



Illinois Department of Insurance

BRUCE RAUNER
Governor

JENNIFER HAMMER
Director

TO: ALL INSURANCE COMPANIES APPROVED TO PROVIDE WORKERS' COMPENSATION INSURANCE COVERAGE IN THE STATE OF ILLINOIS

FROM: Jennifer Hammer, Director of Insurance 

DATE: December 11, 2018

RE: Company Bulletin #2018-13
215 ILCS 5/462a - Workers' Compensation Rating Premium Notice

All insurance companies writing workers' compensation coverage in Illinois (whether utilizing loss costs or rates) shall comply with the "Premium" notice requirements in 215 ILCS 5/462a for policies issued, delivered, amended or renewed on or after January 1, 2020. This bulletin provides guidance regarding the calculation of "Premiums" in excess of 5% above the "Rate Recommendation" filed with the Department of Insurance.

- 1) "Rate Recommendation" is the filing by the licensed rating organization as indicated in 215 ILCS 5/457(2).
- 2) "Premiums" subject to notice as provided in 5/462a shall reflect changes to the minimum premium, schedule rating, and expense constant. In calculation of the "Premium" for purposes of notice pursuant to 5/462a, the following shall be excluded:
 - i. increased loss costs or exposure units;
 - ii. experience rating;
 - iii. contractor credit adjustment program;
 - iv. large deductible;
 - v. retrospective rating; AND
 - vi. an audit.
- 3) To determine if the "Premium" is in excess of 5% above the "Rate Recommendation", the "Premium" that is offered should be compared to the filed "Rate Recommendation" as follows:

IF,

[Proposed Premium at Proposed LCM & Proposed Schedule Debit or Credit]

<divided by>

[Proposed Premium at Current LCM & Current Schedule Debit or Credit]

Is > 1.05

THEN, a "Premium" notice is required in compliance with 5/462a.

- 4) The Director (pursuant to 215 ILCS 5/132) may make examination of any company. Company data shall be maintained, accessible, and retrievable for examination. Data shall include but is not limited to evidence of the notice sent to the insured and/or documentation of insured's exclusion from notification.

Questions regarding this bulletin may be directed to DOI.InfoDesk@illinois.gov.