first page thereof;

7 (7) The policy shall contain no provision purporting to make any por-
 8 tion of the charter, rules, constitution or bylaws of the insurer a part of
 9 the policy unless such portion is set forth in full in the policy, except in
 10 the case of the incorporation of, or reference to, a statement of rates or
 11 classification of risks, or short-rate table filed with the director;

12 (8) When the policy provides payment for medical or surgical expense to
 13 the insured, on a reimbursement basis, or otherwise, the insured shall be en-
 14 titled to a free choice of medical doctor to perform said services, or the
 15 free choice of a podiatrist if the latter is authorized by law to perform the
 16 particular medical or surgical services covered under the terms of said pol-
 17 icy; and

18 (9) When the policy provides for payment for the expense of services
 19 that are within the lawful scope of practice of a duly licensed optometrist,
 20 on a reimbursement basis or otherwise, the insured shall be entitled to a
 21 free choice of medical doctor or optometrist to perform such services.

22 SECTION 2. That Section 41-2117, Idaho Code, be, and the same is hereby
 23 amended to read as follows:

24 41-2117. OPTIONAL POLICY PROVISIONS. Except as provided in section
 25 41-2104(2), Idaho Code, no such policy delivered or issued for delivery to
 26 any person in this state shall contain provisions respecting the matters set
 27 forth in sections 41-2118 to 41-21276, Idaho Code, inclusive, of this chap-
 28 ter unless such provisions are in the words in which the same appear in the
 29 applicable section, except that the insurer may, at its option, use in lieu
 30 of any such provision a corresponding provision of different wording ap-
 31 proved by the director ~~which that~~ is not less favorable in any respect to the
 32 insured or the beneficiary. Any such provision contained in the policy shall
 33 be preceded individually by the appropriate caption or, at the option of the
 34 insurer, by such appropriate individual or group captions or subcaptions as
 35 the director may approve.

36 SECTION 3. That Section 41-2126, Idaho Code, be, and the same is hereby
 37 amended to read as follows:

38 41-2126. ILLEGAL OCCUPATION ACT. There may be a provision as follows:
 39 "Illegal Occupation Act: The insurer shall not be liable for any loss to
 40 which a contributing cause was the insured's commission of or attempt to com-
 41 mit a felony or ~~to which a contributing cause was the insured's being engaged~~
 42 ~~in an illegal occupation~~ for the illegal use of alcohol or narcotics if the
 43 insured has been convicted thereof, if a court of competent jurisdiction has
 44 made such a determination, or, in the absence of either of the foregoing, if
 45 a hearing conducted by the department of insurance pursuant to chapter 2, ti-
 46 tle 41, Idaho Code, has made a final determination that such an illegal act

1 has been committed." There may not otherwise be a provision excluding lia-
2 bility for a loss for commission of or attempt to commit an illegal act.

3 SECTION 4. That Section [41-2127](#), Idaho Code, be, and the same is hereby
4 repealed.

5 SECTION 5. That Section 41-2129, Idaho Code, be, and the same is hereby
6 amended to read as follows:

7 41-2129. ORDER OF CERTAIN PROVISIONS. The provisions ~~which~~ that are
8 the subject of sections 41-2105 to 41-21276, Idaho Code, inclusive, of this
9 chapter, or any corresponding provisions ~~which~~ that are used in lieu thereof
10 in accordance with such sections, shall be printed in the consecutive order
11 of the provisions in such sections or, at the option of the insurer, any such
12 provision may appear as a unit in any part of the policy, with other provi-
13 sions to which it may be logically related, provided that the resulting pol-
14 icy shall not be in whole or in part unintelligible, uncertain, ambiguous,
15 abstruse, or likely to mislead a person to whom the policy is offered, deliv-
16 ered or issued.