

RESOLUTION

REFUND POLICY: INTENTIONAL OVER-REPORTING

WHEREAS, the Principal Agreement, by and between the Electrical Contractors' Association of City of Chicago and Local Union No. 134, International Brotherhood of Electrical Workers, requires Employers to submit monthly payroll reports to the Electrical Insurance Trustees; and

WHEREAS, payroll reports should include only the actual hours worked and wages earned under the Principal Agreement; and

WHEREAS, federal law prohibits the Trustees from accepting contributions from an Employer unless those contributions are made in accordance with the terms of the Principal Agreement; and

WHEREAS, it appears that some Employers have over-reported hours with the result that Employees and their dependents who would not otherwise be eligible for benefits appear to qualify for coverage and have been paid benefits by the Trustees; and

WHEREAS, providing benefits to persons who do not qualify for benefits is a violation of federal law, undermines the actuarial assumptions upon which contribution rates are based and imposes additional costs on the funds administered by the Trustees which are difficult to quantify; and

WHEREAS, the Insurance Agreement provides the Trustees with plenary power to make and enforce rules and regulations for the proper collection and handling of the funds administered by the Trustees and the conditions under which benefits shall be provided and forfeited; it is

RESOLVED, that whenever an Employer submits a payroll report which reports hours as worked under the Principal Agreement which were not so worked, with the result that one or more Employees is improperly shown as eligible for benefit coverage under any plan administered by the Trustees, the Trust office shall determine the costs thereby imposed on the plan and require reimbursement of the Trustees therefore as follows:

1. The Trust office shall determine (a) the total benefits paid to Employees and their dependents while they were ineligible for coverage and (b) the amount of contributions made by the Employer on behalf of the Employees during their period of ineligibility.
2. If, during a period of ineligibility, the sum of the benefits paid to ineligible Employees and their dependents is greater than the amount of the contributions made by the Employer on their behalf, the Trust office shall require the Employer to reimburse the Trustees for the difference.

3. If the Employer fails to pay the difference to the Trustees within 30 days after written notice of the amount due is sent by the Trust office to the Employer, the Trust office will refer the claim to Fund Counsel for legal action. Notice of the referral will be provided to the Chicago and Cook County Chapter, N.E.C.A., the Local 134 Business Manager and affected Employees. If, following the referral, Fund Counsel files suit to collect any delinquent amount, the Employer and the ineligible Employees shall be liable for the delinquent amount plus liquidated damages, interest and all costs of recovery, including but not limited to attorneys' fees and court costs.
4. An administrative charge of \$5,000 shall be assessed against any Employer (a) found by the Trustees to have intentionally over-reported hours worked under the Principal Agreement or (b) who fails to reimburse the Trustees for the difference between the sum of the benefits paid and the amount of contributions received within 30 days after written notice of the amount due is sent by the Trust office to the Employer. The administrative charge is intended to reimburse the Trustees for lost managerial time, extra staff work, additional record-keeping and related expenses.
5. An Employer who fails to pay an administrative charge assessed by the Trustees by the 15th day of the month following the month of assessment shall be deemed delinquent. The Employer shall be liable for liquidated damages and interest on the amount of the assessment, and its Employees shall be subject to suspension of coverage under the Insurance Agreement.
6. The Trust office shall cancel all hours reported as worked under the Principal Agreement which it determines were not worked.