

AN ACT concerning insurance.

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

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

(215 ILCS 5/803.1)

Sec. 803.1. Establishment of Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(215 ILCS 5/805.1)

Sec. 805.1. Mine Subsidence Coverage.

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

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

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

(c) The premium charged for residential, commercial or living unit coverage shall be the premium level set by the Fund. The loss covered shall be the loss in excess of the deductible or retention established by the Fund and contained in a mine subsidence endorsement to the policy. 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. ~~For all policies issued or renewed on or after January 1, 1994, the reinsured loss shall not exceed \$350,000 per residence, \$350,000 per commercial building or~~

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

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

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

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