



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB1613

Introduced 2/9/2011, by Sen. Iris Y. Martinez

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-107

from Ch. 108 1/2, par. 1-107

30 ILCS 805/8.35 new

Amends the Illinois Pension Code. Requires (rather than authorizes) every retirement system other than the State-funded retirement systems to indemnify and protect its board of trustees from damage claims for negligent or wrongful acts. Authorizes the State-funded retirement systems and the Illinois State Board of Investment to offer similar indemnification. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB097 07600 JDS 47711 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Section 1-107 as follows:

6 (40 ILCS 5/1-107) (from Ch. 108 1/2, par. 1-107)

7 Sec. 1-107. Indemnification of trustees, consultants and
8 employees of retirement systems and pension funds.

9 (a) Every retirement system, pension fund, or other system
10 or fund established under this Code, other than a retirement
11 system established under Article 2, 14, 15, 16, or 18 of this
12 Code or the investment board established under Article 22A of
13 this Code, must indemnify and protect the trustees against all
14 damage claims and suits, including defense thereof, when
15 damages are sought for negligent or wrongful acts alleged to
16 have been committed in the scope of their powers and duties as
17 trustees.

18 Every retirement system established under Article 2, 14,
19 15, 16, or 18 of this Code may indemnify and protect the
20 trustees against all damage claims and suits, including defense
21 thereof, when damages are sought for negligent or wrongful acts
22 alleged to have been committed in the scope of their powers and
23 duties as trustees.

1 The investment board established under Article 22A of this
2 Code may indemnify and protect its members against all damage
3 claims and suits, including defense thereof, when damages are
4 sought for negligent or wrongful acts alleged to have been
5 committed in the scope of their powers and duties as members.

6 (b) Except as provided in subsection (a), every ~~Every~~
7 retirement system, pension fund or other system or fund
8 established under this Code may indemnify and protect the
9 trustees, staff and consultants against all damage claims and
10 suits, including defense thereof, when damages are sought for
11 negligent or wrongful acts alleged to have been committed in
12 the scope of employment or under the direction of the trustees.
13 However, the trustees, staff and consultants shall not be
14 indemnified for willful ~~wilful~~ misconduct and gross
15 negligence. Each board is authorized to insure against loss or
16 liability of the trustees, staff and consultants which may
17 result from these damage claims. This insurance shall be
18 carried in a company which is licensed to write such coverage
19 in this State.

20 (Source: P.A. 80-1364.)

21 Section 90. The State Mandates Act is amended by adding
22 Section 8.35 as follows:

23 (30 ILCS 805/8.35 new)

24 Sec. 8.35. Exempt mandate. Notwithstanding Sections 6 and 8

1 of this Act, no reimbursement by the State is required for the
2 implementation of any mandate created by this amendatory Act of
3 the 97th General Assembly.

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.