

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by
5 changing Sections 803.1 and 805.1 as follows:

6 (215 ILCS 5/803.1)

7 Sec. 803.1. Establishment of Fund.

8 (a) There is established a fund to be known as the
9 "Illinois Mine Subsidence Insurance Fund". The Fund shall
10 operate pursuant to this Article. The Fund is authorized to
11 transact business, provide services, enter into contracts and
12 sue or be sued in its own name.

13 (b) The Fund shall provide reinsurance for mine subsidence
14 losses to all insurers writing mine subsidence insurance
15 pursuant to this Article.

16 (c) The monies in the Fund shall be derived from premiums
17 for mine subsidence insurance collected on behalf of the Fund
18 pursuant to this Article, from investment income and from
19 receipt of Federal or State funds. No insurer shall have any
20 liability to the Fund or to any creditor of the Fund, except as
21 may be set forth in this Article, in the Articles of Governance
22 which may be adopted by the Fund, in a reinsurance agreement
23 executed pursuant to Section 810.1, in the Plan of Operation

1 established by the Fund, or in the rules and procedures adopted
2 by the Fund as authorized by the reinsurance agreement.

3 (d) The Fund shall establish its ~~the~~ rates, rating
4 schedules, deductibles and retentions, minimum premiums, ~~and~~
5 classifications, and the maximum amount of reinsurance
6 available per residence, commercial building, and living unit
7 for mine subsidence insurance which the Fund shall file with
8 the Director. The Director shall have 30 days from the date of
9 receipt to approve or disapprove a rate filing. If no action is
10 taken by the Director within 30 days, the rate is deemed to be
11 approved. The Director may, in writing, extend the period for
12 an additional 30 days if the Director determines that
13 additional time is needed.

14 (e) The Fund shall establish its rates, rating schedules,
15 deductibles and retentions, minimum premiums, classifications,
16 and the maximum amount of reinsurance available per residence,
17 commercial building, and living unit ~~and classification~~ in such
18 a manner as to satisfy all reasonably foreseeable claims and
19 expenses the Fund is likely to incur. The Fund shall give due
20 consideration to loss experience and relevant trends, premium
21 and other income and reasonable reserves established for
22 contingencies in establishing the mine subsidence rates.

23 (f) The Fund shall compile and publish an annual operating
24 report.

25 (g) The Fund shall develop at least 2 consumer information
26 publications to aid the public in understanding mine subsidence

1 and mine subsidence insurance and shall establish a schedule
2 for the distribution of the publications pursuant to the
3 reinsurance agreement. Topics that shall be addressed shall
4 include but are not limited to:

5 (1) Descriptive information about mine subsidence, and
6 what benefits mine subsidence insurance provides to the
7 property owner.

8 (2) Information that will be useful to a policyholder
9 who has filed a mine subsidence claim, such as information
10 that explains the claim investigation process and claim
11 handling procedures.

12 (h) The Fund shall be empowered to conduct research
13 programs in an effort to improve the administration of the mine
14 subsidence insurance program and help reduce and mitigate mine
15 subsidence losses consistent with the public interest.

16 (i) The Fund may enter into reinsurance agreements with any
17 intergovernmental cooperative that provides joint
18 self-insurance for mine subsidence losses of its members. These
19 reinsurance agreements shall be substantially similar to
20 reinsurance agreements described in Section 810.1.

21 (Source: P.A. 90-499, eff. 8-19-97; 91-357, eff. 7-29-99.)

22 (215 ILCS 5/805.1)

23 Sec. 805.1. Mine Subsidence Coverage.

24 (a) Beginning January 1, 1994, every policy issued or
25 renewed insuring a residence on a direct basis shall include,

1 at a separately stated premium, residential coverage unless
2 waived in writing by the insured. Beginning January 1, 1994,
3 every policy issued or renewed insuring a commercial building
4 on a direct basis shall include at a separately stated premium,
5 commercial coverage unless waived in writing by the insured.
6 Beginning January 1, 1994, every policy issued or renewed
7 insuring a living unit on a direct basis shall include, at a
8 separately stated premium, living unit coverage unless waived
9 in writing by the insured.

10 (b) If the insured has previously waived mine subsidence
11 coverage in writing, the insurer or agent need not offer mine
12 subsidence coverage in any renewal or supplementary policy in
13 connection with a policy previously issued to such insured by
14 the same insurer, unless the insured subsequently makes a
15 written request for mine subsidence coverage.

16 (c) The premium charged for residential, commercial or
17 living unit coverage shall be the premium level set by the
18 Fund. The loss covered shall be the loss in excess of the
19 deductible or retention established by the Fund and contained
20 in a mine subsidence endorsement to the policy. For all
21 policies issued or renewed on or after January 1, 2008, the
22 reinsured loss per residence, per commercial building, and per
23 living unit shall be the amounts established by the Fund and
24 approved by the Director. ~~For all policies issued or renewed on~~
25 ~~or after January 1, 1994, the reinsured loss shall not exceed~~
26 ~~\$350,000 per residence, \$350,000 per commercial building or~~

1 ~~\$15,000 per living unit.~~ For all policies issued or renewed on
2 or after January 1, 1996, the amount of reinsurance available
3 from the Fund shall not be less than \$200,000 per residence,
4 \$200,000 per commercial building, or \$15,000 per living unit.
5 The Fund may, from time to time, adjust the amount of
6 reinsurance available as long as the minimum set by this
7 Section is met.

8 (d) The residential coverage provided pursuant to this
9 Article may also cover the additional living expenses
10 reasonably and necessarily incurred by the owner of a residence
11 who has been temporarily displaced as the direct result of
12 damage to the residence caused by mine subsidence if the
13 underlying policy also covers this type of loss, provided
14 however, that the loss covered under living unit coverage shall
15 be limited to losses to improvements and betterments, and
16 reimbursement of additional living expenses and assessments
17 made against the insured on account of mine subsidence loss.

18 (e) The total amount of the loss reimbursable to an insurer
19 shall be limited to the amount of insurance reinsured by the
20 Fund in force at the time when the damage first becomes
21 reasonably observable. All damage caused by a single mine
22 subsidence event or several subsidence events which are
23 continuous shall constitute one occurrence.

24 (f) No insurer shall be required to offer mine subsidence
25 coverage in excess of the reinsured limits.

26 (Source: P.A. 88-379; 89-206, eff. 7-21-95.)