

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 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  
23 pursuant to subsection (d).

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

28 (5) The compensation contract of the administrator.

29 (6) The bylaws of the pool and articles of  
30 incorporation, if any.

31 (7) Any agreement that subcontracts any of the

1 administrator's duties or responsibilities.

2 (c) A pooling agreement must contain all of the  
3 following:

4 (1) A description of the services to be provided by  
5 the administrator.

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

8 (3) The initial premium deposit.

9 (4) The assessment provision.

10 (5) The termination provisions and minimum term of  
11 membership, which minimum term of membership shall not be  
12 less than one year.

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

16 (7) The prerequisites for membership.

17 (8) A provision stating that a claim shall be paid  
18 by the pool, regardless of the size of the claim, and  
19 that the pool shall be reimbursed by the employer for any  
20 amounts required to be paid by the employer under the  
21 agreement.

22 (9) A provision stating that the terms of  
23 termination after the first year of pool membership shall  
24 be dictated by the pooling agreement.

25 (10) If a pooling agreement requires a member to  
26 submit written notice in order for the member to withdraw  
27 from a qualified pool, then the period in which the  
28 member must provide the written notice cannot be greater  
29 than 90 days.

30 (d) Plans of operation must disclose all of the  
31 following:

32 (1) A listing of initial members.

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

1           (3) The amount of the net retention of the pool and  
2           a list of reinsurers.

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

6           (5) The safety and loss control programs to be  
7           provided or required.

8           (e) The application must contain information about  
9           initial members specified on forms prescribed by the  
10          Director.

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

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

17          (h) Any change of the pooling agreement, bylaws, plan of  
18          operation, reinsurance agreements, or membership shall be  
19          delivered to the Director within 30 days after the amendment  
20          or change.

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

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