Should I Purchase Mine Subsidence Insurance?

IMSIF
ILLINOIS MINE
SUBSIDENCE
INSURANCE FUND

Whether you are purchasing an existing house, building a new home or business, or reviewing your current insurance coverage, the decision to purchase mine subsidence insurance is an important one. While mine subsidence coverage is extremely affordable, navigating a mine subsidence event without coverage can be costly.

To make the decision that is right for you and your circumstances, it is important to understand what mine subsidence is and whether your property lies in proximity to known underground mines in Illinois.
This information is intended to assist you in your decision to purchase mine subsidence insurance.

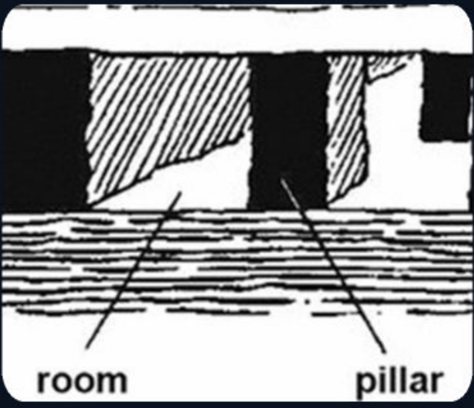
All this and more can be found at: WWW.IMSIF.COM

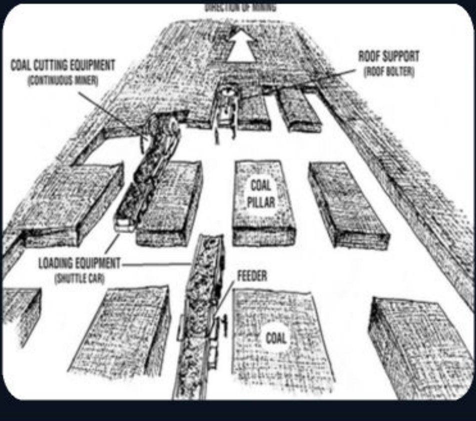
MINING IN ILLINOIS

Illinois has an extensive history of coal mining as well as mining for other resources, such as fluorspar, lead, limestone, and zinc. Mining expanded in the 1800's, following the railroad expansion south from the Chicago area into St. Clair County, and continued even further south to the coal-rich Franklin, Jackson, Perry, and Williamson counties.

As mines grew and became formal enterprises, they relied upon the more traditional "room and pillar" extraction methods. A grid of rooms/openings were created, and large pillars of coal were left to support the roof of the mine.

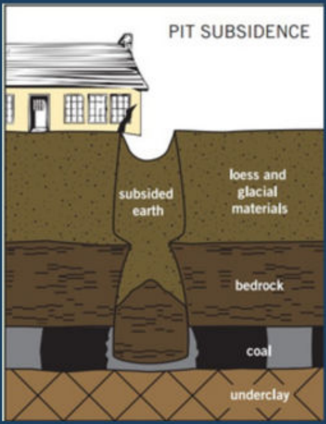
Over time, most of these mines were abandoned, leaving the roof and pillars to deteriorate and collapse, often creating a "subsidence event." At the same time, on the surface, Illinoisans were building homes and businesses directly over, or in proximity to these mines.



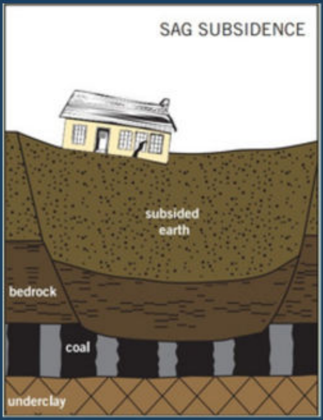


WHAT IS MINE SUBSIDENCE?

Mine subsidence is lateral or vertical ground movement caused by a failure initiated at the mine level that can directly damage the buildings above it. A property does not need to be directly over a mine to be affected by mine subsidence. Each subsidence event is unique, and the range of ground movement is influenced by the angle of draw created by the subsurface collapse, the depth of the mine, and soil composition.



Pit subsidence forms a bell-shaped hole, typically 6-8 feet deep and from 2-40 feet across. It occurs when a shallow mine roof collapses.



Sag subsidence typically occurs when the pillars that support the mine roof collapse. It is the most common type of mine subsidence. It appears as a depression in the ground and can spread over an area as large as several acres.

DETERMINING YOUR EXPOSURE TO UNDERGROUND MINING

The Illinois State Geological Survey (ISGS) has estimated that over 323,500 acres of urban and developed land in Illinois may be in close proximity to underground mines. Their study also estimates that as many as 360,100 housing units may be undermined.

While no one can predict when mine subsidence will occur, most experts agree that undermined areas will eventually experience mine subsidence.

With hundreds of thousands of homes and businesses being built above or near underground mining, it is no surprise that property owners would want as much information as possible when purchasing an existing property or building a new one.

DISCLOSURE REQUIREMENTS

When purchasing an existing property, Illinois law requires sellers to disclose any previous mine subsidence claims. For more details, refer to "Buying and Selling Real Property in Undermined Areas of Illinois."

ADDITIONAL RESOURCES

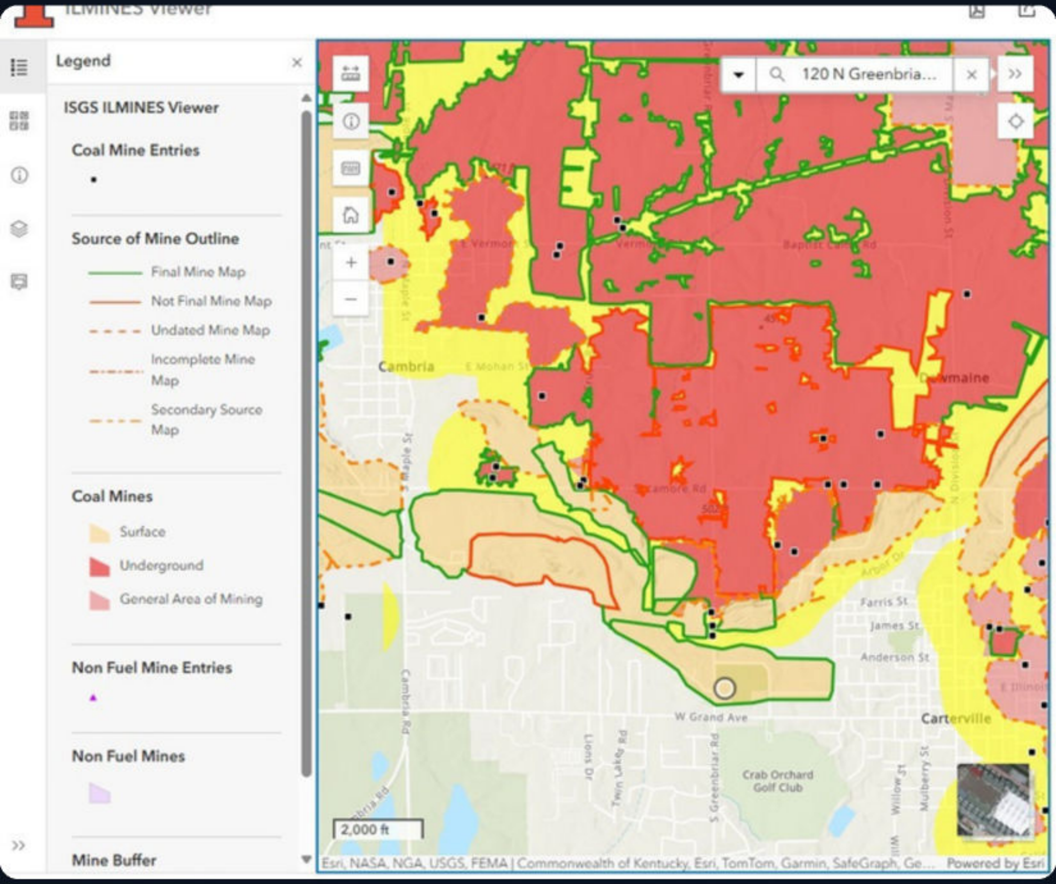
If no prior claims are disclosed, there are several additional ways to obtain information:

1. Consult neighbors and local businesses - they may have firsthand knowledge of past subsidence events.
2. Review local media coverage - newspapers and tv stations often report major subsidence events.
3. Contact County Offices - The County Clerk's Office or local zoning board may maintain relevant records.
4. Review maps from the Illinois State Geological Survey.

The Illinois State Geological Survey (ISGS) maintains the state's largest collection of mine maps and organizes them by county. They specifically address coal, but are being constantly updated and are a good source for determining if mines may be present in the general area of your property location.

Many of these maps have been digitized and are available on the ISGS website at:

http://www.isgs.illinois.edu/ilmines



MINE SUBSIDENCE INSURANCE

By statute, all licensed class 3 insurance companies writing property insurance in Illinois must provide coverage for mine subsidence. In the 34 counties in which most of the underground mining has been conducted, the statute requires mine subsidence insurance to be included in your policy.

MANDATORY COUNTIES INCLUDE:

- Bond
- Bureau
- Christian
- Clinton
- Douglas
- Franklin
- Fulton
- Gallatin
- Grundy
- Jackson
- Jefferson
- Knox
- LaSalle
- Logan
- McDonough
- Macoupin
- Madison
- Marion
- Marshall
- Menard
- Mercer
- Montgomery
- Peoria
- Perry
- Putnam
- Randolph
- Rock Island
- St. Clair
- Saline
- Sangamon
- Tazewell
- Vermilion
- Washington
- Williamson

If your property is located in one of the remaining non-mandatory counties, you may add mine subsidence coverage to your insurance policy by contacting your insurance agent or company.

**You may reject mine subsidence coverage by signing a waiver provided by your insurance company.*

REFUSAL TO PROVIDE MINE SUBSIDENCE COVERAGE:

Insurance companies may refuse to provide mine subsidence insurance on any property with unrepaired mine subsidence damage.

ABOUT IMSIF

Prior to 1979, insurance coverage for loss resulting from mine subsidence was not readily available in Illinois. Through an Act of the Illinois General Assembly, all property insurers licensed in Illinois are required to offer mine subsidence coverage. The statute (215 ILCS 5/801) also created the Illinois Mine Subsidence Insurance Fund to provide reinsurance for primary insurance companies offering the coverage.

IMSIF is governed by an eleven-member Board of Directors comprised of insurance industry-elected and publicly appointed directors. The Illinois Department of Insurance provides regulatory oversight.

MISSION STATEMENT

The Illinois Mine Subsidence Insurance Fund is a taxable enterprise created by Statute to operate as a private solution to a public problem. The purpose of IMSIF is to assure financial resources are available to owners of property damaged by mine subsidence. IMSIF fills a gap in the insurance market for the benefit of Illinois property owners at risk of experiencing mine subsidence damage.

IMSIF does this by:

- providing reinsurance to insurance companies for damage caused by mine subsidence,
- conducting geotechnical investigations to determine if mine subsidence caused the damage,
- supporting and sponsoring mine subsidence-related research and initiatives consistent with the public interest, and
- educating the public and the industry about mine subsidence and related issues.

Discover more on this topic and others at:

WWW.IMSIF.COM

For more information, not related to a specific claim, contact:

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