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Illinois House Targets Workers' Comp Premiums *Not-for-Profit Insurance Company Would Save Employers Money*

(SPRINGFIELD, Ill.) The Illinois House of Representatives today passed HB 2622, a bill creating a not-for-profit workers' compensation insurance company that would compete with other insurers to provide workers' comp coverage to Illinois employers.

Proven to be successful in the 17 other states where they operate, including neighboring Missouri and Kentucky, these companies typically grow to be the biggest providers of workers' compensation insurance in their respective states.

HB 2622 was sponsored by Rep. Laura Fine (D-Glenview), and supported by organized labor in Illinois, including the Laborers' International Union of North America (LIUNA).

Sean Stott, Director of Governmental Affairs for LIUNA's Midwest Region, said that the creation of a not-for-profit insurance alternative will enhance competitiveness in Illinois' insurance market and force insurers to cut costs for Illinois employers.

"Big business and Governor Rauner want to cut benefits for injured workers and exclude legitimate injuries from coverage," said Stott. "That has proven not to be an effective way to control employer costs."

In 2011, Illinois lawmakers passed a series of benefit cuts for workers. Stott said the savings from those cuts have not been passed on to Illinois employers, but instead have substantially increased the profits of insurance companies.

Since Illinois does not strictly regulate workers' compensation insurance premiums, as others states do, the recommendation of a 29 percent cut in insurance rates since the 2011 law changes has not been honored by the insurance industry.

The portion of workers' compensation premiums paid by Illinois employers that is used to pay injured workers' benefits has dropped 28.4% since the 2011 law changes. According to the Illinois Department of Insurance, barely half of

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premiums collected by insurers (53.5 percent) in 2015 were used to pay workers' comp claims.

"Where is the rest of Illinois employers' money going?" Stott asked. "It should come as no surprise that insurance company profits are skyrocketing."

According to the Department, insurer profits on workers' comp sales have increased 30 percent since 2011.

HB 2622 offers Illinois employers an alternative to padding the profits of insurance companies. State-chartered workers' comp insurance companies provide long-term savings and a high level of service to their policy holders because they:

- Emphasize avoiding accidents by improving workplace safety through working with employers to eliminate hazards.
- Have no profit motive: they answer to policyholders, not stockholders.
- Do not sell other types of insurance, so their exclusive focus is providing employers with the highest quality customer service.

Illinois Department of Insurance 2016 Workers' Compensation Insurance Oversight Report can be found here:

<http://insurance.illinois.gov/wcfu/2016WorkCompReportFinal.pdf>

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