

As Reported by the House Energy and Environment Committee

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**Representatives J. Stewart, Aslanides, Hollister, Schaffer, Seitz, Skindell,
Cirelli, Domenick, Niehaus**

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 19

lateral or vertical movement of structures resulting from the 20
caving in of underground mines, including coal mines, clay mines, 21
limestone mines, and salt mines. "Mine subsidence" does not 22
include loss caused by earthquake, landslide, volcanic eruption, 23
or collapse of strip mines, storm and sewer drains, or rapid 24
transit tunnels. 25

(B) "Structure" means any one- to four-family dwellings as 26
defined and limited in ~~standard dwelling fire, homeowners, and~~ 27
farm policies and other structures as described, defined, or 28
limited in the mine subsidence insurance form. 29

(C) "Basic property insurance" means insurance against direct 30
loss to property as defined and limited in ~~standard dwelling fire,~~ 31
homeowners, and farm policies and extended coverage endorsements 32
thereon, as approved by the superintendent of insurance, and 33
insurance for such types, classes, and locations of property 34
against the perils of vandalism, malicious mischief, burglary, or 35
theft, as the superintendent shall designate. 36

(D) "Homeowners insurance" means insurance on owner-occupied 37
dwellings providing personal multi-peril property and liability 38
coverages commonly known as homeowners insurance, ~~and is subject~~ 39
~~to such reasonable underwriting standards, exclusions,~~ 40
~~deductibles, rates, and conditions as are customarily used by~~ 41
~~member insurers for similar coverages.~~ 42

(E) "Mine subsidence coverage" means the limits and type of 43
coverage as defined by the mine subsidence insurance governing 44
board in the coverage form and approved by the superintendent. 45

(F) "Farm insurance" means insurance providing property 46
coverage on farm dwelling buildings. 47

(G) "Dwelling fire insurance" means a policy providing 48
property coverage on residential buildings for the perils of fire 49
and lightning and additional coverages. 50

Sec. 3929.51. (A) The Ohio mine subsidence insurance 51
underwriting association is hereby created, consisting of all 52
insurers authorized to write and engaged in writing within the 53
state, on a direct basis, basic property insurance or any 54
component thereof in multi-peril policies, to operate in 55
accordance with the plan of operation adopted pursuant to section 56
3929.53 of the Revised Code. Every such insurer shall be a member 57
of the association and shall remain a member as a condition of its 58
authority to write such insurance in this state. 59

(B) The association, pursuant to sections 3929.50 to 3929.61 60
of the Revised Code, and any plan of operation thereunder with 61
respect to mine subsidence insurance, may assume and cede 62
reinsurance on insurable risks written by its members. 63

(C) For the purpose of governing the mine subsidence 64
insurance underwriting association, there is hereby created a mine 65
subsidence insurance governing board consisting of the director of 66
natural resources or ~~his~~ the director's designee, as ~~chairman~~ 67
chairperson, the treasurer of state or ~~his~~ the treasurer of 68
state's designee, the superintendent of insurance or ~~his~~ the 69
superintendent's designee, and one representative from member 70
companies. The representative from member companies shall be an 71
Ohio domiciled member, elected every three years by members of the 72
association. ~~The representative shall be elected at a meeting of~~ 73
~~the members or their authorized representatives, which shall be~~ 74
~~held at a time and place designated by the superintendent.~~ All 75
actions of the mine subsidence insurance underwriting association 76
shall be approved by the governing board. The board may employ, 77
compensate, and prescribe the duties and powers of such employees 78
and consultants as are necessary to carry out sections 3929.50 to 79
3929.61 of the Revised Code, and is authorized to enter into a 80
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
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, 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
homeowners 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