



Rep. Jay Hoffman

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1 AMENDMENT TO HOUSE BILL 2703

2 AMENDMENT NO. _____. Amend House Bill 2703 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Intergovernmental Cooperation Act is
5 amended by changing Section 6 and by adding Section 6.5 as
6 follows:

7 (5 ILCS 220/6) (from Ch. 127, par. 746)

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

16 A joint insurance pool shall have an annual audit performed

1 by an independent certified public accountant and shall file an
2 annual audited financial report with the Director of Insurance
3 no later than 150 days after the end of the pool's immediately
4 preceding fiscal year. The Director of Insurance shall issue
5 rules necessary to implement this audit and report requirement.
6 The rule shall establish the due date for filing the initial
7 annual audited financial report. Within 30 days after January
8 1, 1991, and within 30 days after each January 1 thereafter,
9 public agencies that are jointly self-insured to protect
10 against liability under the Workers' Compensation Act and the
11 Workers' Occupational Diseases Act shall file with the Illinois
12 Workers' Compensation Commission a report indicating an
13 election to self-insure.

14 The joint insurance pool shall also annually file with the
15 Director a statement of actuarial opinion that conforms to the
16 Actuarial Standards of Practice issued by the Actuarial
17 Standards Board. All statements of actuarial opinion shall be
18 issued by an independent actuary who is an associate or fellow
19 of the Casualty Actuarial Society or of the Society of
20 Actuaries. The statement of actuarial opinion shall include a
21 statement that the pool's reserves are calculated in accordance
22 with sound loss-reserving standards and adequate for the
23 payment of claims. This opinion shall be filed no later than
24 150 days after the end of each fiscal year. The joint insurance
25 pool shall be exempt from filing a statement of actuarial
26 opinion by an independent actuary who is an associate or fellow

1 of the Casualty Actuarial Society or of the Society of
2 Actuaries that the joint insurance pool's reserves are in
3 accordance with sound loss-reserving standards and payment of
4 claims for the primary level of coverage if the joint insurance
5 pool files with the Director, by the reporting deadline, a
6 statement of actuarial opinion from the provider of the joint
7 pool's aggregate coverage, reinsurance, or other similar
8 excess insurance coverage. Any statement of actuarial opinion
9 must be prepared by an actuary who satisfies the qualification
10 standards set forth by the American Academy of Actuaries to
11 issue the opinion in the particular area of actuarial practice.

12 The Director may assess penalties against a joint insurance
13 pool that fails to comply with the auditing, statement of
14 actuarial opinion, and examination requirements of this
15 Section in an amount equal to \$500 per day for each violation,
16 up to a maximum of \$10,000 for each violation. The Director (or
17 his or her staff) or a Director-selected independent auditor
18 (or actuarial firm) that is not owned or affiliated with an
19 insurance brokerage firm, insurance company, or other
20 insurance industry affiliated entity may examine, as often as
21 the Director deems advisable, the affairs, transactions,
22 accounts, records, and assets and liabilities of each joint
23 insurance pool that fails to comply with this Section. The
24 joint insurance pool shall cooperate fully with the Director's
25 representatives in all evaluations and audits of the joint
26 insurance pool and resolve issues raised in those evaluations

1 and audits. The failure to resolve those issues may constitute
2 a violation of this Section, and may, after notice and an
3 opportunity to be heard, result in the imposition of penalties
4 pursuant to this Section. No sanctions under this Section may
5 become effective until 30 days after the date that a notice of
6 sanctions is delivered by registered or certified mail to the
7 joint insurance pool. The Director shall have the authority to
8 extend the time for filing any statement by any joint insurance
9 pool for reasons that he or she considers good and sufficient.

10 Notwithstanding any other provision of law, annual audited
11 financial reports and statements of actuarial opinion filed
12 under this Section with the Director of Insurance shall be
13 available to the public for inspection and copying under the
14 Freedom of Information Act.

15 The governing board of the joint insurance pool shall not
16 include a member or trustee who is not a representative of a
17 member of the pool. Members or trustees of the governing board
18 shall not have a direct or indirect financial interest in any
19 contract or subcontract entered with the pool.

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; 98-969, eff. 1-1-15.)

21 (5 ILCS 220/6.5 new)

22 Sec. 6.5. Joint self-insurance; workers' compensation.

23 (a) A joint insurance pool or other intergovernmental
24 cooperative formed under Section 6 of this Act offering
25 workers' compensation insurance coverage shall make available

1 to its members, upon request, the bylaws of the pool or
2 cooperative, articles of incorporation, and any contract
3 entered by the pool or cooperative, including a contract with
4 any administrator. Notwithstanding any other provision of law,
5 the members shall make any such records received available for
6 public inspection or copying under the Freedom of Information
7 Act.

8 (b) Beginning January 1, 2018, each joint insurance pool or
9 other intergovernmental cooperative formed under this Act
10 offering workers' compensation insurance coverage shall file a
11 report concerning its workers' compensation insurance coverage
12 during the immediately preceding fiscal year with the Director
13 of Insurance at the time it files its annual audited financial
14 report under Section 6 of this Act. The report shall include,
15 at a minimum, the following:

16 (1) the number and identity of all members
17 participating in the pool or cooperative's workers'
18 compensation coverage;

19 (2) the number of claims opened;

20 (3) the number of reported medical only claims;

21 (4) the number of claims with lost time and the number
22 of claims for which temporary total disability was paid;

23 (5) the gross contributions collected from its members
24 for workers' compensation insurance coverage;

25 (6) the contributions paid by each member;

26 (7) the total fees paid to the administrator of the

1 pool or cooperative;

2 (8) the total amount of indemnity payments made;

3 (9) the total amount of medical payments made;

4 (10) the growth of total paid indemnity benefits by
5 temporary total disability, scheduled and non-scheduled
6 permanent partial disability, and total disability; and

7 (11) the aggregate growth of medical benefit payouts.

8 Notwithstanding any other provision of law, the Department
9 of Insurance shall make the report available for public
10 inspection or copying under the Freedom of Information Act.

11 (c) Any third-party, business entity providing
12 administration of the workers' compensation joint pool or
13 cooperative shall be licensed and subject to the same
14 regulation as administrators under Sections 107a.09 and
15 107a.10 of the Illinois Insurance Code. All agreements or
16 contracts entered or renewed on or after the effective date of
17 this amendatory Act of the 100th General Assembly under which a
18 third-party who, on behalf of the pool or cooperative, receives
19 or collects charges, contributions or premiums for, or adjusts
20 or settles claims shall be filed with the Department of
21 Insurance on or before the effective date of the contract or
22 agreement and shall be subject to disapproval pursuant to
23 Section 141.2 of the Illinois Insurance Code.

24 (d) The Department of Insurance may adopt rules necessary
25 to implement this Section."