



Illinois Department of Insurance

JB PRITZKER
Governor

DANA POPISH SEVERINGHAUS
Director

TO: All Farm Mutuals Writing Property and Casualty Insurance in Illinois

FROM: Dana Popish Severinghaus, Director *dana popish shaus*

DATE: December 20, 2023

RE: Company Bulletin 2023-17 Farm Mutual Notice Requirement

Section 10(a)(2) of the Farm Mutual Act provides that “[a] farm mutual insurance company converting from unlimited catastrophic reinsurance to adequate catastrophic reinsurance under this Section shall provide notice of the change to policyholders in a form approved by the Director of Insurance.” 215 ILCS 120/10(a)(2). This bulletin is intended to provide further guidance to Illinois Farm Mutuals in meeting this statutory requirement.

Form of Notice:

The Department has developed the following notice language to be used by Farm Mutuals converting from unlimited catastrophic reinsurance to “adequate” catastrophic reinsurance:

In accordance with recent changes to Section 10(a)(2) of the Farm Mutual Act (“the Act”) by the Illinois General Assembly through SB 765, [Farm Mutual] will be reducing its catastrophic reinsurance coverages from unlimited catastrophic coverage to “adequate” catastrophic coverage. “Adequate” catastrophic reinsurance coverage is defined in the Act. This reduction in catastrophic reinsurance coverage increases the risk retained by [Farm Mutual] and therefore increases the possibility that members will be assessed.

Any Farm Mutual who seeks to use notice language that differs from this paragraph must contact the Department, provide the alternative language the farm mutual seeks to use, and explain why it seeks to use the alternative language. The Department will advise whether the alternative language is acceptable.

The Department reserves the right to alter this notice language with respect to any Farm Mutual who submits a request to change the exposure limitations for “adequate” catastrophic reinsurance, as provided for by Section 10(a)(2) of the Act. Whether the notice language must be modified in these circumstances will be addressed by the Department if the request to change the exposure limitations is allowed.

Delivering the Notice:

As soon as reasonably possible after finalizing the reinsurance coverages, the Farm Mutual must (a) provide the notice to all current policyholders via email or direct mail, (b) provide a copy of the notice to all those applying for a new policy at the time of the application or instruct agents to do so and (c) place

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the notice prominently on the Farm Mutual's website. In addition, a Farm Mutual must prominently place the notice on all policy jackets.

Questions about this Bulletin may be directed to DOI.InfoDesk@illinois.gov.