

## As Introduced

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H. B. No. 425

Representatives J. Stewart, Aslanides, Hollister, Schaffer, Seitz

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### A B I L L

To amend sections 3929.50, 3929.51, 3929.52, 3929.56, 1  
3929.58, and 3929.59 of the Revised Code to remove 2  
current limits on mine subsidence coverage and 3  
change provisions governing deductibles, to remove 4  
the cap on the amount of reinsurance coverage that 5  
the mine subsidence underwriting association may 6  
offer, to end the annual distribution of excess 7  
moneys in the mine subsidence insurance fund to 8  
policyholders, to permit a representative to be 9  
elected to the mine insurance governing board 10  
without a meeting of the members, and to specify 11  
the Ohio counties in which mine subsidence 12  
insurance must be offered in connection with 13  
property and homeowners insurance. 14

### BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

**Section 1.** That sections 3929.50, 3929.51, 3929.52, 3929.56, 15  
3929.58, and 3929.59 of the Revised Code be amended to read as 16  
follows: 17

**Sec. 3929.50.** As used in sections 3929.50 to 3929.61 of the 18  
Revised Code: 19

(A) "Mine subsidence" means loss caused by the collapse or 20

lateral or vertical movement of structures resulting from the 21  
caving in of underground mines, including coal mines, clay mines, 22  
limestone mines, and salt mines. "Mine subsidence" does not 23  
include loss caused by earthquake, landslide, volcanic eruption, 24  
or collapse of strip mines, storm and sewer drains, or rapid 25  
transit tunnels. 26

(B) "Structure" means any one- to four-family dwellings as 27  
defined and limited in ~~standard dwelling fire, homeowners, and~~ 28  
~~farm policies and other structures as described, defined, or~~ 29  
limited in the mine subsidence insurance form. 30

(C) "Basic property insurance" means insurance against direct 31  
loss to property as defined and limited in ~~standard dwelling fire,~~ 32  
~~homeowners, and farm~~ policies and extended coverage endorsements 33  
thereon, as approved by the superintendent of insurance, and 34  
insurance for such types, classes, and locations of property 35  
against the perils of vandalism, malicious mischief, burglary, or 36  
theft, as the superintendent shall designate. 37

(D) "Homeowners insurance" means insurance on owner-occupied 38  
dwellings providing personal multi-peril property and liability 39  
coverages commonly known as homeowners insurance, ~~and is subject~~ 40  
~~to such reasonable underwriting standards, exclusions,~~ 41  
~~deductibles, rates, and conditions as are customarily used by~~ 42  
~~member insurers for similar coverages.~~ 43

(E) "Mine subsidence coverage" means the limits and type of 44  
coverage as defined by the mine subsidence insurance governing 45  
board in the coverage form and approved by the superintendent. 46

(F) "Farm insurance" means insurance providing property 47  
coverage on farm dwelling buildings. 48

(G) "Dwelling fire insurance" means a policy providing 49  
property coverage on residential buildings for the perils of fire 50  
and lightning and additional coverages. 51

Sec. 3929.51. (A) The Ohio mine subsidence insurance 52  
underwriting association is hereby created, consisting of all 53  
insurers authorized to write and engaged in writing within the 54  
state, on a direct basis, basic property insurance or any 55  
component thereof in multi-peril policies, to operate in 56  
accordance with the plan of operation adopted pursuant to section 57  
3929.53 of the Revised Code. Every such insurer shall be a member 58  
of the association and shall remain a member as a condition of its 59  
authority to write such insurance in this state. 60

(B) The association, pursuant to sections 3929.50 to 3929.61 61  
of the Revised Code, and any plan of operation thereunder with 62  
respect to mine subsidence insurance, may assume and cede 63  
reinsurance on insurable risks written by its members. 64

(C) For the purpose of governing the mine subsidence 65  
insurance underwriting association, there is hereby created a mine 66  
subsidence insurance governing board consisting of the director of 67  
natural resources or his the director's designee, as ~~chairman~~ 68  
chairperson, the treasurer of state or his the treasurer of 69  
state's designee, the superintendent of insurance or his the 70  
superintendent's designee, and one representative from member 71  
companies. The representative from member companies shall be an 72  
Ohio domiciled member, elected every three years by members of the 73  
association. ~~The representative shall be elected at a meeting of~~ 74  
~~the members or their authorized representatives, which shall be~~ 75  
~~held at a time and place designated by the superintendent.~~ All 76  
actions of the mine subsidence insurance underwriting association 77  
shall be approved by the governing board. The board may employ, 78  
compensate, and prescribe the duties and powers of such employees 79  
and consultants as are necessary to carry out sections 3929.50 to 80  
3929.61 of the Revised Code, and is authorized to enter into a 81  
contract with the Ohio fair plan underwriting association for 82

administrative and claims adjusting services. 83

**Sec. 3929.52.** There is hereby created the mine subsidence 84  
insurance fund, which shall be administered by the mine subsidence 85  
insurance governing board for the purpose of making available 86  
insurance coverage against mine subsidence as to any structure 87  
within this state. All of the following apply to the fund: 88

(A) The moneys in the fund shall be derived from 89  
~~appropriations by the state and~~ premiums for reinsurance assumed 90  
by the mine subsidence insurance underwriting association on 91  
policies written by members of the association. 92

(B) Premiums on mine subsidence coverage in policies written 93  
by members of the association shall be established by the plan of 94  
operation at a rate or within a schedule of rates sufficient to 95  
satisfy all foreseeable claims upon the fund during the period of 96  
coverage, giving due consideration to relevant loss or claim 97  
experience or trends, to cover normal costs of operation of the 98  
fund, and to provide a reasonable reserve for unexpected 99  
contingencies. No deviation shall be allowed from the premium 100  
established by the plan, but the mine subsidence insurance 101  
governing board shall periodically review the premium level and 102  
the experience data applicable to operation of the fund and, with 103  
the approval of the superintendent of insurance, make changes as 104  
required. However, the premium level for mine subsidence coverage 105  
in any policy delivered, issued for delivery, or renewed in a 106  
county designated for optional coverage by the board in accordance 107  
with division ~~(B)(1)~~(A)(2) of section 3929.56 of the Revised Code 108  
shall not exceed an annual rate that is greater than twenty 109  
dollars, and the premium level for mine subsidence coverage in any 110  
policy delivered, issued for delivery, or renewed in a county 111  
listed in division (A)(1) of section 3929.56 of the Revised Code 112  
shall not exceed an annual rate that is greater than five dollars. 113

(C) Sections 3929.50 to 3929.61 of the Revised Code do not  
create any liability on the part of the state beyond the amounts  
paid into the fund and earned by the fund, nor is any liability  
created on the part of the mine subsidence insurance underwriting  
association or its members, the Ohio fair plan underwriting  
association, or the Ohio insurance guaranty association or its  
members.

(D) The treasurer of state shall be the custodian of the  
fund, which shall not be a part of the state treasury. All  
disbursements from the fund shall be paid by the treasurer of  
state upon requisitions signed by the ~~chairman~~ chairperson of the  
mine subsidence insurance governing board or ~~his~~ the chairperson's  
designee. The ~~chairman~~ chairperson of the mine subsidence  
insurance governing board may designate an authorized  
representative of the Ohio fair plan underwriting association to  
sign requisitions on the fund if the mine subsidence insurance  
underwriting association has entered into a contract with the Ohio  
fair plan underwriting association for administrative and claims  
adjusting services. The representative, before signing any  
requisition, shall file with the secretary of state a good and  
sufficient bond payable to the state to insure the faithful  
performance of ~~his~~ the representative's duty, in such sum as the  
board requires.

~~(E) At the expiration of each fiscal year any amount in the  
fund which the governing board determines to be safely  
distributable, after reimbursing the federal special revenue fund  
for amounts appropriated to the mine subsidence insurance board,  
shall be distributed among current policyholders in proportion to  
the premiums paid by them.~~

**Sec. 3929.56.** (A)(1) Every insurer that offers basic property  
and homeowners insurance insuring on a direct basis a structure

located in the counties of Athens, Belmont, Carroll, Columbiana, 145  
Coshocton, Gallia, Guernsey, Harrison, Hocking, Holmes, Jackson, 146  
Jefferson, Lawrence, Mahoning, Meigs, Monroe, Morgan, Muskingum, 147  
Noble, Perry, Scioto, Stark, Trumbull, Tuscarawas, Vinton, and 148  
Washington shall include mine subsidence coverage provided by the 149  
Ohio mine subsidence insurance underwriting association in each 150  
policy of basic property and homeowners insurance that is 151  
delivered, issued for delivery, or renewed in any of such counties 152  
~~on or after January 1, 1993.~~ 153

~~(B)(1) The mine subsidence insurance governing board may 154  
designate any county, other than a county listed in division (A) 155  
of this section, in which mine subsidence coverage must be 156  
offered, on an optional basis, by an insurer in accordance with 157  
division (B)(2) of this section. Any designation made by the board 158  
under division (B)(1) of this section shall be made by the board 159  
in the plan of operation of the association and shall be based on 160  
a county's risk of loss due to mine subsidence and other criteria 161  
established by the board. 162~~

(2) Every insurer that offers basic property and homeowners 163  
insurance insuring on a direct basis a structure located in ~~any~~ 164  
~~county designated by the board in accordance with division (B)(1)~~ 165  
~~of this section~~ the counties of Delaware, Erie, Geauga, Lake, 166  
Licking, Medina, Ottawa, Portage, Preble, Summit, and Wayne shall 167  
offer to include, on an optional basis, mine subsidence coverage 168  
provided by the association in each policy of basic property and 169  
homeowners insurance that is delivered, issued for delivery, or 170  
renewed in any such designated county ~~on or after January 1, 1993.~~ 171

~~(C)(B)~~ The premium charged for mine subsidence coverage shall 172  
be the same as the premium level set by the plan of operation 173  
formulated pursuant to section 3929.53 of the Revised Code. ~~The~~ 174  
~~loss covered shall be the loss in excess of two per cent of the~~ 175

~~policy's total insured value Any deductible shall be expressed in~~ 176  
~~the mine subsidence coverage form as approved by the mine~~ 177  
~~subsidence insurance governing board and approved by the~~ 178  
~~superintendent of insurance, but at no time shall the deductible~~ 179  
~~be less than two hundred fifty dollars or more than five hundred~~ 180  
~~dollars, and the total insured value reinsured by the association~~ 181  
~~shall not exceed fifty thousand dollars. This section does not~~ 182  
~~preclude any insurance company from selling insurance coverage~~ 183  
~~under this section in excess of fifty thousand dollars.~~ 184

**Sec. 3929.58.** All companies authorized to write basic 185  
property insurance in this state shall enter into a reinsurance 186  
agreement with the Ohio mine subsidence insurance underwriting 187  
association in which each company agrees to cede one hundred per 188  
cent, ~~up to fifty thousand dollars,~~ of any subsidence insurance 189  
underwritten to the association for an amount as determined by the 190  
mine subsidence governing board and approved by the superintendent 191  
of insurance and, in consideration of the ceding commission 192  
retained by the company, agrees to undertake payment of taxes and 193  
all other expenses of the company necessary for sale of policies. 194  
The association shall agree to provide a claims adjusting staff 195  
and to pay from the mine subsidence insurance fund all valid 196  
policyholder claims resulting from subsidence. 197

**Sec. 3929.59.** Thirty per cent of all mine subsidence 198  
insurance premiums collected by each insurer for policies 199  
delivered, issued for delivery, or renewed in a county designated 200  
for optional coverage in accordance with division ~~(B)(1)~~ (A)(2) of 201  
section 3929.56 of the Revised Code, excluding premiums collected 202  
under such policies for mine subsidence insurance coverage which 203  
is not reinsured by the mine subsidence insurance underwriting 204  
association, shall be retained by the insurer as a ceding 205  
commission. The remainder of such premiums shall be remitted by 206

the insurer to the mine subsidence insurance underwriting 207  
association. 208

**Section 2.** That existing sections 3929.50, 3929.51, 3929.52, 209  
3929.56, 3929.58, and 3929.59 of the Revised Code are hereby 210  
repealed. 211