

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:

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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 workers'  
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.