

George H. Ryan
GOVERNOR

August 3, 2001

To the Honorable Members of
The Illinois Senate
92nd General Assembly

Pursuant to the authority vested in the Governor by Article IV, Section 9(e) of the Illinois Constitution of 1970, and re-affirmed by the People of the State of Illinois by popular referendum in 1974, and conforming to the standard articulated by the Illinois Supreme Court in People ex rel. Klinger v. Howlett, 50 Ill.2d 242 (1972), Continental Illinois National Bank and Trust Co. v. Zagel, 78 Ill.2d 387 (1979), People ex rel. City of Canton v. Crouch, 79 Ill.2d 356 (1980), and County of Kane v. Carlson, 116 Ill.2d 186 (1987), that gubernatorial action be consistent with the fundamental purposes and the intent of the bill, I hereby return Senate Bill 1046, entitled "AN ACT in relation to property," with my specific recommendations for change.

Senate Bill 1046 involves the very detailed and complicated issue of insurance coverages required to be provided to condominium associations in the State of Illinois. The insurance industry requested an amendatory veto to correct what they believe to be minor technical errors in the bill. They have worked with the Chicago Bar Association, the primary organization supporting this legislation, to secure their support for these changes. The three specific recommendations for change that they have made are technical in nature and do not change the substance of this legislation.

The first change makes it clear that the changes in coverages are to be made on each condominium association insurance policy during the calendar year 2002 at the time of renewal of that policy. Without this clarification, it is possible that insurance carriers would have to non-renew or cancel their insurance coverages on condominium associations, which would be unnecessarily disruptive and clearly not the intent of the bill sponsors.

The second change involves clarification of the new requirement that condominium association insurance coverage include "coverage for municipal building code requirements". This phrase is ambiguous and could result in insurance coverages being substantially different throughout the State of Illinois. The intent of this section is to make sure that in the event of a covered loss by a condominium association, the repairs are made consistent with the applicable building code. Many times, these types of building code upgrades cost more than if the property was restored to its original condition. With this change the insurance coverage will recognize the increased cost of construction due to building code requirements.

The third change removes the provision that would require a sixty-day notice to the condominium association in the event of a cancellation of that insurance policy. This section also would require certain notifications to the individual condominium owners under certain circumstances. This section seems to be inconsistent with current Illinois law regarding cancellations of these types of insurance policies. Section 5-143.16 of the Insurance Code already covers this area of cancellation of insurance coverages. Additionally, the condominium association appears to have the primary responsibility of notifying individual members of most coverage changes.

For these reasons, I hereby return Senate Bill 1046 with the following recommendations for change:

on page 1, by replacing lines 8 and 9 with the following:
"(a) Required coverage. No policy of insurance shall be issued or delivered to a condominium association, and no policy of insurance issued to a condominium association shall be renewed, unless the insurance coverage under the policy includes the

following:"; and
on page 1 by replacing line 18 with the following:
"the increased costs of construction due to building
code requirements, at the time the"; and
on page 5, by deleting line 23 through 30; and
on page 5, line 31, before "Contractors", by inserting
the following:
"(i) Certificates of insurance."

With these changes, Senate Bill 1046 will have my approval. I respectfully request your concurrence.

Sincerely,
George H. Ryan
GOVERNOR