

98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB3504

Introduced 2/14/2014, by Sen. William R. Haine

SYNOPSIS AS INTRODUCED:

215 ILCS 5/805.1

Amends the Illinois Insurance Code in the provision concerning mine subsidence coverage. Provides that as set forth in the provisions concerning (1) the inclusion of certain coverage at separately stated premiums and (2) premium levels, losses, and reinsurance, a policy issued or renewed must provide coverage, unless waived in writing by the insured, and the insurer must continue to charge the premium level set for that coverage by the Mine Subsidence Insurance Fund. Provides that if mine subsidence coverage is in force when the mine subsidence damage first becomes reasonably observable, then the insurer shall notify the insured making the mine subsidence claim that continuation of that coverage thereafter may not be necessary and is optional, but that continued coverage on the damaged residence or commercial building shall terminate only upon written waiver by the insured. Provides that the notification shall (i) be made within 60 days after the insurer receives written confirmation from the Fund that the cause of loss is active mine subsidence; (ii) be in the form of a separate mailing to the insured from the insurer via the United States Postal Service; (iii) include notification to the insured that mine subsidence premiums paid for coverage on a damaged residence or commercial building subsequent to the established date of loss shall be refunded to the insured within 60 days after the insured provides a signed waiver of mine subsidence coverage to the insurer; and (iv) be accompanied by a waiver of coverage form for the insured to sign and return to the insurer.

LRB098 18973 RPM 55582 b

1 AN ACT concerning regulation.

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 Section 805.1 as follows:

6 (215 ILCS 5/805.1)

7 Sec. 805.1. Mine Subsidence Coverage.

8 (a) Beginning January 1, 1994, every policy issued or
9 renewed insuring a residence on a direct basis shall include,
10 at a separately stated premium, residential coverage unless
11 waived in writing by the insured. Beginning January 1, 1994,
12 every policy issued or renewed insuring a commercial building
13 on a direct basis shall include at a separately stated premium,
14 commercial coverage unless waived in writing by the insured.
15 Beginning January 1, 1994, every policy issued or renewed
16 insuring a living unit on a direct basis shall include, at a
17 separately stated premium, living unit coverage unless waived
18 in writing by the insured.

19 (b) If the insured has previously waived mine subsidence
20 coverage in writing, the insurer or agent need not offer mine
21 subsidence coverage in any renewal or supplementary policy in
22 connection with a policy previously issued to such insured by
23 the same insurer, unless the insured subsequently makes a

1 written request for mine subsidence coverage.

2 (c) The premium charged for residential, commercial or
3 living unit coverage shall be the premium level set by the
4 Fund. The loss covered shall be the loss in excess of the
5 deductible or retention established by the Fund and contained
6 in a mine subsidence endorsement to the policy. For all
7 policies issued or renewed on or after January 1, 2008, the
8 reinsured loss per residence, per commercial building, and per
9 living unit shall be the amounts established by the Fund and
10 approved by the Director. For all policies issued or renewed on
11 or after January 1, 1996, the amount of reinsurance available
12 from the Fund shall not be less than \$200,000 per residence,
13 \$200,000 per commercial building, or \$15,000 per living unit.
14 The Fund may, from time to time, adjust the amount of
15 reinsurance available as long as the minimum set by this
16 Section is met.

17 (d) The residential coverage provided pursuant to this
18 Article may also cover the additional living expenses
19 reasonably and necessarily incurred by the owner of a residence
20 who has been temporarily displaced as the direct result of
21 damage to the residence caused by mine subsidence if the
22 underlying policy also covers this type of loss, provided
23 however, that the loss covered under living unit coverage shall
24 be limited to losses to improvements and betterments, and
25 reimbursement of additional living expenses and assessments
26 made against the insured on account of mine subsidence loss.

(e) The total amount of the loss reimbursable to an insurer shall be limited to the amount of insurance reinsured by the Fund in force at the time when the damage first becomes reasonably observable. All damage caused by a single mine subsidence event or several subsidence events which are continuous shall constitute one occurrence. As set forth in subsections (a) and (c) of this Section, a policy issued or renewed must provide coverage, unless waived in writing by the insured, and the insurer must continue to charge the premium level set for that coverage by the Fund. If mine subsidence coverage is in force when the mine subsidence damage first becomes reasonably observable, then the insurer shall notify the insured making the mine subsidence claim that continuation of that coverage thereafter may not be necessary and is optional, but that continued coverage on the damaged residence or commercial building shall terminate only upon written waiver by the insured. The notification shall be made within 60 days after the insurer receives written confirmation from the Fund that the cause of loss is active mine subsidence. The notification shall be in the form of a separate mailing to the insured from the insurer via the United States Postal Service and shall include notification to the insured that mine subsidence premiums paid for coverage on a damaged residence or commercial building subsequent to the established date of loss shall be refunded to the insured within 60 days after the insured provides a signed waiver of mine subsidence coverage to

1 the insurer. The notification shall be accompanied by a waiver
2 of coverage form for the insured to sign and return to the
3 insurer.

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

6 (Source: P.A. 95-92, eff. 1-1-08; 95-334, eff. 1-1-08.)