

ILLINOIS SELF-INSURERS ADVISORY BOARD  
ILLINOIS WORKERS' COMPENSATION COMMISSION  
MEETING MINUTES  
June 19, 2013  
Chicago, IL 10:30 a.m.

Board Attendees: Chairman Michael Latz, Gerald Cooper, David Henwood, Deborah Stafford, David Taylor, and via conference call: Alex Alexandrou

Staff Attendees: Manager Maria Sarli-Dehlin, Jean Cannon, Amiel Harper, Ron Rascia, and via conference call: Wendy Keithley, Kevin Leach

### **Closed Session**

#### V. Bankruptcy Report 3/31/2013

Maria Sarli-Dehlin presented to the Board the Bankruptcy Exposure to Security Fund report as of 3/31/2013 which included the current and non-current values of the exposure.

#### VI. Litigation

Maria Sarli-Dehlin presented to the Board an updated recommendation regarding Hall's Motor Transit, an insolvent former self-insurer. Also, distributed were memos regarding the deficiency in the Administration Fund and the authority to transfer the account balance.

The issue regarding disbursing the approximately \$672,308 remaining balance from the Security Fund was continued from the April 15, 2013 SIAB meeting.

#### Recap

During the period of 1986–1990, four surety bonds were called and collected because of the company's failure to pay its workers' compensation obligations from its self-insurance period of 1/1/1979-9/1/1985. Hall's Motor Transit filed a Chapter 11 petition on 3/10/1986. The Board received the bond proceeds and took over payment of the claims. The last benefit payment was made in June 2005. The external auditor has requested the remaining balance be moved from the restricted account of the Security Fund.

#### **After discussion, the Board agreed to transfer the Hall's Motor account balance to the Administration Fund.**

Maria Sarli-Dehlin presented to the Board the petition for reconsideration and recommendation for Railway & Industrial Services, Inc. On 2/7/2013, the 2012 Renewal Notice of Conditional Approval was issued requiring an increase in security from \$500,000 to \$1,000,000. The increase in security was due to an increase in the outstanding reserves.

In its petition, Railway provided an updated reserve report and its 12/31/2012 audited financial statements. The original security requirement was calculated based on reserves of \$485,152. The updated reserves are valued at \$436,679 as of 3/31/2013.

Both the 12/31/2011 and 12/31/2012 audited financial statements score zero points on the financial ratios. However, the 12/31/2012 financials reported a positive current ratio and net income resulting in the negative equity decrease from (\$825,859) to (\$595,598).

#### **The Board agreed to grant the petition and reduce the security requirement to \$900,000.**

Maria Sarli-Dehlin presented to the Board a memo regarding Marathon Oil. The former self-insured company requests release of its \$375,000 surety bond because all its claims from the self-insurance period of 3/25/1943-1/1/1998 have been resolved

The request was presented to the Board because two claims appeared on the Commission's database that may have been caused by occupational disease exposure. Also, the company had a radioactive material license.

**Discussion ensued. After discussion, the Board agreed to maintain security and review the request in a year.**

Maria Sarli-Dehlin presented to the Board the petition for reconsideration and recommendation for **Harrington & King Perforating Co.** On 4/30/2013, the 2012 Notice of Conditional Approval was issued requiring an increase in security from \$225,000 to \$550,000. The increase in security was due to a drop in the financial score from 8 to 3 points and an increase in the outstanding reserves.

In its petition, Harrington & King describes a disputed death claim that alleges the deceased employee developed kidney cancer from exposure to harmful substances in the work place. The claim represents \$258,635 of the \$353,019 total reserves. Without the disputed claim, reserves are \$94,384 (7 claims). The company requests a hearing.

**Discussion ensued. After discussion, the Board agreed to schedule an expedited informal meeting prior to scheduling a formal hearing.**

Maria Sarli-Dehlin presented to the Board a petition for reconsideration for **MetroStaff Inc.** On 5/16/2013, the 2013 Notice of Conditional Approval was issued requiring an increase in security from \$1,800,000 to \$3,750,000. The security requirement was calculated based on pro-rating the actual paid losses for the last three years to reflect the possible exposure for the census number of employees.

In its petition, Metro Staff requests an informal meeting to discuss the Board's concerns before scheduling a formal hearing. The informal meeting is scheduled to be held at the conclusion of the SIAB meeting of June 19, 2013.

## VII. Attorney's Report

Amiel Harper presented to the Board a litigation report listing the status of sixteen claims and their exposure to the Security Fund.

Amiel Harper reported H. Kramer responded to the request for updates regarding the Consent Decree with both the U.S. and IL EPA regarding lead pollution in the air. The company's legal counsel denied any EPA violations and stated the company is in compliance with all requirements. Mr. Harper will respond based on the issues listed in the Consent Decree.

Amiel Harper further reported he recently made a presentation at the Central States Association of the IAIABC regarding his work on risk evaluations and creating a stable self-insurance program.

Upon motion by upon motion by David Henwood, seconded by Gerald Cooper, the Board voted unanimously to adjourn the closed portion of the meeting, after which the Board reconvened in open session.