

1 AMENDMENT TO HOUSE BILL 5608

2 AMENDMENT NO. _____. Amend House Bill 5608 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by
5 changing Section 107a.06 as follows:

6 (215 ILCS 5/107a.06)

7 Sec. 107a.06. Pool administration.

8 (a) An application for Certificate of Authority to
9 establish a pool shall ~~must~~ include the documentation and
10 information regarding its administrator, pooling agreement,
11 plan of operation, and membership required by this Section.

12 (b) Administrators must disclose all of the following:

13 (1) Biography of the risk manager on forms
14 prescribed by the Director.

15 (2) If a corporation, biographies of all officers
16 and directors.

17 (3) The size of staff and other information, such
18 as the kinds of staff positions, location of
19 administrative offices and the nature of any electronic
20 data processing equipment, if any, available for
21 servicing the pool, to demonstrate that the administrator
22 has the resources to administer the program disclosed

1 pursuant to subsection (d).

2 (4) The most recent financial statement of the
3 administrator. If a publicly held company, a copy of the
4 last 10-K filed with the Securities and Exchange
5 Commission.

6 (5) The compensation contract of the administrator.

7 (6) The bylaws of the pool and articles of
8 incorporation, if any.

9 (7) Any agreement that subcontracts any of the
10 administrator's duties or responsibilities.

11 (c) A pooling agreement must contain all of the
12 following:

13 (1) A description of the services to be provided by
14 the administrator.

15 (2) The manner in which costs are to be apportioned
16 by the administrator.

17 (3) The initial premium deposit.

18 (4) The assessment provision.

19 (5) The termination provisions and minimum term of
20 membership, which minimum term of membership shall not be
21 less than one year.

22 (6) The duration of liability for additional
23 assessments following termination of membership, which
24 shall be for a period of not less than 3 years.

25 (7) The prerequisites for membership.

26 (8) A provision stating that a claim shall be paid
27 by the pool, regardless of the size of the claim, and
28 that the pool shall be reimbursed by the employer for any
29 amounts required to be paid by the employer under the
30 agreement.

31 (9) A provision stating that the terms of
32 termination after the first year of pool membership shall
33 be dictated by the pooling agreement.

34 (10) If a pooling agreement requires a member to

1 submit written notice in order for the member to withdraw
2 from a qualified pool, then the period in which the
3 member must provide the written notice cannot be greater
4 than 90 days.

5 (d) Plans of operation must disclose all of the
6 following:

7 (1) A listing of initial members.

8 (2) The aggregate loss history of initial members
9 for each of the last 3 years.

10 (3) The amount of the net retention of the pool and
11 a list of reinsurers.

12 (4) The names of all entities that will provide
13 services for the pool and copies of proposed contracts in
14 connection those services.

15 (5) The safety and loss control programs to be
16 provided or required.

17 (e) The application must contain information about
18 initial members specified on forms prescribed by the
19 Director.

20 (f) The application must contain the combined loss
21 experience for the group for the last 3 years and any other
22 financial data required by the Director.

23 (g) A pool administrator's original books and records
24 relating to the operations of the pool shall at all times be
25 located within the State of Illinois.

26 (h) Any change of the pooling agreement, bylaws, plan of
27 operation, reinsurance agreements, or membership shall be
28 delivered to the Director within 30 days after the amendment
29 or change.

30 (i) A pool trustee must be an employee, officer,
31 director, or owner of a pool member.

32 (Source: P.A. 91-757, eff. 1-1-01.)"