



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB2188

Introduced 2/14/2008, by Sen. Mike Jacobs

SYNOPSIS AS INTRODUCED:

215 ILCS 113/15
215 ILCS 113/30

Amends the Employee Leasing Company Act. Changes the definition of "employee leasing arrangement" to mean a written contractual arrangement (instead of only a contractual agreement) and also that the contract shall specifically identify either the employee leasing company or the client responsible for the securing of workers' compensation insurance for leased employees. Provides that when a workers' compensation policy written to cover leased employees is issued to the lessor as the named the insured, the lessee shall be identified thereon by the attachment of an appropriate endorsement indicating that the policy provides coverage solely for leased employees. Makes technical changes. Provides that when a workers' compensation policy that covers leased employees is issued to the lessee as the named insured: (1) The lessor shall be identified by the attachment of an appropriate endorsement to indicate that the policy provides coverage for the lessor as an additional insured solely for the leased employees at that client; (2) Notice of cancellation of the policy shall be provided by the carrier to both the lessee (as the named insured) and to the lessor (as an additional insured); and (3) Coverage under the policy shall cover all exposure of the client for both leased and non-leased workers. Makes other changes. Effective immediately.

LRB095 14707 KBJ 40628 b

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 Employee Leasing Company Act is amended by
5 changing Sections 15 and 30 as follows:

6 (215 ILCS 113/15)

7 Sec. 15. Definitions. In this Act:

8 "Department" means the Illinois Department of Insurance.

9 "Employee leasing arrangement" means a written contractual
10 arrangement, including long-term temporary arrangements
11 whereby a lessor obligates itself to perform specified employer
12 responsibilities as to leased employees. The contract shall
13 specifically identify either the employee leasing company or
14 the client responsible for ~~including~~ the securing of workers'
15 compensation insurance for leased employees. For purposes of
16 this Act, "employee leasing arrangement" does not include
17 "temporary help arrangement".

18 "Leased employee" or "worker" means a person performing
19 services for a lessee under an employee leasing arrangement.

20 "Lessee" or "client company" means an entity that obtains
21 any of its work force from another entity through an employee
22 leasing arrangement.

23 "Lessor" or "employee leasing company" means an entity that

1 leases any of its workers to a lessee through an employee
2 leasing arrangement.

3 "Long-term temporary arrangement" means an arrangement
4 where one company leases all or a majority number of workers
5 from another for a period in excess of 6 months or consecutive
6 periods equal to or greater than one year.

7 "Residual market mechanism" means the residual market
8 mechanism as defined in Section 468 of the Illinois Insurance
9 Code.

10 "Temporary help arrangement" means a service whereby an
11 organization hires its own employees and assigns them to
12 clients for a finite time period to support or supplement the
13 client's work force in special work situations such as, but not
14 limited to, employee absences, temporary skill shortages,
15 seasonal workloads, and special assignments and projects.

16 (Source: P.A. 90-499, eff. 1-1-98; 90-794, eff. 8-14-98.)

17 (215 ILCS 113/30)

18 Sec. 30. Responsibility for policy issuance and
19 continuance.

20 (a) When a workers' compensation policy written to cover
21 leased employees is issued to the lessor as the named insured:

22 τ

23 (1) ~~The~~ the lessee shall be identified thereon by the
24 attachment of an appropriate endorsement indicating that
25 the policy provides coverage solely for leased employees.

1 The endorsement shall, at a minimum, provide for the
2 following:

3 (i) ~~(1)~~ Coverage under the endorsement shall be
4 limited to the named insured's employees leased to the
5 lessees.

6 (ii) ~~(2)~~ The experience of the employees leased to
7 the particular lessee shall be separately maintained
8 by the lessor as provided in Section 25.

9 ~~(b) (Blank)~~.

10 (2) ~~(e)~~ The lessor shall notify the insurer or a
11 licensed rating organization 30 days prior to the effective
12 date of termination or immediately upon notification of
13 cancellation by the lessor of an employee leasing
14 arrangement with the lessee in order to allow sufficient
15 time to calculate an experience modification factor for the
16 lessee.

17 (3) ~~(d)~~ The insurer shall provide proof of workers'
18 compensation insurance to the lessor and to each applicable
19 lessee within 30 days of the coverage being effected or
20 changed.

21 (4) ~~(e)~~ Calculation of a lessor's or lessee's premium
22 shall be done in accordance with the insurer's rating
23 manual filed with the Department.

24 (b) When a workers' compensation policy that covers leased
25 employees is issued to the lessee as the named insured:

26 (1) The lessor shall be identified by the attachment of

1 an appropriate endorsement to indicate that the policy
2 provides coverage for the lessor as an additional insured
3 solely for the leased employees at that client.

4 (2) Notice of cancellation of the policy shall be
5 provided by the carrier to both the lessee (as named
6 insured) and to the lessor (as an additional insured).

7 (3) Coverage under the policy shall cover all exposure
8 of the client for both leased and non-leased workers.

9 (c) Where the client is the party responsible for worker's
10 compensation coverage of leased employees under the leasing
11 arrangement, coverage under any policy issued to the lessor as
12 named insured for direct employees of the lessor or for leased
13 employees of the lessor at any other client shall not be
14 extended to the leased employees at the client lessee.

15 (Source: P.A. 90-499, eff. 1-1-98; 90-794, eff. 8-14-98.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.