

**As Passed by the House**

**125th General Assembly  
Regular Session  
2003-2004**

**Am. H. B. No. 425**

**Representatives J. Stewart, Aslanides, Hollister, Schaffer, Seitz, Skindell,  
Cirelli, Domenick, Niehaus, Blasdel, Carano, Collier, Daniels, DeBose,  
C. Evans, D. Evans, Gibbs, Otterman, Slaby, D. Stewart, Wilson, Wolpert**

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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, to 3  
increase the cap on the amount of reinsurance 4  
coverage that the mine subsidence underwriting 5  
association may offer, to end the annual 6  
distribution of excess moneys in the mine 7  
subsidence insurance fund to policyholders, to 8  
permit a representative to be elected to the mine 9  
insurance governing board without a meeting of the 10  
members, and to specify the Ohio counties in which 11  
mine subsidence insurance must be offered in 12  
connection with property and homeowners insurance. 13

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

**Section 1.** That sections 3929.50, 3929.51, 3929.52, 3929.56, 14  
3929.58, and 3929.59 of the Revised Code be amended to read as 15  
follows: 16

**Sec. 3929.50.** As used in sections 3929.50 to 3929.61 of the 17  
Revised Code: 18

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

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

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

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

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

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

(G) "Dwelling fire insurance" means a policy providing property coverage on residential buildings for the perils of fire

and lightning and additional coverages.

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

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

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(C) For the purpose of governing the mine subsidence insurance underwriting association, there is hereby created a mine subsidence insurance governing board consisting of the director of natural resources or ~~his~~ the director's designee, as ~~chairman~~ chairperson, the treasurer of state or ~~his~~ the treasurer of state's designee, the superintendent of insurance or ~~his~~ the superintendent's designee, and one representative from member companies. The representative from member companies shall be an Ohio domiciled member, elected every three years by members of the association. ~~The representative shall be elected at a meeting of the members or their authorized representatives, which shall be held at a time and place designated by the superintendent.~~ All actions of the mine subsidence insurance underwriting association shall be approved by the governing board. The board may employ, compensate, and prescribe the duties and powers of such employees and consultants as are necessary to carry out sections 3929.50 to 3929.61 of the Revised Code, and is authorized to enter into a

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contract with the Ohio fair plan underwriting association for 81  
administrative and claims adjusting services. 82

**Sec. 3929.52.** There is hereby created the mine subsidence 83  
insurance fund, which shall be administered by the mine subsidence 84  
insurance governing board for the purpose of making available 85  
insurance coverage against mine subsidence as to any structure 86  
within this state. All of the following apply to the fund: 87

(A) The moneys in the fund shall be derived from 88  
~~appropriations by the state and~~ premiums for reinsurance assumed 89  
by the mine subsidence insurance underwriting association on 90  
policies written by members of the association. 91

(B) Premiums on mine subsidence coverage in policies written 92  
by members of the association shall be established by the plan of 93  
operation at a rate or within a schedule of rates sufficient to 94  
satisfy all foreseeable claims upon the fund during the period of 95  
coverage, giving due consideration to relevant loss or claim 96  
experience or trends, to cover normal costs of operation of the 97  
fund, and to provide a reasonable reserve for unexpected 98  
contingencies. No deviation shall be allowed from the premium 99  
established by the plan, but the mine subsidence insurance 100  
governing board shall periodically review the premium level and 101  
the experience data applicable to operation of the fund and, with 102  
the approval of the superintendent of insurance, make changes as 103  
required. However, the premium level for mine subsidence coverage 104  
in any policy delivered, issued for delivery, or renewed in a 105  
county designated for optional coverage by the board in accordance 106  
with division ~~(B)(1)~~(A)(2) of section 3929.56 of the Revised Code 107  
shall not exceed an annual rate that is greater than twenty 108  
dollars, and the premium level for mine subsidence coverage in any 109  
policy delivered, issued for delivery, or renewed in a county 110  
listed in division (A)(1) of section 3929.56 of the Revised Code 111

shall not exceed an annual rate that is greater than five dollars. 112

(C) Sections 3929.50 to 3929.61 of the Revised Code do not 113  
create any liability on the part of the state beyond the amounts 114  
paid into the fund and earned by the fund, nor is any liability 115  
created on the part of the mine subsidence insurance underwriting 116  
association or its members, the Ohio fair plan underwriting 117  
association, or the Ohio insurance guaranty association or its 118  
members. 119

(D) The treasurer of state shall be the custodian of the 120  
fund, which shall not be a part of the state treasury. All 121  
disbursements from the fund shall be paid by the treasurer of 122  
state upon requisitions signed by the ~~chairman~~ chairperson of the 123  
mine subsidence insurance governing board or ~~his~~ the chairperson's 124  
designee. The ~~chairman~~ chairperson of the mine subsidence 125  
insurance governing board may designate an authorized 126  
representative of the Ohio fair plan underwriting association to 127  
sign requisitions on the fund if the mine subsidence insurance 128  
underwriting association has entered into a contract with the Ohio 129  
fair plan underwriting association for administrative and claims 130  
adjusting services. The representative, before signing any 131  
requisition, shall file with the secretary of state a good and 132  
sufficient bond payable to the state to insure the faithful 133  
performance of ~~his~~ the representative's duty, in such sum as the 134  
board requires. 135

~~(E) At the expiration of each fiscal year any amount in the 136  
fund which the governing board determines to be safely 137  
distributable, after reimbursing the federal special revenue fund 138  
for amounts appropriated to the mine subsidence insurance board, 139  
shall be distributed among current policyholders in proportion to 140  
the premiums paid by them. 141~~

**Sec. 3929.56.** (A)(1) Every insurer that offers basic property 142

and homeowners insurance insuring on a direct basis a structure 143  
located in the counties of Athens, Belmont, Carroll, Columbiana, 144  
Coshocton, Gallia, Guernsey, Harrison, Hocking, Holmes, Jackson, 145  
Jefferson, Lawrence, Mahoning, Meigs, Monroe, Morgan, Muskingum, 146  
Noble, Perry, Scioto, Stark, Trumbull, Tuscarawas, Vinton, and 147  
Washington shall include mine subsidence coverage provided by the 148  
Ohio mine subsidence insurance underwriting association in each 149  
policy of basic property and homeowners insurance that is 150  
delivered, issued for delivery, or renewed in any of such counties 151  
~~on or after January 1, 1993.~~ 152

~~(B)(1) The mine subsidence insurance governing board may 153  
designate any county, other than a county listed in division (A) 154  
of this section, in which mine subsidence coverage must be 155  
offered, on an optional basis, by an insurer in accordance with 156  
division (B)(2) of this section. Any designation made by the board 157  
under division (B)(1) of this section shall be made by the board 158  
in the plan of operation of the association and shall be based on 159  
a county's risk of loss due to mine subsidence and other criteria 160  
established by the board.~~ 161

(2) Every insurer that offers basic property and homeowners 162  
insurance insuring on a direct basis a structure located in ~~any~~ 163  
~~county designated by the board in accordance with division (B)(1)~~ 164  
of this section the counties of Delaware, Erie, Geauga, Lake, 165  
Licking, Medina, Ottawa, Portage, Preble, Summit, and Wayne shall 166  
offer to include, on an optional basis, mine subsidence coverage 167  
provided by the association in each policy of basic property and 168  
homeowers insurance that is delivered, issued for delivery, or 169  
renewed in any such designated county ~~on or after January 1, 1993.~~ 170

~~(C)(B)~~ The premium charged for mine subsidence coverage shall 171  
be the same as the premium level set by the plan of operation 172  
formulated pursuant to section 3929.53 of the Revised Code. ~~The~~ 173

~~loss covered shall be the loss in excess of two per cent of the~~ 174  
~~policy's total insured value~~ Any deductible shall be expressed in 175  
the mine subsidence coverage form as approved by the mine 176  
subsidence insurance governing board and approved by the 177  
superintendent of insurance, but at no time shall the deductible 178  
be less than two hundred fifty dollars or more than five hundred 179  
dollars, and the total insured value reinsured by the association 180  
shall not exceed ~~fifty~~ three hundred thousand dollars. This 181  
section does not preclude any insurance company from selling 182  
insurance coverage under this section in excess of ~~fifty~~ three 183  
hundred 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~~ three hundred thousand dollars, of any 189  
subsidence insurance underwritten to the association and, in 190  
consideration of the ceding commission retained by the company, 191  
agrees to undertake payment of taxes and all other expenses of the 192  
company necessary for sale of policies. The association shall 193  
agree to provide a claims adjusting staff and to pay from the mine 194  
subsidence insurance fund all valid policyholder claims resulting 195  
from subsidence. 196

**Sec. 3929.59.** Thirty per cent of all mine subsidence 197  
insurance premiums collected by each insurer for policies 198  
delivered, issued for delivery, or renewed in a county designated 199  
for optional coverage in accordance with division ~~(B)(1)~~(A)(2) of 200  
section 3929.56 of the Revised Code, excluding premiums collected 201  
under such policies for mine subsidence insurance coverage which 202  
is not reinsured by the mine subsidence insurance underwriting 203  
association, shall be retained by the insurer as a ceding 204

commission. The remainder of such premiums shall be remitted by 205  
the insurer to the mine subsidence insurance underwriting 206  
association. 207

**Section 2.** That existing sections 3929.50, 3929.51, 3929.52, 208  
3929.56, 3929.58, and 3929.59 of the Revised Code are hereby 209  
repealed. 210