SB1805

LRB09909021MLM29204 b

99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB1805

Introduced 2/20/2015, by Sen. William R. Haine

SYNOPSIS AS INTRODUCED:

215 ILCS 5/155.44 new

Amends the Illinois Insurance Code. Provides that any insurer with less than $100,000,000 in group surplus authorized to issue workers' compensation policies with a per-occurrence deductible of $100,000 or greater shall report the outstanding obligations owed under the deductible as liabilities of the insurer, unless the obligation is fully collateralized, and limit per-occurrence deductible obligations. Effective July 1, 2015.

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A BILL FOR

1   AN ACT concerning insurance.

2   **Be it enacted by the People of the State of Illinois,**

3   **represented in the General Assembly:**

4   Section 5. The Illinois Insurance Code is amended by adding

5   Section 155.44 as follows:

6   (215 ILCS 5/155.44 new)

7   Sec. 155.44. Financial requirements; large deductible

8   workers' compensation policies and programs. Any insurer with

9   less than $100,000,000 in group surplus authorized to issue

10   workers' compensation policies with a per-occurrence

11   deductible of $100,000 or greater shall:

12   (1) report the outstanding obligations owed under the

13   deductible as liabilities of the insurer, unless the

14   obligation is fully collateralized using one of the

15   following methods:

16   (A) a surety bond issued by a surety insurer

17   authorized to transact business by the Department, and

18   whose financial strength and size ratings from A.M.

19   Best Company are not less than "A" and "V",

20   respectively;

21   (B) an irrevocable letter of credit issued by a

22   financial institution, with an office physically

23   located within the State, and the deposits of which are

1   federally insured; or

2   (C) cash or securities held in trust by a third

3   party, and subject to a control agreement, for the

4   express purpose of securing the workers' compensation

5   claim obligations of the policyholder; and

6   (2) limit the size of the per-occurrence deductible

7   obligation assumed by the policyholder to the lesser of:

8   (A) 20% of the full policy premium value prior to

9   application deductible discounts or credits for that

10   policyholder; or

11   (B) 10% of the total accounting net worth of the

12   policyholder at each policy inception.

13   Section 99. Effective date. This Act takes effect July 1,

14   2015.