

SIGFA Survey of State Self-Insurance Guaranty Funds

Response for: **Illinois**

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Name: **Maria Sarli-Dehlin**
Job Title: Office of Self-Insurance Manager
Company Name: Illinois Workers' Compensation Commission
Work Phone: 312/814-6065
Email Address: maria.dehlin@illinois.gov
Address: 100 W. Randolph St., 8th floor
Chicago, IL 60601

2 **What is the total future value of claims currently covered by self-insurance, including case reserves and IBNR if known?**

Answer
<input type="radio"/> Less Than \$10 million dollars
<input type="radio"/> \$10,000,000 to \$25,000,000
<input type="radio"/> \$25,000,001 to \$50,000,000
<input type="radio"/> \$50,000,001 to \$100,000,000
<input checked="" type="checkbox"/> Greater Than \$100,000,000

3 **Are self-insured employers/funds required to actuarially calculate their WC liabilities and report that figure to the state?**

Answer
<input checked="" type="checkbox"/> Yes
<input type="checkbox"/> No

Comment: It is not required that the report is prepared by an independent actuarial.

4 **If self-insured employers/funds are required to actuarially calculate their WC liabilities and report that figure to the state... How often are they required to report?**

Answer
<input checked="" type="checkbox"/> At Least Annually
<input type="checkbox"/> Every 2 Years
<input type="checkbox"/> Less Frequently Than Every 2 Years
<input type="checkbox"/> Other

- 5 How many individually self-insured employers defaulted on their claims obligations since Jan 1, 2009?

Answer
None
1
2
<input checked="" type="checkbox"/> 3
4
5 or more

- 6 Describe the structure of how your state regulates self-insurance and covers the administration of claims of defaulting employers (e.g. a single state entity that does both, combination of state agency and private fund, etc.)

The Self-Insurers Advisory Board was established within the Illinois Workers' Compensation agency. The Board is empowered to and will assume the outstanding workers' compensation obligations of the insolvent self-insurer. The Board will take all steps necessary to collect, recover and enforce the security posted by the self-insurer. Future administration of the claims will be determined by the nature of the security.

- 7 Are individually self-insured employers required to carry specific excess insurance?

Answer
Yes
<input checked="" type="checkbox"/> No

- 8 If individually self-insured employers are required to carry specific excess insurance, what is the maximum amount of loss permitted to be retained by the self-insured employer before the specific excess insurance carrier begins paying?

Answer
\$250,000 or Less
\$250,001 to \$500,000
\$500,001 to \$1,000,000
\$1,000,001 to \$2,500,000
\$2,500,001 to \$5,000,000
More Than \$5,000,000
Other

- 9 If specific excess insurance is required, is it required to provide full statutory coverage once the self-insured retention point has been breached?

Answer

Specific Excess Insurance Is Not Required
Specific Excess Is Required To Pay Full Statutory Coverage
Specific Excess Is Not Required To Pay Full Statutory Coverage
Other

- 10 How does the amount of loss permitted to be carried by the self-insured employer, through either a high or low self-insured retention, impact the amount of required security?

The collectible excess insurance may lower the required security.

- 11 Are the carriers who provide the excess insurance required to be an admitted carrier?

Answer

Yes
No

- 12 Are carriers who provide excess insurance required to possess a minimum AM Best rating?

Answer

No
Yes, At Least A+ (Superior)
Yes, At Least A- (Excellent)
Yes, At Least B+ (Good)
Yes, B, B- (Fair)
Other

- 13 Does the state have access to financial statements of the individual self-insured employer?

Answer

Yes
No

Comment: Financial statements are required to qualify and continue as a self-insured employer.

14 Does the state monitor the credit strength of individual self-insured employers?

Answer

Yes

No

Comment: The financial strength of the self-insured employer is monitored on an annual basis.

15 If the state monitors the credit strength of the individual self-insured employer, for what purpose?

To qualify for self-insurance, an employer must meet certain requirements, including the demonstration of sufficient financial strength to meet workers' compensation obligations in a timely manner, and providing security as required by the Commission.

16 Is full statutory coverage provided by your state insurance guaranty association/fund in the event that the voluntary market excess carrier becomes insolvent? If not statutory, what is the maximum required payment?

Answer

No, Payment is Limited To Less Than Full Statutory Coverage

Yes, Full Statutory Coverage Is Provided

Other

Comment: Unknown - Contact the IL Insurance Guaranty Fund

17 In the event that the self-insured employer and the excess carrier both default on their payment obligations, what process is in place to guarantee payment of claims?

The Self-Insurers Security Fund will continue to pay in full the workers' compensation obligations from the self-insurer's self-insurance period.

18 In the event that the self-insured employer and the surety bond carrier both default on their payment obligations, what process is in place to guarantee payment of claims?

The Self-Insurers Security Fund will continue to pay in full the workers' compensation obligations from the self-insurer's self-insurance period.

- 19 If a domestic surety bond carrier defaults and is placed into rehabilitation / liquidation by your state insurance department, which creditor class will workers' comp surety bonds be considered?

Unknown, contact IL Department of Insurance.

- 20 Does your state have a separate guaranty fund for individual self-insured employers?

Answer

Yes

No

Comment: IL Self-Insurers Security Fund

- 21 Does your state have a separate guaranty fund for group self-insured funds?

Answer

Yes

No

- 22 If a self-insured employer guaranty fund exists in your state is it a governmental, quasi-governmental, or private entity?

Answer

Governmental

Quasi-Governmental

Private

No State Self-Insured Guaranty Fund Exists

Other

- 23 Does your self-insured employer state guaranty fund levy assessments against individual self-insurers?

Answer

Yes, Assessments Are Levied Against Individual Self-Insurers

No, Assessments Are NOT Levied Against Individual Self-Insurers

We Have No Individual Self-Insured Employer Guaranty Funds

Other

24 **If assessments are levied against individual self-insurers, how are they calculated?**

The Self-Insurers Advisory Board determines on a quarterly basis whether an assessment is required. Self-insured employers may pay assessments up to a maximum of 1.2% annually based on compensation payments, excluding medical expenses.

25 **How are claim liabilities funded when a group self-insurer defaults?**

Contact IL Department of Insurance

26 **How many employers are currently individually self-insured in your state?**

Answer

None, Individual Self-Insurance Is Not Allowed

Less Than 20 Employers Are Self-Insured

From 20 to 75

From 76 to 125

From 126 to 175

From 176 to 225

Over 225

Other

27 **What types of employers are eligible to individually self-insure their WC liabilities in your state (e.g. private [non-state] entities only, public and private, etc?)**

Answer

Privately Held Companies

Public Entities

Governmental Agencies

School Boards

Municipalities

Individual Self-Insurance Is Not Allowed

Other

28 **What are the minimum financial requirements for participation in self-insurance (e.g. minimum net worth, earnings, etc.?)**

Rules include a points(0-6)system earned on 3 financial ratios & considered by Board in determining employer's financial strength.The points earned on each of the ratios are added together for a total score(0-18).A total score of 9 or above creates a rebuttable presumption that the employer's application should be approved.

29 **Are individually self-insured employers allowed to self-administer their claims?**

Answer

Yes

No

Individual Self-Insurance Is Not Allowed

Other

30 **If individual self-insured employers are allowed to self-administer claims, are there conditions imposed that do not exist for those employers who utilize a TPA?**

Answer

Yes

No

Individual Self-Insurance Is Not Allowed

Other

31 **Is group self-insurance permitted in your state?**

Answer

Yes

No

32 How many group funds are operating in your state?

Answer
None
1-5
6-10
10-15
More Than 15

Comment: Unknown-Contact IL Department of Insurance

33 Is group self-insurance permitted in your state for public entities (i.e. public schools)

Answer
Yes
No
<input checked="" type="checkbox"/> Other: Contact IL Dept of Insurance

Comment: Unknown - Contact IL Department of Insurance

34 Are both heterogeneous and homogeneous group self-insurance funds permitted in your state?

Answer
Yes, Both Heterogeneous & Homogeneous Groups Are Permitted
No, Only Homogeneous Groups Are Permitted
<input checked="" type="checkbox"/> Other: Contact IL Dept of Insurance

Comment: Unknown - Contact IL Department of Insurance

35 How many employers are currently insured through self-insured group funds?

Answer
None, Group Self-Insurance Is Not Permitted
Less Than 500
From 501 to 1,000
From 1,001 to 2,500
From 2,501 to 5,000
From 5,001 to 10,000
More Than 10,000

Comment: Unknown - Contact IL Department of Insurance

36 Are group self-insurers required to carry specific excess insurance

Answer
Yes
No
<input checked="" type="checkbox"/> Other: Contact IL Dept of Insurance

Comment: Unknown - Contact IL Department of Insurance

37 Are group self-insurers required to carry aggregate excess insurance?

Answer
Yes
No
<input checked="" type="checkbox"/> Other: Contact IL Dept of Insurance

Comment: Unknown - Contact IL Department of Insurance

38 Are individual self-insured employers required to collateralize their self-insured liabilities by posting a surety bond, letter of credit, or other security with the state governing agency?

Answer
<input checked="" type="checkbox"/> Yes
No
Other

39 What forms of collateral or security are allowed?

Answer
<input checked="" type="checkbox"/> Surety Bonds
<input checked="" type="checkbox"/> Letters of Credit
<input checked="" type="checkbox"/> Cash
Securities
Real Property
Other

40 How is the collateral obligation calculated? (e.g. formula based on case reserves, actuarially developed, etc?)

Commission rules determine the security requirement & how it is determined.(See Commission Rules, Sec. 7100.70(c)(3).Each year after review of the renewal application, the security requirement is evaluated & may be adjusted if necessary based on new information. The Board has set the minimum security requirement at \$200,000.

41 **How often is the collateral or security calculated and adjusted to reflect changes with the self-insured employer?**

Answer

- Yearly, Once Calculated The Amount Remains Unchanged For A Year
- Periodically As Needed, Changes May Occur During A Year
- Other

42 **How does the state insure that the collateral is sufficient to cover the liabilities in the event of a failure to pay benefits by the individually self-insured employer?**

The employer financial statements, paid losses & outstanding reserves are reviewed annually. The amount of security is based upon the employer's financial strength and demonstrated loss experience.(See Commission Rules, Section 7100.70 (c)(3).)