

SB1943



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB1943

Introduced 2/15/2019, by Sen. Linda Holmes

SYNOPSIS AS INTRODUCED:

215 ILCS 5/456

from Ch. 73, par. 1065.3

Amends the Illinois Insurance Code. Provides that with respect to employers correctly classified within the construction industry, the amount charged to the insured for workers' compensation and employers' liability insurance shall be based upon hours worked by employees in specific job categories or classifications, not the wages or salaries paid to the employees. Makes technical changes.

LRB101 08721 RAB 53808 b

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
5 changing Section 456 as follows:

6 (215 ILCS 5/456) (from Ch. 73, par. 1065.3)

7 Sec. 456. Making of rates.

8 (1) All rates shall be made in accordance with the
9 following provisions:

10 (a) Due consideration shall be given to past and
11 prospective loss experience within and outside this State
12 ~~state~~, to catastrophe hazards, if any, to a reasonable
13 margin for profit and contingencies, to dividends, savings
14 or unabsorbed premium deposits allowed or returned by
15 companies to their policyholders, members or subscribers,
16 to past and prospective expenses both countrywide and those
17 specially applicable to this state, to underwriting
18 practice and judgment and to all other relevant factors
19 within and outside this State. ~~state~~,

20 (b) The systems of expense provisions included in the
21 rates for use by any company or group of companies may
22 differ from those of other companies or groups of companies
23 to reflect the requirements of the operating methods of the

1 ~~any such~~ company or group with respect to any kind of
2 insurance, or with respect to any subdivision or
3 combination thereof for which subdivision or combination
4 separate expense provisions are applicable.~~†~~

5 (c) Risks may be grouped by classifications for the
6 establishment of rates and minimum premiums.
7 Classification rates may be modified to produce rates for
8 individual risks in accordance with rating plans that ~~which~~
9 measure variation in hazards or expense provisions, or
10 both. The ~~Such~~ rating plans may measure any differences
11 among risks that have a probable effect upon losses or
12 expenses.~~†~~

13 (d) Rates shall not be excessive, inadequate or
14 unfairly discriminatory.

15 A rate is excessive if it is likely to produce a profit
16 that is unreasonably high for the insurance provided or if
17 expenses are unreasonably high in relation to the services
18 rendered.

19 A rate is not inadequate unless the ~~such~~ rate is
20 clearly insufficient to sustain projected losses and
21 expenses in the class of business to which it applies and
22 the use of the ~~such~~ rate has or, if continued, will have
23 the effect of substantially lessening competition or the
24 tendency to create monopoly in any market.

25 Unfair discrimination exists if, after allowing for
26 practical limitations, price differentials fail to reflect

1 equitably the differences in expected losses and expenses.
2 A rate is not unfairly discriminatory because different
3 premiums result for policyholders with like exposures but
4 different expenses, or like expenses but different loss
5 exposures, so long as the rate reflects the differences
6 with reasonable accuracy.

7 (e) The rating plan shall contain a mandatory offer of
8 a deductible applicable only to the medical benefit under
9 the Workers' Compensation Act. Such deductible offer shall
10 be in a minimum amount of at least \$1,000 per accident.

11 (f) Any rating plan or program shall include a rule
12 permitting 2 or more employers with similar risk
13 characteristics, who participate in a loss prevention
14 program or safety group, to pool their premium and loss
15 experience in determining their rate or premium for such
16 participation in the program.

17 (g) With respect to an employer correctly classified
18 within the construction industry, the amount charged for
19 workers' compensation and employers' liability insurance
20 insuring the employees employed by an employer in any job
21 category or classification shall be based upon hours worked
22 by employees in that job category or classification and
23 shall not be based upon the wages or salaries paid to the
24 employees.

25 (2) Except to the extent necessary to meet the provisions
26 of subdivision (d) of subsection (1) of this Section,

1 uniformity among companies in any matters within the scope of
2 this Section is neither required nor prohibited.

3 (Source: P.A. 100-1118, eff. 2-1-19.)