



**ILLINOIS WORKERS' COMPENSATION COMMISSION  
SELF-INSURER'S ESCROW AGREEMENT**

Date of Agreement: \_\_\_\_\_

Trust No.: \_\_\_\_\_

**Employer**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

**Escrow Agent**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

This Agreement is made on the above date by and between the parties signatory hereto.

The Employer has deposited the following securities as Trust Amount: \$ \_\_\_\_\_

Escrow Deposit with the Escrow Agent: *(list below)*

**I. Purpose:** The Illinois Workers' Compensation Commission ("Commission") granted the Employer permission to self-insure under the laws of the State of Illinois known as the Workers' Compensation Act and the Workers' Occupational Diseases Act, both effective July 9, 1951, as amended, (hereinafter collectively called the "Acts") provided it deposits with the above-named Escrow Agent the above listed money and/or securities (herein together with any additions thereto or substitutes thereof called the "Escrow Deposit").

It is agreed by the parties hereto that the Escrow Deposit shall be held by the Escrow Agent as security for the payment of the Employer's obligations incurred under the Acts as a result of injuries or exposures occurring during the Employer's period as a qualified private self-insurer under the Acts and for payment of all related administrative and defense costs.

**II. Approval as Self-Insurer; Additional Security:** Approval of this Escrow Agreement by the Self-Insurers Advisory Board ("Board") created by the Workers' Compensation Act or Commission does not waive the right of the Commission to require additional security for the payment of the Employer's liability for claims and any related administrative and defense costs. Notwithstanding the provisions of this Escrow Agreement, the Commission may hereafter terminate the approval of the Employer as a private self-insurer if the Employer fails to provide any required additional security, or if the Commission deems termination to be appropriate for any other reason.

**III. Non-Performing Self-Insurer:** Whenever the Employer fails to perform its obligations as a private self-insurer as determined by the Chairman of the Illinois Workers' Compensation Commission ("Chairman"), the Escrow Agent shall pay the Escrow Deposit or any part thereof demanded by the Chairman for deposit into a segregated account for use in paying the Employer's outstanding obligations under the Acts and any related administrative and defense costs. The Escrow Agent is authorized and instructed to rely solely upon the Chairman's written demand as authority to pay the Escrow Deposit to said account. The Chairman shall give the Employer a written notice of such demand at least fourteen (14) days prior to the date set for such payment to said account.

**IV. Sale of Securities:** The Chairman may demand that any or all of the securities hereunder be sold whenever he or she determines in his or her own discretion that such a sale is necessary to better secure the payment of the Employer's obligations under the Acts. Upon written demand from the Chairman, the Escrow Agent shall sell said securities at public or private sale and deposit the proceeds hereunder, into the Illinois Self-Insurers Security Fund. The Chairman shall give the Employer a written notice providing the time, place, and manner of the sale, at least fourteen (14) days prior to the scheduled sale date.

**V. Substitutions; Interest:** No substitutions shall be made for the moneys or securities included in the Escrow Deposit except with the written consent of the Chairman. Any interest or other income from the Escrow Deposit shall be paid to the Employer as it becomes due; however, if the Escrow Agent receives a written notice from the Chairman that the Employer is in default of payment of any sum due from the Employer under the Acts, the Escrow Agent shall retain any interest or proceeds until the Chairman provides written notice that the default has been cured.

**VI. Return of Escrow Deposit:** Termination of the Employer's qualification as a private self-insurer does not terminate the Escrow Deposit. The Chairman will approve a release of the Escrow Deposit when 1) the Chairman determines in his or her own discretion that the Employer as a private self-insurer has no outstanding liability under the Acts, or 2) the Employer continues as a qualified private self-insurer under the Acts, and a subsequent approved security has been provided. The Escrow Agent shall hold the Escrow Deposit until it receives a *Release of Escrow Agreement*, signed by the Chairman, at which time the Escrow Agent shall surrender the Escrow Deposit to the Employer.

**VII. Insolvent Self-Insurer:** Whenever the Employer becomes an insolvent self-insurer as defined in the Workers' Compensation Act, the Chairman may issue a written demand, and the Escrow Agent shall pay the Escrow Deposit or any part thereof demanded for deposit into the Illinois Self-Insurers Security Fund, to pay the Employer's outstanding obligations under the Acts and all related administrative and defense costs. The Escrow Agent is authorized and instructed to rely solely upon the Chairman's written demand as authority to pay the Escrow Deposit to the Illinois Self-Insurers Security Fund. The Chairman shall give the Employer a written notice at least fourteen (14) days before the date set for such payment to the Illinois Self-Insurers Security Fund.

In the event the Commission elects to sell any of the securities, the Board shall sell said securities at a public or private sale for the purpose of obtaining funds to pay the Employer's obligations under the Acts and all related administrative and defense costs; provided that the Chairman shall give the Employer a written notice providing the time, place, and manner of the sale, at least fourteen (14) days prior to the scheduled sale date.

One year after all obligations owed to employees of the employer under the provisions of the Acts have been satisfied and paid, any funds from the Escrow Deposit remaining in the Illinois Self-Insurers Security Fund shall be returned to the Employer.

**VIII. Defense of Claims; Settlement:** The Employer has the right to administer and defend, at its own expense, any claims against it under the Acts. No settlement of any claim to be paid from the Escrow Deposit shall be made without the written consent of both the Employer and the Commission. In the event the Board determines the Employer is an insolvent self-insurer, the Board is authorized to administer and defend all claims and pay said claims and all related administrative and defense costs on behalf of the Employer from the Escrow Deposit without the consent of the Employer or its successor.

**IX. Escrow Agent Expenses; No Lien:** The Escrow Agent's fees and expenses will not be charged against or deducted from the Escrow Deposit. If the Escrow Agent shall at any time hereafter be made a party to any suit at law or in equity by reason of being Escrow Agent under this Escrow Agreement, the Employer covenants and agrees to save and keep harmless and to promptly pay to the Escrow Agent the full amount of all costs and expenses, including reasonable attorney fees, incurred by the Escrow Agent. The Escrow Agent expressly acknowledges and agrees that in no event shall it have a lien upon the Escrow Deposit.

