



Sen. William R. Haine

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09900SB1805sam001

LRB099 09021 MLM 34280 a

1 AMENDMENT TO SENATE BILL 1805

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1805 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by  
5 adding Section 155.44 as follows:

6 (215 ILCS 5/155.44 new)

7 Sec. 155.44. Financial requirements; large deductible  
8 agreements for workers' compensation insurance.

9 (a) An insurer shall:

10 (1) require full collateralization of the outstanding  
11 obligations owed under a large deductible agreement by  
12 using one of the following methods:

13 (A) a surety bond issued by a surety insurer  
14 authorized to transact business by the Department and  
15 whose financial strength and size ratings from A.M.  
16 Best Company are not less than "A" and "V",

1           respectively;

2           (B) an irrevocable letter of credit issued by a  
3           financial institution with an office physically  
4           located within the State and the deposits of which are  
5           federally insured; or

6           (C) cash or securities held in trust by a third  
7           party or by the insurer and subject to a trust  
8           agreement for the express purpose of securing the  
9           policyholder's obligation under a large deductible  
10           agreement, provided that if the assets are held by the  
11           insurer those assets are not commingled with the  
12           insurer's other assets; and

13           (2) limit the size of the policyholder's obligations  
14           under a large deductible agreement to 20% of the total net  
15           worth of the policyholder at each policy inception, as  
16           determined by an audited financial statement as of the most  
17           recently available fiscal year end.

18           (b) As used in this Section, "insurer" means any insurer  
19           authorized to issue a workers' compensation policy covering  
20           risks located in this State that has an A.M. Best Company  
21           rating below "A-" and does not have at least \$200,000,000 in  
22           surplus.

23           (c) As used in this Section, "large deductible agreement"  
24           means any combination of one or more policies, endorsements,  
25           contracts, or security agreements which provide for the  
26           policyholder to bear the risk of loss of a specified amount per

1 claim or occurrence covered under a policy of workers'  
2 compensation insurance and which may be subject to the  
3 aggregate limit of policyholder reimbursement obligations.

4 (d) Except when approved by the Director of Insurance, any  
5 insurer determined to be in a financially hazardous condition  
6 pursuant to Article XII 1/2 or XIII of this Code by the  
7 Director of Insurance in this State or the equivalent in any  
8 other state is prohibited from issuing or renewing a policy  
9 that includes a large deductible agreement.

10 (e) This Section applies to large deductible agreements  
11 issued or renewed by any insurer on or after January 1, 2016.

12 Section 99. Effective date. This Act takes effect on July  
13 1, 2015.".