

1 HOUSE RESOLUTION

2 WHEREAS, Workers' compensation self-insurance pools allow
3 small employers with the same risk characteristics to
4 self-insure their workers' compensation liabilities on a
5 group basis; and

6 WHEREAS, Illinois employers have been statutorily
7 authorized to form self-insurance pools since 1980; and

8 WHEREAS, The Director of Insurance has regulatory
9 authority over workers' compensation self-insurance pools
10 under Article V 3/4 of the Insurance Code; and

11 WHEREAS, As part of the state's regulatory scheme over
12 the self-insurance pools, the state has established the Group
13 Workers' Compensation Pool Insolvency Fund; and

14 WHEREAS, The purpose of the Group Workers' Compensation
15 Pool Insolvency Fund is to pay workers' compensation awards
16 to injured workers whose employers belong to insolvent
17 workers' compensation self-insurance pool; and

18 WHEREAS, Since October 2000, four workers' compensation
19 self-insurance pools have been declared insolvent by the
20 Director of the Department of Insurance; and

21 WHEREAS, The total, unpaid claims owed by these insolvent
22 pools are estimated by the Department of Insurance to be
23 between \$17 million and \$20 million; and

24 WHEREAS, The Group Workers' Compensation Pool Insolvency
25 Fund is funded by means of regular assessments imposed on the
26 self-insurance pools, and these assessments are set at a rate
27 of 0.5% of total workers' compensation claims paid by a pool;
28 and

1 WHEREAS, The Director of Insurance is responsible for
2 collecting assessments for the Workers' Compensation Pool
3 Insolvency Fund; and

4 WHEREAS, The Illinois Insurance Code provides that, in
5 the event of insolvency of a workers' compensation
6 self-insurance pool, the director may impose additional
7 assessments on the employer members of the insolvent pool;
8 and

9 WHEREAS, The Illinois Insurance Code further provides
10 that, where the balance of the Workers' Compensation Pool
11 Insolvency Fund falls below \$1 million, the director of
12 Insurance may impose additional assessments upon the solvent
13 self-insurance pools in order to pay the claims against the
14 insolvent pools; and

15 WHEREAS, During its entire history, the Workers'
16 Compensation Pool Insolvency Fund has collected only about
17 \$800,000 in assessments; and

18 WHEREAS, The current assets of the Workers' Compensation
19 Pool Insolvency Fund are woefully inadequate to pay the
20 awarded claims against the insolvent pools; and

21 WHEREAS, The efforts of the Director of Insurance, as
22 receiver of the insolvent pools, to collect available assets
23 from the estates of the insolvent pools is not expected to
24 yield sufficient revenues to pay the full amount of the
25 awarded claims within the near future; and

26 WHEREAS, The director's current efforts to collect assets
27 from the employer members of the insolvent pools likewise do
28 not appear likely to yield sufficient assets for the
29 Insolvency Fund to pay all of the claims against the
30 insolvent pools; and

31 WHEREAS, The director has not, as yet, collected any

1 additional assessments from the solvent self-insurance pools;
2 and

3 WHEREAS, As a result of the self-insurance pool
4 insolvencies, some injured workers have not been able to
5 receive the workers' compensation and medical benefits to
6 which they are entitled under law for a period of over 6
7 months; and

8 WHEREAS, Many of these injured workers are in desperate
9 financial straits, being physically unable to earn wages for
10 themselves and their families through gainful employment; and

11 WHEREAS, It is therefore imperative that the Director of
12 Insurance step up his efforts to collect additional
13 assessments, both from the solvent pools and the employer
14 members of the insolvent pools; and

15 WHEREAS, The solvent pools appear to be raising every
16 possible legal objection to avoid becoming liable for
17 additional assessments; and

18 WHEREAS, It is therefore appropriate that the General
19 Assembly take steps to monitor the efforts taken by the
20 Director of Insurance to collect additional assessments for
21 the Workers' Compensation Pool Insolvency Fund; therefore be
22 it

23 RESOLVED, BY THE NINETY-SECOND GENERAL ASSEMBLY OF THE
24 STATE OF ILLINOIS, That the House of Representatives urges
25 the Director of Insurance to make all possible efforts to
26 collect additional assessments for the Workers' Compensation
27 Pool Insolvency Fund; and be it further

28 RESOLVED, That the Director of Insurance pursue all
29 possible avenues to collect assessments, including, but not
30 limited to, the possible filing of lawsuits against the
31 solvent pools; and be it further

1 RESOLVED, That within 30 days of the passage of this
2 resolution, the Director of Insurance shall submit a report
3 describing the efforts he has taken to collect additional
4 assessments from the solvent workers' compensation
5 self-insurance pools, as well as the employer members of the
6 insolvent pools; and be it further

7 RESOLVED, That the report shall summarize the dollar
8 amounts collected as assessments from each pool and employer,
9 as well as the total dollar amounts of the collected
10 assessments, the claims paid from the Insolvency Fund, and
11 the Insolvency Fund balance, and be it further

12 RESOLVED, That the report shall provide detailed
13 explanations of any failures by those assessed to pay
14 assessments that the director has levied, the efforts taken
15 by the director to correct these failures, reason given for
16 failure to pay by those assessed, and a litigation plan where
17 appropriate; and be it further

18 RESOLVED, That a suitable copy of this resolution shall
19 be delivered to the Governor and the Director of Insurance.