



Illinois Department of Insurance

JB PRITZKER
Governor

DANA POPISH SEVERINGHAUS
Director

TO: All Companies Writing Farmowners Property Insurance in Illinois

FROM: Dana Popish Severinghaus, Director

DATE: December 6, 2023

RE: Company Bulletin 2023-16 Farmowners Property Coverage

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The Farm Mutual Insurance Company Act of 1986 (215 ILCS 120/10) was revised by [Public Act 103-0566](#), which was signed into law on November 17, 2023 and took immediate effect.

The Department of Insurance (“the Department”) previously issued [Company Bulletin 2023-15](#) to provide further clarification to the changes to the Farm Mutual Insurance Company Act. The revisions to the Act contain modifications to loss exposure limits for farm mutual insurance companies, and therefore affect reinsurance agreements currently being negotiated for calendar year 2024. It is difficult to forecast what effect the new law will have on those reinsurance negotiations, and correspondingly on farm mutual companies and their policyholders. Unprecedented Illinois property losses from convective storms in 2023 makes this an especially challenging time for farm mutuals and their reinsurers.

The Department’s primary interest in this matter is to ensure farm owners are able to obtain and maintain appropriate property insurance through the remainder of this year and into 2024 and beyond. While farm mutuals sell policies to their members throughout the year, they purchase their reinsurance coverages at the beginning of each calendar year. Consequently, whether a farm mutual has obtained compliant reinsurance coverages should be known at the beginning of 2024.

At this point it is not known if or how many farm mutuals may be out of compliance with the reinsurance requirements of the Farm Mutual Act at the beginning of next year. Any farm mutual that cannot obtain the necessary coverages by January 1, 2024, will be out of compliance and a potential risk to the farmers they insure.

Policyholders at noncompliant farm mutuals will need to swiftly transition to new coverage. Based on the Department’s most recent [annual market share report](#), 48 commercial insurance companies currently write coverage for farm properties. As of December 31, 2022, there were 48 farm mutuals covering 92,013 policyholders.

Accordingly, we encourage all companies willing to write coverage in this space to make farm owners aware of the coverage options available to them to ensure farms can transition their coverage swiftly should their current coverage option become unavailable due to inability to obtain reinsurance coverage compliant with the Act.

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

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