



Sen. John G. Mulroe

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LRB098 03416 RPM 44319 a

1 AMENDMENT TO SENATE BILL 1873

2 AMENDMENT NO. _____. Amend Senate Bill 1873 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by
5 changing Sections 107a.04, 107a.05, and 534.4 and by adding
6 Sections 107a.16 and 107a.17 as follows:

7 (215 ILCS 5/107a.04)

8 Sec. 107a.04. Organization under the Illinois Insurance
9 Code.

10 (a) After December 31, 2015, all ~~2000~~, group workers'
11 compensation pools shall be subject to Article III of this Code
12 and for the purpose of this Article, and this Article only, be
13 considered ~~as though they were assessable~~ domestic mutual
14 insurance companies. ~~and subject to the following:~~

15 ~~(1) Article XII 1/2, Article XIII, Article XIII 1/2,~~
16 ~~Article XXIV; and~~

1 ~~(2) Sections 126.2, 126.4, 126.7, 132, 132.1 through~~
2 ~~132.7, 133, 134, 137, 139, 140, 141.1, 141.2, 142, 143,~~
3 ~~143e, 147, 148, 149, 154.5, 154.6, 154.7, 154.8, 155.01,~~
4 ~~155.04, 173.1, 173.2, 173.3, 173.4, 173.5, 174, 174.1, 175,~~
5 ~~176, 178, 179b, 378, 379.1, 408, 408.3, 449, 456, 457, and~~
6 ~~458, subsections A, B, C, and E of Section 126.5,~~
7 ~~subsection A of Section 126.6, and subsections (1) and (7)~~
8 ~~of Section 412 of this Code.~~

9 (b) (Blank). ~~If there is a conflict between any Section of~~
10 ~~this Article and any other Section of this Code, then the~~
11 ~~provisions of this Article shall apply.~~

12 (c) (Blank). ~~No other provision of this Code shall be~~
13 ~~applicable to any qualified workers' compensation group~~
14 ~~workers' compensation pool except as provided in this Article.~~

15 (d) A certificate of authority that is in effect on the
16 effective date of this amendatory Act of the 91st General
17 Assembly and that was issued pursuant to Section 4a of the
18 Workers' Compensation Act or Section 4a of the Workers'
19 Occupational Diseases Act to a group self-insurer shall be
20 converted to a certificate issued pursuant to Section 51 of
21 this Code, provided that the group self-insurer or remain in
22 ~~effect under this Article. Such group self-insurer shall then~~
23 ~~be deemed to be a~~ qualified group workers' compensation pool
24 has met the requirements of Article III of this Code. If any
25 group self-insurer or the qualified group workers'
26 compensation pool has not met the requirements of Article III

1 of this Code, then the Director may deem the group self-insurer
2 or the qualified group workers' compensation pool to be in a
3 hazardous financial condition and the Director may take one or
4 more of the actions authorized by law that are applicable to a
5 company, as defined by Section 2 of this Code, that is in a
6 hazardous financial condition, including, but not limited to,
7 Article XIII of this Code and shall be subject to this Article.

8 (Source: P.A. 91-757, eff. 1-1-01.)

9 (215 ILCS 5/107a.05)

10 Sec. 107a.05. Definitions and interchangeable terms.

11 (a) Unless otherwise provided, the following definitions
12 shall apply:

13 "Authorized insurer" means an insurer licensed in this
14 State to transact business as described in Clauses (c) and (d)
15 of Class 2 of Section 4 of this Code.

16 "Calendar Quarter" means the 3-month periods ending March
17 31, June 30, September 30, and December 31.

18 "Director" means the Director of Insurance.

19 "Engaged actively in the business" means a bona fide
20 business concern having conducted commerce, trade, or industry
21 in this State for a specified period of time. Any and all
22 records relating to this requirement shall be open to
23 inspection by the Director or his designee during normal
24 business hours.

25 "Gross annual payroll" means payroll for the preceding

1 fiscal year.

2 "Independent actuarial opinion" means an opinion expressed
3 by a member of the American Academy of Actuaries or Casualty
4 Actuarial Society.

5 "Independent CPA" means an independent certified public
6 accountant or independent certified public accounting firm in
7 good standing and licensed to practice by the Department of
8 Professional Regulation.

9 "Net direct written premium" means direct gross premium or
10 contribution, without regard to how it is labeled, written in
11 this State on pooling agreements to which Article XXXIV of this
12 Code applies, less return premiums thereon and dividends paid
13 or credited to members of a group workers' compensation pool on
14 such direct business.

15 "Pool" means a qualified group workers' compensation pool
16 as authorized by this Article.

17 "Qualified group workers' compensation pool" means a group
18 workers' compensation pool that has received a certificate of
19 authority pursuant to this Article.

20 (b) For purposes of incorporating the provisions of this
21 Code designated in paragraphs (1) and (2) of subsection (a) of
22 Section 107a.04 into this Article, the following terms shall be
23 interchangeable:

24 "Contribution" shall be considered premium.

25 "Pooling agreement" shall be considered a policy of
26 insurance.

1 "Trustees of a group workers' compensation pool" shall be
2 considered as though they were directors of a domestic mutual
3 insurance company.

4 (Source: P.A. 91-757, eff. 1-1-01.)

5 (215 ILCS 5/107a.16 new)

6 Sec. 107a.16. New group workers' compensation pool
7 prohibited. No group workers' compensation pool shall be issued
8 a certificate of authority by the Director after the effective
9 date of this amendatory Act of the 98th General Assembly.

10 (215 ILCS 5/107a.17 new)

11 Sec. 107a.17. Group Workers' Compensation Pool Insolvency
12 Fund. On the effective date of this amendatory Act of the 98th
13 General Assembly, all moneys in the Group Workers' Compensation
14 Pool Insolvency Fund shall be transferred into the Illinois
15 Insurance Guaranty Fund. All liabilities whenever occurred
16 prior to December 31, 2015 of the Group Workers' Compensation
17 Pool Insolvency Fund are to be assumed by the Self-Insurers
18 Security Fund. All qualified group workers' compensation pools
19 shall pay the assessments contained in Section 4a-7 of the
20 Workers' Compensation Act.

21 Section 10. The Workers' Compensation Act is amended by
22 changing Section 4a-2 as follows:

1 (820 ILCS 305/4a-2) (from Ch. 48, par. 138.4a-2)

2 Sec. 4a-2. As used in Sections 4a-1 through 4a-9:

3 (a) "Board" means the Self-Insurers Advisory Board created
4 by Section 4a-1.

5 (b) "Chairman" means the Chairman of the Illinois Workers'
6 Compensation Commission.

7 (c) "Private self-insurer" means a private employer that
8 has been authorized to self-insure its payment of workers'
9 compensation benefits pursuant to subsection (a) of Section 4
10 of this Act or to self-insure its payment of occupational
11 disease benefits pursuant to subsection (a) of Section 4 of the
12 Workers' Occupational Diseases Act, including group
13 self-insured employers and qualified group workers'
14 compensation pools under Article V 3/4 of the Illinois
15 Insurance Code, but does not include ~~group self insured~~
16 ~~employers under Section 4a of this Act or Section 4a of the~~
17 ~~Workers' Occupational Diseases Act or~~ the State of Illinois,
18 any political subdivision of the State, unit of local
19 government or school district, or any other public authorities
20 or quasi-governmental bodies including any subunits of the
21 foregoing entities.

22 (d) "Insolvent self-insurer" means a private self-insurer
23 financially unable to pay compensation due under this Act,
24 which (i) has filed either prior to or after the effective date
25 of this Section or (ii) is the subject party in any proceeding
26 under the Federal Bankruptcy Reform Act of 1978, or is the

1 subject party in any proceeding in which a receiver, custodian,
2 liquidator, rehabilitator, sequestrator, trustee or similar
3 officer has been appointed by any Court to act in lieu of or on
4 behalf of that self-insurer.

5 (e) "Fund" means the Self-Insurers Security Fund
6 established by Section 4a-5.

7 (f) "Trustee" means a member of the Self-Insurers Advisory
8 Board.

9 (g) "Self-Insurers Administration Fund" means the Fund
10 established by Section 4a-6.1.

11 (h) "Application fee" means the application fee provided
12 for in Section 4a-4.

13 (Source: P.A. 93-721, eff. 1-1-05.)

14 (215 ILCS 5/107a.07 rep.)

15 (215 ILCS 5/107a.13 rep.)

16 Section 15. The Illinois Insurance Code is amended by
17 repealing Sections 107a.07 and 107a.13.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law."