



Rep. Emily McAsey

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09900HB6165ham001

LRB099 19733 MJP 47102 a

1 AMENDMENT TO HOUSE BILL 6165

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 6165 by replacing  
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the Crude  
5 Oil Pipeline Environmental Liability Insurance Act.

6 Section 5. Definitions. As used in this Act:

7 "Agency" means the Illinois Environmental Protection  
8 Agency.

9 "Minimum amount of bitumen" means 100,000 barrels per day  
10 of bitumen.

11 Section 10. Crude oil carriers.

12 (a) On and after the effective date of this Act, the owner  
13 of a crude oil pipeline in the State transporting, in whole or  
14 in part, more than the minimum amount of bitumen shall report  
15 that pipeline to the Agency. If a pipeline that did not

1 transport more than the minimum amount of bitumen on the  
2 reporting date does so later in the same year, or in any  
3 following year, the owner of the pipeline shall amend its  
4 report within 30 days to reflect its new status.

5 (b) On January 1, 2017, every owner of a crude oil pipeline  
6 that transported, in whole or in part, more than the minimum  
7 amount of bitumen at any time in the calendar year preceding  
8 and including January 1, 2017 shall maintain insurance coverage  
9 in accordance with this Section and maintain that coverage at  
10 all times for each pipeline where and when bitumen is being  
11 transported.

12 (c) After January 1, 2017, in any year in which a pipeline  
13 transports more than the minimum amount of bitumen, within 6  
14 months after reporting the transport of more than the minimum  
15 amount of bitumen, the owner of the pipeline shall obtain  
16 insurance coverage in accordance with subsection (d) of this  
17 Section and maintain that coverage at all times for each  
18 pipeline where and when bitumen is being transported.

19 (d) To satisfy the requirements of this Section, the owner  
20 of a pipeline shall have environmental impairment liability  
21 insurance or the equivalent that provides coverage for on-site  
22 and off-site cleanup expenses, damages to natural resources,  
23 emergency response costs up to at least \$1,000,000, bodily  
24 injury liability, and property damage liability for each  
25 pipeline.

26 (1) The insurance shall be provided by an independent

1 third-party insurer with an A.M. Best Company, Inc. rating  
2 of at least "A".

3 (2) The insurance may be secondary to any other  
4 coverage maintained by the owner or provided by the federal  
5 Oil Spill Liability Trust Fund, but primary and  
6 non-contributory to any coverage maintained by the State or  
7 units of local government.

8 (3) The insurance shall be occurrence based.

9 (4) The State shall be listed as an additional insured  
10 on the policy.

11 (5) The amount of insurance shall not be less than  
12 \$25,000,000 for each pipeline. The Agency, in consultation  
13 with the Department of Insurance, shall require additional  
14 coverage in accordance with this Section that the Agency  
15 concludes would be necessary in a worst-case oil spill  
16 scenario where the pipeline owner is not capable of paying  
17 to remediate the site and compensate damages, including an  
18 annual cost of remediation adjustment, to the maximum  
19 available from the market for insurance. If the amount of  
20 insurance found to be available in a year is not sufficient  
21 to cover the worst-case oil spill scenario the Agency  
22 shall:

23 (A) state the amount of the deficiency; and

24 (B) in each of the following years in which a  
25 deficiency exists, review the insurance market to  
26 determine whether the amount of coverage available has

1           increased, and adjust the coverage to the maximum  
2           available up to the amount required to remediate the  
3           site and compensate for damages in a worst case oil  
4           spill.

5           (6) The Agency shall charge back the cost of making the  
6           assessments of a worst-case accident and the availability  
7           of the required insurance in the market in paragraph (5) to  
8           the owner of the pipeline.

9           (7) The policy shall obligate the insurer to provide 60  
10          days notice of cancellation or non-renewal to the Agency,  
11          as well as to the owner who has purchased the policy.

12          (8) If the insured has received a 60-day notice of  
13          cancellation under paragraph (7), it shall replace that  
14          policy with a new policy in accordance with this Section  
15          before its existing policy is terminated or otherwise it  
16          shall cease transporting bitumen through the pipeline. If  
17          the owner's policy has been terminated and not replaced  
18          within 60 days, the owner may resume use of the pipeline  
19          for transporting bitumen if it later purchases insurance in  
20          accordance with this Section, submits proof to the Agency,  
21          and receives an order from the Agency certifying the  
22          subsequent insurance policy is concurrent and complies  
23          with this Section.

24          (9) At all times, the owner shall keep the Agency  
25          informed in writing of all changes in the status of the  
26          pipeline related to whether it transports more than the

1       minimum amount of bitumen, and, if so, whether it maintains  
2       insurance in accordance with this Section. The owner of a  
3       pipeline that transports more than the minimum amount of  
4       bitumen for only part of the time in a calendar year may  
5       elect to maintain its status as covered under this Section  
6       as if it transported more than the minimum amount of  
7       bitumen for the entire year.

8       Section 99. Effective date. This Act takes effect January  
9       1, 2017."