



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB5697

by Rep. Marlow H. Colvin

SYNOPSIS AS INTRODUCED:

215 ILCS 5/462c new

Amends the Illinois Insurance Code Workers' Compensation provisions. Provides that if an employer fails to provide the insurer or its authorized representative with which it has its workers' compensation insurance policy with reasonable access to payroll records for a payroll verification audit when requested by the insurer under the terms of the employer's workers' compensation insurance policy, the employer shall be liable to pay to the insurer a total premium for the policy equal to 3 times the insurer's then-current estimate of the annual premium on the expiration of the policy. Provides that the Section shall only apply if the insurer complies with the conditions set forth in the provision. Provides that the insurer shall have and follow regular and reasonable rules and procedures to notify employers of their duty to provide for access to records, and to contact employers to make appointments during regular business hours for that purpose. Provides that upon the employer's failure to provide access after the insurer's third request during at least a 90-day period, the insurer may notify the employer through its mailing of a certified, return-receipt, document of the increased premium and the total amount of the costs incurred by the insurer for its attempts to perform an audit. Makes other changes. Effective immediately.

LRB095 19720 KBJ 46085 b

1 AN ACT concerning regulation.

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 462c as follows:

6 (215 ILCS 5/462c new)

7 Sec. 462c. Workers' compensation; audits.

8 (a) If an employer fails to provide the insurer or its
9 authorized representative with which it has its workers'
10 compensation insurance policy with reasonable access to
11 payroll records for a payroll verification audit when requested
12 by the insurer under the terms of the employer's workers'
13 compensation insurance policy, the employer shall be liable to
14 pay to the insurer a total premium for the policy equal to 3
15 times the insurer's then-current estimate of the annual premium
16 on the expiration of the policy. This Section shall only apply
17 if the insurer complies with the conditions set forth in
18 subsection (c).

19 (b) The insurer shall have and follow regular and
20 reasonable rules and procedures to notify employers of their
21 duty to provide for access to records, and to contact employers
22 to make appointments during regular business hours for that
23 purpose.

1 (c) Upon the employer's failure to provide access after the
2 insurer's third request during at least a 90-day period, the
3 insurer may notify the employer through its mailing of a
4 certified, return-receipt, document of the increased premium
5 and the total amount of the costs incurred by the insurer for
6 its attempts to perform an audit as described under subsection
7 (a). Upon the expiration of 30 days after the delivery of the
8 notice, collection by the insurer of the amount of premium and
9 costs described under subsection (a), less all premiums
10 previously paid by the employer for the policy, shall be fully
11 enforceable and executable.

12 (d) If the employer provides for access to its records
13 after having received the notice described in subsection (c),
14 and if the insurer then succeeds in performing the audit to its
15 satisfaction, the insurer shall revise the total premium and
16 costs payable for the policy by the employer to reflect the
17 results of its audit.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.