

**SB0555**



**95TH GENERAL ASSEMBLY**

**State of Illinois**

**2007 and 2008**

**SB0555**

Introduced 2/8/2007, by Sen. William R. Haine

**SYNOPSIS AS INTRODUCED:**

215 ILCS 5/803.1  
215 ILCS 5/805.1

Amends the Illinois Insurance Code. Provides that the Illinois Mine Subsidence Insurance Fund shall establish the maximum amount of reinsurance available per residence, commercial building, and living unit for mine subsidence insurance. Provides that, for all policies issued or renewed on or after January 1, 2008, the reinsured loss per residence, per commercial building, and per living unit shall be the amounts established by the Fund and approved by the Director (now, the reinsured loss shall not exceed \$350,000 per residence, \$350,000 per commercial building, or \$15,000 per living unit).

LRB095 09976 KBJ 30189 b

**A BILL FOR**

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.)