



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

HB5501

by Rep. Monique D. Davis

#### SYNOPSIS AS INTRODUCED:

5 ILCS 220/6

from Ch. 127, par. 746

Amends the Intergovernmental Cooperation Act. Deletes provisions: (i) authorizing the Director, or his or her designees, to examine the affairs, transactions, accounts, records, and assets and liabilities of each joint insurance pool as often as the Director deems advisable, (ii) requiring the joint insurance pools to cooperate fully with the Director's representatives in all evaluations and audits and to resolve issues raised in those evaluations and audits, and (iii) that the failure to resolve those issues shall constitute a violation of the Act and may, after notice and an opportunity to be heard, result in the imposition of penalties established by the Director by administrative rule. Effective immediately.

LRB098 20079 OMW 55336 b

1 AN ACT concerning government.

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

4 Section 5. The Intergovernmental Cooperation Act is  
5 amended by changing Section 6 as follows:

6 (5 ILCS 220/6) (from Ch. 127, par. 746)

7 Sec. 6. Joint self-insurance. An intergovernmental  
8 contract may, among other undertakings, authorize public  
9 agencies to jointly self-insure and authorize each public  
10 agency member of the contract to utilize its funds to pay to a  
11 joint insurance pool its costs and reserves to protect, wholly  
12 or partially, itself or any public agency member of the  
13 contract against liability or loss in the designated insurable  
14 area.

15 A joint insurance pool shall have an annual audit performed  
16 by an independent certified public accountant and shall file an  
17 annual audited financial report with the Director of Insurance  
18 no later than 150 days after the end of the pool's immediately  
19 preceding fiscal year. The Director of Insurance shall issue  
20 rules necessary to implement this audit and report requirement.  
21 The rule shall establish the due date for filing the initial  
22 annual audited financial report. Within 30 days after January  
23 1, 1991, and within 30 days after each January 1 thereafter,

1 public agencies that are jointly self-insured to protect  
2 against liability under the Workers' Compensation Act and the  
3 Workers' Occupational Diseases Act shall file with the Illinois  
4 Workers' Compensation Commission a report indicating an  
5 election to self-insure.

6 The joint insurance pool shall also annually file with the  
7 Director a statement of actuarial opinion by an independent  
8 actuary who is an associate or fellow in a casualty actuarial  
9 society that the pool's reserves are in accordance with sound  
10 loss-reserving standards and adequate for the payment of  
11 claims. This opinion shall be filed no later than 150 days  
12 after the end of each fiscal year. The joint insurance pool  
13 shall be exempt from filing a statement of actuarial opinion by  
14 an independent actuary who is an associate or fellow in a  
15 casualty actuarial society that the joint insurance pool's  
16 reserves are in accordance with sound loss-reserving standards  
17 and payment of claims for the primary level of coverage if the  
18 joint insurance pool files with the Director, by the reporting  
19 deadline, a statement of actuarial opinion from the provider of  
20 the joint pool's aggregate coverage, reinsurance, or other  
21 similar excess insurance coverage.

22 The Director may assess penalties against a joint insurance  
23 pool that fails to comply with the auditing ~~and~~ statement of  
24 actuarial opinion, ~~and examination~~ requirements of this  
25 Section in an amount equal to \$500 per day for each violation,  
26 up to a maximum of \$10,000 for each violation. ~~The Director (or~~

1 ~~his or her staff) or a Director selected independent auditor~~  
2 ~~(or actuarial firm) that is not owned or affiliated with an~~  
3 ~~insurance brokerage firm, insurance company, or other~~  
4 ~~insurance industry affiliated entity may examine, as often as~~  
5 ~~the Director deems advisable, the affairs, transactions,~~  
6 ~~accounts, records, and assets and liabilities of each joint~~  
7 ~~insurance pool that fails to comply with this Section. The~~  
8 ~~joint insurance pool shall cooperate fully with the Director's~~  
9 ~~representatives in all evaluations and audits of the joint~~  
10 ~~insurance pool and resolve issues raised in those evaluations~~  
11 ~~and audits. The failure to resolve those issues may constitute~~  
12 ~~a violation of this Section, and may, after notice and an~~  
13 ~~opportunity to be heard, result in the imposition of penalties~~  
14 ~~pursuant to this Section.~~ No sanctions under this Section may  
15 become effective until 30 days after the date that a notice of  
16 sanctions is delivered by registered or certified mail to the  
17 joint insurance pool. The Director shall have the authority to  
18 extend the time for filing any statement by any joint insurance  
19 pool for reasons that he or she considers good and sufficient.

20 If a joint insurance pool requires a member to submit  
21 written notice in order for the member to withdraw from a  
22 qualified pool, then the period in which the member must  
23 provide the written notice cannot be greater than 120 days,  
24 except that this requirement applies only to joint insurance  
25 pool agreements entered into, modified, or renewed on or after  
26 the effective date of this amendatory Act of the 98th General

1 Assembly.

2 For purposes of this Section, "public agency member" means  
3 any public agency defined or created under this Act, any local  
4 public entity as defined in Section 1-206 of the Local  
5 Governmental and Governmental Employees Tort Immunity Act, and  
6 any public agency, authority, instrumentality, council, board,  
7 service region, district, unit, bureau, or, commission, or any  
8 municipal corporation, college, or university, whether  
9 corporate or otherwise, and any other local governmental body  
10 or similar entity that is presently existing or created after  
11 the effective date of this amendatory Act of the 92nd General  
12 Assembly, whether or not specified in this Section. Only public  
13 agency members with tax receipts, tax revenues, taxing  
14 authority, or other resources sufficient to pay costs and to  
15 service debt related to intergovernmental activities described  
16 in this Section, or public agency members created by or as part  
17 of a public agency with these powers, may enter into contracts  
18 or otherwise associate among themselves as permitted in this  
19 Section.

20 No joint insurance pool or other intergovernmental  
21 cooperative offering health insurance shall interfere with the  
22 statutory obligation of any public agency member to bargain  
23 over or to reach agreement with a labor organization over a  
24 mandatory subject of collective bargaining as those terms are  
25 used in the Illinois Public Labor Relations Act. No  
26 intergovernmental contract of insurance offering health

1 insurance shall limit the rights or obligations of public  
2 agency members to engage in collective bargaining, and it shall  
3 be unlawful for a joint insurance pool or other  
4 intergovernmental cooperative offering health insurance to  
5 discriminate against public agency members or otherwise  
6 retaliate against such members for limiting their  
7 participation in a joint insurance pool as a result of a  
8 collective bargaining agreement.

9 It shall not be considered a violation of this Section for  
10 an intergovernmental contract of insurance relating to health  
11 insurance coverage, life insurance coverage, or both to permit  
12 the pool or cooperative, if a member withdraws employees or  
13 officers into a union-sponsored program, to re-price the costs  
14 of benefits provided to the continuing employees or officers  
15 based upon the same underwriting criteria used by that pool or  
16 cooperative in the normal course of its business, but no member  
17 shall be expelled from a pool or cooperative if the continuing  
18 employees or officers meet the general criteria required of  
19 other members.

20 (Source: P.A. 98-504, eff. 1-1-14.)

21 Section 99. Effective date. This Act takes effect upon  
22 becoming law.