

JB Pritzker, Governor

Michael J. Brennan, Chairman



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Illinois Workers' Compensation Commission

69 W. Washington St., Suite 900 Chicago, IL 60602 312-814-6500

IB Pritzker, Governor

Michael J. Brennan, Chairman

Dear Governor Pritzker:

By the requirements of §15 of the Illinois Workers' Compensation Act, 820 ILCS 305/15 and 30 ILCS 105/3(9), we, the undersigned Commissioners, hereby submit this the Fiscal Year 2023 Annual Report, summarizing the operations and activities of the Commission. Our report highlights our continuing progress and reaffirms the success of the many changes that were made to our process, during the pandemic.

As a totally paperless quasi-judicial agency, we have continued to adapt to the many changes that were necessitated by the COVID-19 pandemic. Those changes were necessary at the time and have led to greater efficiencies that continue today. Most IWCC activities, involving practice before the Commission, are conducted on-line. These include filing of documents, appearances at monthly status calls, and participation in pre-trial conferences.

We have now completed the integration of the remaining functions of the IWCC into the virtual world. In addition to its quasi-judicial role, the Commission is responsible for the regulation of all self-insured employers. All selfinsurance documents are now transmitted electronically. These include applications, renewals and financial details that must be submitted by each self-insured.

Our Arbitrators and Commissioners continue to embrace technology, as Pre-Trial Conferences and Review Hearings are conducted virtually. Our twice annual training sessions not only include legal education, but also technology updates.

As Illinois is in the center of everything, so too is the cost of Illinois' workers' compensation insurance. We remain in the middle for the national cost of workers' compensation insurance, creating incentive for employers to locate and/or expand businesses in Illinois. Thank you for supporting our efforts to carry out our Mission.

Sincerely,

Amylee Hogan Simonovich,

Commissioner

Marc Parker, Commissioner

Kathryn A. Doerries, Commissioner

Christopher A. Harris, Commissioner

Debush S. Simpion Deborah L. Simpson, Commissioner www.iwcc.il.gov

Stephen J. Mathis, Commissioner

Maria Portela, Commissioner

racia Elma Hoster

Carolyn Doherty, Commissioner

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OVERVIEW OF WORKERS' COMPENSATION

Workers' compensation laws were early acts of social legislation passed in the United States. At the beginning of the 20th century, employers feared the assumption of liability for work injuries would destroy their businesses, while employees feared permanent disabling conditions that would prevent them from working and cause financial ruin.

Before the advent of workers' compensation laws, an injured worker had to file a common law complaint against the employer and prove the employer had failed to provide a safe workplace, to warn of danger, or to provide enough appropriate fellow workers. The employer then could present a defense that blamed the injured worker's contributory negligence or argued that the employee assumed certain risks in accepting the job. The process was prolonged and uncertain, with large risks to both employee and employer.

The high injury and death rates throughout the Industrial Revolution led to public outcries for solutions which gradually led to the enactment of employer liability acts. Employers were then held more responsible for negligence, but employees still had to file lawsuits for damages. The first workers' compensation laws originated in Germany in 1884. Similar laws passed in other European countries.

In the U.S., workers' compensation laws were passed on a state-by-state basis. Most of the early laws covered only hazardous occupations and were found unconstitutional. Maryland passed the first act in 1902. Wisconsin's law of 1911 was the first that withstood legal challenges. Illinois also passed its first law in 1911, effective May 1, 1912. It took until 1948 for all states to establish a law.

Workers' compensation laws balance competing interests: employees give up their right to sue in civil court and potentially win large awards in exchange for more modest but prompt compensation; employers give up their common law defenses in exchange for limits on their liabilities. Workers' compensation was established as a no-fault system. The theory behind the law is that the cost of work-related injuries or illnesses should be part of the cost of the product or service.

Originally, the courts administered the Act, but the volume overwhelmed the courts. On July 1, 1913, a three-member Industrial Board was created.² In 1917, a five-member Industrial Commission was created within the Illinois Department of Labor.³ In 1957, the Commission separated from the Department of Labor and became a self-standing agency.⁴ On January 1, 2005, the agency officially became the Illinois Workers' Compensation Commission. ⁵

Employees hired, injured, or whose employment is in Illinois are protected by the Illinois Workers' Compensation Act. When an injury is sustained at work, the injury may be compensable according to the Act. Benefits may include an award for medical treatment, lost income, and permanent disability.

Illinois employers pay for workers' compensation benefits through insurance policies or by becoming self-insured. Cases are first heard by Arbitrators, whose decisions may be appealed to Commissioners. Cases may proceed on to the Circuit Court, Illinois Appellate Court, and, if leave is granted, the Illinois Supreme Court. Most claims, however, are settled between the parties prior to, or following, the initial arbitration.

¹ Act of June 10, 1911. 1911 Ill. Laws 315-26.

² Act of June 28, 1913, sec. 1, § 13. 1913 Ill. Laws 346-347.

³ Act of May 31, 1917, sec. 1, § 13(a) and (b). 1917 Ill. Laws 498-99.

⁴ Act of July 11, 1957, sec. 1, § 13(a). 1957 Ill. Laws 2633.

⁵ P.A. 93-721.

MISSION STATEMENT

The Illinois Workers' Compensation Commission resolves claims made by injured workers for injuries arising out of and in the course of employment. The Commission strives to assure financial protection for injured workers and their dependents at a fair cost to employers. The Commission performs three main functions:

- 1) *Resolves claims*. The Commission strives to provide a fair, timely process by which disputed claims may be resolved.
- 2) *Ensures compliance with the law*. The Commission protects the rights of employees and employers under the Illinois Workers' Compensation and Occupational Diseases Acts.
- 3) *Administers self-insurance*. The Commission evaluates and approves eligible employers that wish to insure themselves for their workers' compensation liabilities.

The Commission strives to accomplish these goals while looking constantly for ways to improve the quality of service.

BOARD MEMBERS

The Commission is grateful to all board members, who serve without compensation. Membership listing is as of June 30, 2023.

COMMISSION REVIEW BOARD

The board investigates complaints made against Arbitrators and Commissioners. The Governor appoints two public members, the senior labor and business Commissioners serve by statute, and the Arbitrators elect one Chicago and one Downstate Arbitrator.

Robert Hanaford Commissioner Deborah Simpson Arbitrator Jeffrey Huebsch

Governor Appointee Senior Business Commissioner Chicago Arbitrator

Vacant Commissioner Marc Parker Arbitrator Maureen Pulia

Governor Appointee Senior Labor Commissioner Downstate Arbitrator

SELF-INSURERS ADVISORY BOARD

The board reviews applications from private companies to self-insure and makes recommendations to the Chairman. The board also ensures the continued payment of benefits to workers of bankrupt self-insurers.

Shuiab Ahmed
ASA Law Group
Navistar
Consulting
David Taylor

Gina M. Koenig Michael Castro Reyes Holdings

Ascension Insurance Program Managers Group

Workers' Compensation Advisory Board

The board assists the Commission in formulating policies, setting priorities, and developing administrative goals. The board also makes recommendations to the Governor regarding Commission appointments.

<u>EMPLOYEES</u> <u>EMPLOYERS</u>

Tim Drea Mitchell Horwitz Mark Denzler Robert Karr
Illinois AFL-CIO Horwitz, Horwitz & Illinois Manufacturers Assoc. Assoc.

Mark Prince Sean Stott Jill Kastner Charles "Denne" Knell

Prince Law Firm Laborers' International Hennessey & Roach, Knell Law, LLC

Union P.C.

Aaron Anderson Vacant Karen K. Harris Vacant

Painters Dist. Council Illinois Health &

#30 Hospital Association

Workers' Compensation Medical Fee Advisory Board

The board advises the IWCC on the establishment of medical fees and the accessibility of treatment.

MEDICAL PROVIDERSEMPLOYEESEMPLOYERSPreston Wolin, MDMike MacellaioVacant

Clinic for Athletic Medicine, Ltd. Chicago & Cook County Building

& Trades

Carlos M. Boileve DC, MCS-P David Menchetti Amy Bilton

Chiropractic Physician Cullen, Haskins, Nicholson & Nyhan, Bambrick, Kinzie & Lowry

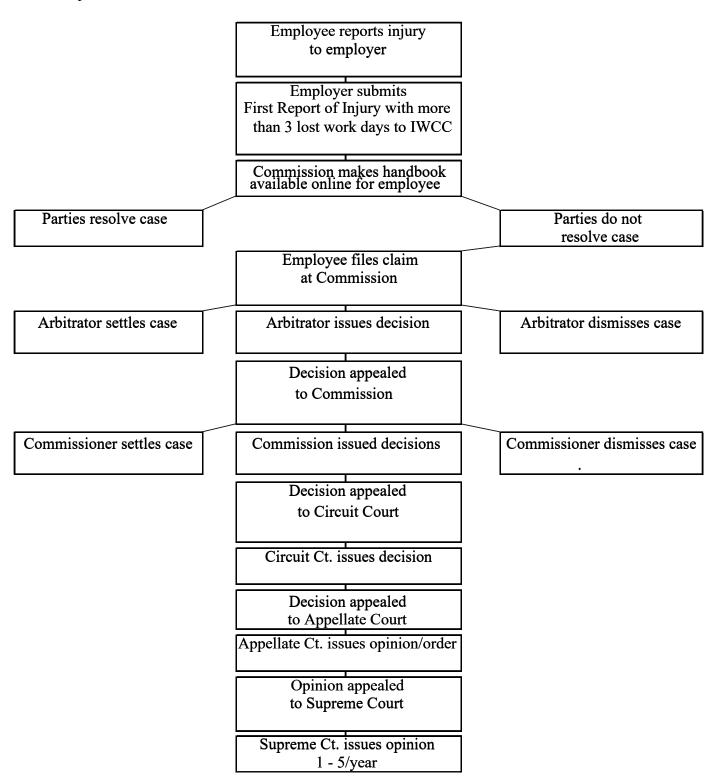
Menchetti

Giridhar Burra, MD Vacant Vacant

Illinois Bone & Joint Inst.

STATISTICS

The flowchart below generally illustrates the process. Each year in Illinois, approximately 200,000 work-related accidents occur. In most of these cases, the worker does not lose time from work. Fewer than 40,000 claims are filed with the Commission. The statistics in this section refer only to those cases that are reported and/or filed with the Commission.



DETAILED CASE INFORMATION

Cases are assigned to the hearing site nearest the site of the accident. If the accident occurred outside of Illinois, the case is assigned to the hearing site closest to the petitioner's home; if the petitioner lives outside of Illinois, the case is set at the site most convenient to the parties.

NEW CASES FILED IN FY23

| Chicago (1 hearing site) | 14,378 |
|--------------------------|--------|
| Downstate (18 sites) | 18,974 |
| Total | 33,352 |

| Zone 1 | Zone 2 | Zone 3 | Zone 4 | Zone 5 | Zone 6 |
|----------------|-----------------|--------------------|---------------|------------------|---------------|
| Collinsville | Quincy | Bloomington | Kankakee | Rockford | Elgin |
| 1,889 | 273 | 699 | 336 | 1,223 | 478 |
| Herrin | Springfield | Peoria | Joilet 2,423 | Waukegan | Geneva |
| 756 | 1,166 | 1,104 | | 1,510 | 1,349 |
| Mt. Vernon 760 | Urbana 1,000 | Rock Island 690 | Ottawa 710 | Woodstock 561 | Wheaton 2,047 |

DECISIONS ISSUED

DECISIONS AND APPEALS

| | Arbitration Decisions | % Appealed | Commission Decisions | % Appealed | Circuit Ct. Decisions | Appellate Opinions* | Supreme Ct. Opinions |
|------|--------------------------|---------------|-------------------------|---------------|--------------------------|------------------------|-------------------------|
| 2019 | 1,815 | 53% | 726 | 23% | 206 | 45 | 0 |
| 2020 | 1,305 | 51% | 668 | 11% | 74 | 41 | 1 |
| 2021 | 693 | 56% | 721 | 20% | 41 | 21 | 0 |
| 2022 | 1,392 | 58% | 683 | 19% | 132 | 40 | 0 |
| 2023 | 1,586 | 58% | 1,072 | 15% | 166 | 33 | 0 |

^{*} Includes Rule 23 orders & full Opinion Calendar year

CASES OPENED

| | FY19 | FY20 | FY21 | FY22 | FY23 |
|---------------------------------|--------|--------|--------|--------|--------|
| New claims filed | 37,707 | 33,339 | 32,420 | 33,250 | 33,353 |
| Reinstated | 990 | 609 | 97 | 246 | 284 |
| Remanded to Arbitrator | 217 | 208 | 135 | 188 | 183 |
| Remanded to Commissioner | 18 | 10 | 4 | 17 | 26 |
| Total cases returned to | 1,225 | 827 | 236 | 451 | 493 |
| caseload | | | | | |
| | | | | | |
| Total additions to the caseload | 38,932 | 34,166 | 32,656 | 33,701 | 33,846 |
| Change from previous year | (2%) | (12%) | (4%) | 3% | 1% |
| | | | | | |

CASES CLOSED

As in other court systems, most cases filed at the Commission are settled. Please note that the figures below report only the final action on a case. If a case had more than one action (e.g., a case was decided at Arbitration, then decided on the Commission level, then settled), only the final action is reported here. An Arbitration case is counted as closed if it was dismissed, settled, or if a decision was issued and no appeal was filed.⁶

CASES CLOSED BY ARBITRATORS

| FINAL ACTION | | | | | |
|-------------------------------------------|------------|------------|-------------|--------------|--------------|
| | FY19 | FY20 | FY21 | FY22 | FY23 |
| Voluntary dismissals | 648 | 410 | 398 | 627 | 639 |
| DWP | 3,050 | 1,956 | 186* | 1,996 | 1,617 |
| | | | | | |
| Total Dismissals | 3,698 | 2,366 | 584 | 2,623 | 2,256 |
| Original settlements | 4,403 | 3,003 | 2,845 | 2,704 | 2,583 |
| SC before Arb. dec. | 27,644 | 21,531 | 23,592 | 24,283 | 28,561 |
| | | | | | |
| Total settlements | 30,797 | 24,153 | 26,437 | 26,987 | 31,144 |
| | | | | | |
| Arbitration decisions | <u>705</u> | <u>637</u> | <u> 298</u> | <u>1,392</u> | <u>1,586</u> |
| *Commission suspended Red Lines due to co | 35,200 | 27,156 | 27,319 | 31,002 | 34,986 |

^{*}Commission suspended Red Lines due to concerns in recognition of due process consideration during the Covid Pandemic

⁶ "DWP" refers to cases that were Dismissed for Want of Prosecution. "Original settlements" are settlements that were filed without a prior application. "SC" refers to settlement contracts.

CASES CLOSED BY COMMISSIONERS

| | FY19 | FY20 | FY21 | FY22 | FY23 |
|---------------------------|--------------|---------------|---------------|------------|-------------|
| Dismissals at Review | 64 | 27 | 141 | 382 | 420 |
| Total Settlements | 283 | 544 | 458 | 316 | 283 |
| Review Decisions | <u>1,283</u> | <u>1,633*</u> | <u>1,360*</u> | <u>697</u> | <u>772*</u> |
| Total Dispositions | 1,630 | 2,204 | 1,959 | 1,395 | 1,475 |

^{*}Total Review Decisions is an estimated average number that includes Medical Set Aside Orders and issued Orders.

TOTAL CASES CLOSED

| | FY19 | | FY20 | | FY21 | | FY22 | | FY23 | |
|-------------|--------------|-----|--------------|-----|--------|-----|--------------|-----|--------|-----|
| Dismissals | 3,762 | 10% | 2,393 | 8% | 725 | 2% | 3,005 | 9% | 2,657 | 8% |
| Settlements | 31,080 | 86% | 24,697 | 87% | 26,895 | 92% | 27,303 | 84% | 28,844 | 86% |
| Decisions | <u>1,295</u> | 4% | <u>1,305</u> | 5% | 1,658 | 6% | <u>1,887</u> | 6% | 2,081 | 6% |
| Total | 36,137 | | 28,395 | | 29,278 | | 32,195 | | 33,582 | |

TOTAL FIRST REPORTS OF INJURY

| Period | Claims FY23 | Covid-19 Claims FY23 | Covid-19 Claims FY22 | COVID-19 ClaimsFY21 |
|------------------------|-------------|----------------------|----------------------|---------------------|
| 7/1/2022 - 8/31/2022 | 6,754 | 285 | 288 | 709 |
| 9/1/2022 - 10/31/2022 | 6,049 | 125 | 228 | 1,276 |
| 11/1/2022 - 12/31/2022 | 5,514 | 153 | 954 | 905 |
| 1/1/2023 - 2/28/2023 | 5,599 | 99 | 626 | 1,228 |
| 3/1/2023 - 4/30/2023 | 5,190 | 40 | 101 | 443 |
| 5/1/2023 - 6/30/2023 | 3,321 | 15 | 175 | 529 |
| Total | 32,427 | 717 | 2,372 | 5,090 |

TOP 10 SECTORS OF REPORTED INJURIES FY23

| Rank | Industry Sector | FY23 # of Reports | FY22 # of Reports |
|------|-----------------------------------------|-------------------|-------------------|
| 1 | Transportation and Warehousing | 5,434 | 6,195 |
| 2 | Manufacturing | 4,655 | 4,721 |
| 3 | Retail Trade | 3,834 | 3,671 |
| 4 | Health Care & Social Assistance | 3,372 | 4,521 |
| 5 | Administrative & Support/Waste Services | 2,784 | 2,947 |
| 6 | Public Administration | 2,068 | 1,936 |
| 7 | Accommodation & Food Services | 1,862 | 1,672 |
| 8 | Construction | 1,856 | 1,882 |
| 9 | Wholesale Trade | 1,816 | 1,656 |
| 10 | Educational Services | 1,454 | 1,510 |

INJURY DATA

The statistics in this section come from the U.S. Bureau of Labor Statistics (BLS) 2022 report and the National Academy of Social Insurance 2021. The BLS estimates a total of 112,500 non-fatal injury cases. The overall incidence rate for nonfatal occupational injuries and illnesses in Illinois was 2.7 per 100 full-time workers. ⁷

RATE OF NON-FATAL WORK-RELATED INJURIES AND ILLNESSES IN ILLINOIS IN 20227

| State Government | 4.1% | | |
|-------------------------------|------|-----------------------------|-------|
| Manufacturing | 3.5% | Contact w/object, equipment | 9,020 |
| Transportation | 3.9% | Fall, slip, trip | 9,800 |
| Education & health services | 4.5% | Transportation incidents | 1,560 |
| Leisure and hospitality | 2.6% | Exposure to harmful | 1,250 |
| 2 , | | substance/environment | |
| Construction | 1.6% | Violence-intentional injury | 1,020 |
| Incidence rate for all worker | 2.9% | Chemical | 370 |

DISTRIBUTION OF 177 FATAL WORK-RELATED INJURIES IN ILLINOIS IN 20228

| Distribution by Industry | | Distribution by Event | |
|------------------------------|-----|-------------------------------|-----|
| Goods-producing | | Transportation incident | 42% |
| Agriculture | 7% | Violence/injuries | 15% |
| Construction | 15% | Fall, slips, trips | 13% |
| Government (state & local) | 9% | Contact with objects/equip | 0% |
| Service-providing | | Roadway incident | 21% |
| Retail Trade | 5% | Exposure to harmful substance | 17% |
| Transportation & Warehousing | 23% | | |

AVERAGE WEEKLY WAGE BY YEAR OF ACCIDENT⁹

| | FY19 | FY20 | FY21 | FY22 | FY23 |
|--------------------------------------------|------------|------------|------------|------------|------------|
| | | | | | |
| Claimants' Average Weekly Wage as filed | \$879.83 | \$916.47 | \$978.83 | \$1,165.27 | \$1,405.64 |
| | | | | | |
| SAWW as of end of FY ¹⁰ | \$1,130.11 | \$1,161.80 | \$1,210.45 | \$1,301.12 | \$1,386.15 |
| | | | | | |
| Claimants' wages as % of SAWW | 78% | 79% | 81% | 90% | 101% |

⁷ See https://www.bls.gov/iif

8 See https://www.bls.gov/regions/midwest/news-release/fatalworkinjuries illinois.htm

⁹ The average maximum rate for Temporary Total Disability (TTD) in FY 23 was \$1,848.20. The average maximum rate for Permanent Partial Disability (PPD) in FY 23 was \$998.02.

¹⁰ As reported by Illinois Department of Employment Security (IDES).

AGGREGATE BENEFIT PAYMENTS

TOTAL WORKERS' COMPENSATION BENEFIT PAYMENTS¹¹

| \$ in thousands | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------|--------------|--------------|--------------|--------------|-------------|
| | | | | | |
| Illinois | \$2,334,058 | \$2,246,345 | \$2,185,330 | \$1,939,533 | \$1,967,786 |
| % change from prior year | (1.1%) | (3.8%) | (2.4%) | (11.25%) | 1.46% |
| | | | | | |
| U.S. nonfederal total | \$59,004,481 | \$59,388,264 | \$59,671,192 | \$55,659,423 | 56,821,296 |
| %change from prior year | 0.1% | 0.7% | 0.3% | (6.7%) | 2.1% |

TOTAL WORKERS' COMPENSATION MEDICAL BENEFIT PAYMENTS¹²

| \$ in thousands | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Illinois | \$1,036,322 | \$1,037,812 | \$1,040,217 | \$866,971 | \$901,246 |
| % change from prior year | (2.4%) | 0.1% | 0.5% | (16.65%) | 3.95% |
| | | | | | |
| U.S. nonfederal total | \$29,990,968 | \$30,204,727 | \$30,277,881 | \$26,803,486 | \$27,642,667 |
| %change from prior year | (0.7%) | 0.7% | 0.1% | (11.5%) | 3.1% |

COST TO EMPLOYERS¹³

| | | 900 | I IO LIVIE | OILINO | | | |
|-------------------------------------|--------|--------|------------|--------|--------|--------|--------|
| Oregon Estimate of Premium Rates | | | | | | | |
| Per \$100 of payroll | 2010 | 2012 | 2014 | 2016 | 2018 | 2020 | 2022 |
| | | | | | | | |
| Illinois | \$3.05 | \$2.83 | \$2.35 | \$2.23 | \$1.80 | \$1.46 | \$1.39 |
| Median | \$2.04 | \$1.88 | \$1.85 | \$1.84 | \$1.70 | \$1.44 | \$1.27 |
| IL rank among 51 | 3 | 4 | 7 | 8 | 22 | 24 | 19 |
| States | | | | | | | |
| (1=most expensive) | | | | | | | |

ESTIMATE OF EMPLOYERS COST PER \$100 OF PAYROLL¹⁴

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------|--------|--------|--------|--------|---------|--------|
| Illinois | \$1.15 | \$1.08 | \$1.00 | \$0.94 | \$0.85 | \$0.82 |
| % change from prior year | (5.3%) | (6.7%) | (7.3%) | (6.2%) | (10.1%) | (3.5%) |
| | | | | | | |
| U.S. non federal total | \$1.27 | \$1.21 | \$1.15 | \$1.11 | \$1.07 | \$1.01 |
| % change from prior year | (1.9%) | (4.4%) | (5.1%) | (3.5%) | (3.6%) | (5.6%) |

 $^{12\} https://www.nasi.org/research/workers-compensation/workers-compensation-benefits-costs-and-coverage-2021-data/$

 $^{^{13}\} https://www.oregon.gov/dcbs/reports/Documents/general/prem-rpt/22-2083.pdf$

STATUTORY FUNERAL BENEFIT IN DEATH CASES

Section 7(f) of the Illinois Workers' Compensation Act states employers are required to pay up to the sum of \$8,000 to the widow or widower, other dependent, next of kin or the person or persons incurring the expense of burial. This fee is assessed to fatal cases in the State of Illinois.

INSURANCE

COVERAGE OF EMPLOYEES

Employers are responsible for the payment of benefits to injured workers. Employers are required to either purchase workers' compensation insurance or obtain permission to self-insure. More workers are covered under the law in Illinois than in most other states.¹⁵

PERCENTAGE OF EMPLOYEES COVERED BY WORKERS' COMP 2021

| | | Illinois U.S. nonfederal average | 99.7% 97.5% | | |
|-------------|--------|-------------------------------------|----------------|-----------------|----------|
| NEIGHBORING | STATES | | | LARGE INDUSTRIA | L STATES |
| Indiana | 99.5% | | | California | 100.0% |
| Iowa | 98.9% | | | New York | 99.7% |
| Wisconsin | 99.1% | | | Pennsylvania | 99.6% |
| Michigan | 99.4% | | | Florida | 96.6% |
| Missouri | 95.9% | | | Texas | 81.6% |

DURATION OF DISABILITY

The duration of temporary total disability charted below is for claims with more than seven days of lost time at 36 months average maturity. 16

TTD DURATION IN WEEKS

Illinois 19 11-state Median 14

| NEIGHBORING S | TATES | LARGE INDUSTRIAL ST | ATES |
|---------------|-------|---------------------|------|
| Michigan | 17 | Massachusetts | 26 |
| Indiana | 14 | California | 21 |
| Wisconsin | 12 | Texas | 16 |
| Iowa | 12 | Louisiana | 32 |
| Minnesota | 13 | Pennsylvania | 21 |

¹⁵ See NASI Workers' Compensation: Benefits, Cost, and Coverage February, 2024.

¹⁶ See WCRI CompScope Benchmarks for Illinois, 24th Edition.

INJURY RATES

2022 FREQUENCY OF INJURY IN PRIVATE INDUSTRY RATE¹⁷

INCIDENCE RATES REPRESENT THE NUMBER OF INJURIES AND ILLNESSES PER 100 FULLTIME WORKERS

United States 2.7 Illinois 2.6

| NEIGHBORING ST | ATES | Large Industrial St | LARGE INDUSTRIAL STATES | | |
|----------------|------|---------------------|-------------------------|--|--|
| Wisconsin | 3.0 | Massachusetts | 2.8 | | |
| Iowa | 3.3 | California | 3.6 | | |
| Indiana | 2.9 | Texas | 1.9 | | |
| Michigan | 2.8 | Louisiana | 1.6 | | |

INSURANCE FRAUD

The Illinois Department of Insurance investigates workers' compensation fraud through its Fraud Unit, which is funded by the Commission. It is illegal for anyone—a worker, employer, insurance carrier, or medical provider—to intentionally make a false statement to obtain or deny workers' compensation benefits, obtain workers' compensation insurance at less than the proper rate, obtain approval to self-insure, etc. A "statement" includes any writing, notice, proof of injury, medical bill, record, report, or test result. More information is available at https://insurance.illinois.gov/Fraud/ContactFraudUnit.html

INSURANCE COMPLIANCE PROGRAM

Illinois law requires employers to provide workers' compensation insurance for all their employees and to cover their entire liability. Employers who fail to comply leave their employees vulnerable to medical expenses if they should occur. These employers also enjoy an unfair competitive advantage over employers who comply with the law.

The investigation and prosecution of a violation of the Insurance provisions contained in Sec. 4 of the Workers' Compensation Act is delegated to the Illinois Department of Insurance Unit. Investigations may result in a referral to the Illinois Attorney General for enforcement before the Commission.

If the Commission finds that an employer has knowingly and willfully failed to obtain insurance, the employer may be fined up to \$500 for every day of noncompliance, with a minimum fine of \$10,000.00. Corporate officers may be held personally liable if the company fails to pay the fine. An employer may also face criminal charges, and/or a work-stop order for failing to obtain insurance. If an employer is found to be in non-compliance more than once, all the minimum penalties will double. The civil penalty for non-compliance may go up to \$1,000.00 for each day of non-compliance and the minimum penalty shall be \$20,000.00.

¹⁷ https://www.bls.gov/regions/midwest/news-release/workplaceinjuriesandillnesses_illinois

SELF-INSURANCE

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 mandated by the Workers' Compensation Commission.

The Self-Insurance Advisory Board (SIAB) evaluates initial and renewal applications and makes recommendations to the Chairman as to whether an employer shall be allowed the privilege of self-insurance. The SIAB and self-insurance staff conduct a thorough review and consider the applicant's financial condition, the nature and hazard of the employment, the number of employees, the amount of payroll, the employer's claim experience (frequency, severity and cost), claims administration program, and any other factors that may impact the ability to self-insure. The review also considers the earned points on three financial ratios: current assets to current liabilities; capital and retained earnings (net of treasury stock) to sale (less discounts) and capital and retained earnings to long-term debt.

To maintain the self-insurance privilege the employer is obligated to file an application each year, continue to meet the financial and security requirements and provide interim financial statements as required by law. A self-insured employer is required to promptly pay benefits due to injured employees or their dependents; meet all assessment obligations in accordance with the Workers' Compensation and Occupational Diseases Acts; report compensable injuries, diseases, and deaths to the Commission as required by law; and promptly notify the Commission of any change in financial condition that will impact the company's ability to self-insure.

PARENT COMPANIES IN THE COMMISSION'S SELF-INSURANCE PROGRAM

| FISCAL YEAR | PARENT COMPANIES | Subsidiaries | Total Self-Insured Entities |
|-------------|------------------|--------------|--------------------------------|
| 2023 | 167 | 361 | 528 |
| 2022 | 181 | 367 | 548 |
| 2021 | 182 | 350 | 532 |
| 2020 | 192 | 352 | 544 |
| 2019 | 196 | 351 | 547 |
| 2018 | 210 | 359 | 569 |

REFERENCES

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