

SB1781



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB1781

Introduced 2/20/2015, by Sen. William R. Haine

SYNOPSIS AS INTRODUCED:

215 ILCS 5/537.2

from Ch. 73, par. 1065.87-2

Amends the Illinois Insurance Code. Provides that obligations arising under an insurance policy written to indemnify a permissibly self-insured employer under the Workers' Compensation Act for its liability to pay workers' compensation benefits in excess of a specific or aggregate retention shall be subject to the applicable per-claim limits set forth. Effective immediately.

LRB099 07859 MLM 27995 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 537.2 as follows:

6 (215 ILCS 5/537.2) (from Ch. 73, par. 1065.87-2)

7 Sec. 537.2. Obligation of Fund. The Fund shall be obligated
8 to the extent of the covered claims existing prior to the entry
9 of an Order of Liquidation against an insolvent company and
10 arising within 30 days after the entry of such Order, or before
11 the policy expiration date if less than 30 days after the entry
12 of such Order, or before the insured replaces the policy or on
13 request effects cancellation, if he does so within 30 days
14 after the entry of such Order. If the entry of an Order of
15 Liquidation occurs on or after October 1, 1975 and before
16 October 1, 1977, such obligations shall not: (i) exceed
17 \$100,000, or (ii) include any obligation to refund the first
18 \$100 of any unearned premium claim; and if the entry of an
19 Order of Liquidation occurs on or after October 1, 1977 and
20 before January 1, 1988, such obligations shall not: (i) exceed
21 \$150,000, except that this limitation shall not apply to any
22 workers compensation claims, or (ii) include any obligation to
23 refund the first \$100 of any unearned premium claim; and if the

1 entry of an Order of Liquidation occurs on or after January 1,
2 1988 and before January 1, 2011, such obligations shall not:
3 (i) exceed \$300,000, except that this limitation shall not
4 apply to any workers compensation claims, or (ii) include any
5 obligation to refund the first \$100 of any unearned premium
6 claim or to refund any unearned premium over \$10,000 under any
7 one policy. If the entry of an Order of Liquidation occurs on
8 or after January 1, 2011, then such obligations shall not: (i)
9 exceed \$500,000, except that this limitation shall not apply to
10 any workers compensation claims or (ii) include any obligation
11 to refund the first \$100 of any unearned premium claim or
12 refund any unearned premium over \$10,000 under any one policy.
13 In no event shall the Fund be obligated to a policyholder or
14 claimant in an amount in excess of the face amount of the
15 policy from which the claim arises. For purposes of this Act,
16 obligations arising under an insurance policy written to
17 indemnify a permissibly self-insured employer under subsection
18 (a) of Section 4 of the Workers' Compensation Act for its
19 liability to pay workers' compensation benefits in excess of a
20 specific or aggregate retention shall be subject to the
21 applicable per-claim limits set forth in this Section.

22 In no event shall the Fund be liable for any interest on
23 any judgment entered against the insured or the insolvent
24 company, or for any other interest claim against the insured or
25 the insolvent company, regardless of whether the insolvent
26 company would have been obligated to pay such interest under

1 the terms of its policy. The Fund shall be liable for interest
2 at the statutory rate on money judgments entered against the
3 Fund until the judgment is satisfied.

4 Any obligation of the Fund to defend an insured shall cease
5 upon the Fund's payment or tender of an amount equal to the
6 lesser of the Fund's covered claim obligation limit or the
7 applicable policy limit.

8 (Source: P.A. 96-1450, eff. 8-20-10.)

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.