

1 AN ACT relating to insurance.

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

4 Section 5. The Illinois Insurance Code is amended by
5 changing Section 551 as follows:

6 (215 ILCS 5/551) (from Ch. 73, par. 1065.101)

7 Sec. 551. Mandatory stay of proceedings. All proceedings
8 in which the insolvent insurer is either a party or is
9 obligated to defend a party in any court in this State
10 arising-out-of-a-claim-under-a-policy-of-insurance-written-by
11 an-insolvent-company shall be automatically stayed for 120
12 days (and any such additional time thereafter as may be
13 determined to be appropriate by the trial court in which a
14 given case is pending) from the date of the entry of the
15 Order of Liquidation to permit proper defense by the Fund, or
16 a similar organization in another state, of all such pending
17 causes of action. The automatic 120-day stay provided in this
18 Section may be implemented in the following fashion: (1) for
19 cases in any federal court sitting in this State, in
20 accordance with the applicable federal rules of procedure,
21 including any applicable local rules; or (2) for all cases
22 within a Judicial Circuit of the Circuit Court, by a general
23 order to be issued upon the filing by the Fund or by any
24 insured of the insolvent company of a suggestion with the
25 Chief Judge or equivalent judicial official with
26 administrative powers in each Judicial Circuit, containing
27 appropriate verification of the entry of an Order of
28 Liquidation against the insolvent insurer.

29 (Source: P.A. 92-77, eff. 7-12-01.)

30 Section 99. Effective date. This Act takes effect upon

1 becoming law.