

# OHIO MINE SUBSIDENCE INSURANCE UNDERWRITING ASSOCIATION

2500 Corporate Exchange Drive

Suite 250\*

Columbus, OH 43231

Telephone (614) 839-6446

April 10, 2000

## BULLETIN #13

To: All Members of the Ohio Mine Subsidence Insurance Underwriting Association

FROM: Ohio Mine Subsidence Insurance Underwriting Association

RE: Procedural Guide and Announcement of Upcoming Self-Audit

Enclosed is a copy of the newly developed Procedural Guide for the Ohio Mine Subsidence Insurance Underwriting Association. This is a compilation of all Bulletins issued since the Association's inception in 1987 but reflects the program and its requirements as they currently exist.

It is important that this Guide be reviewed in its entirety to assure that your company is in compliance with all of the current rules for the program. Since the inception of the program, there have been changes to the premiums, the counties eligible for mine subsidence coverage, the statistical reporting form, the coverage form, the offer for coverage, etc.

Your company and all others licensed to write property insurance in the state of Ohio is obligated to be in compliance with the program. Beginning in the third quarter of this year, you may be requested to conduct a self-audit of your policies to assure this compliance. This Bulletin is intended to provide some time before the **self-audit** to verify that your company is properly handling Mine Subsidence coverage in Ohio.

Also, enclosed are **2 action items** for your review, completion, and remittance to the Association. These are copies of the Assumption Agreements and the Company Contact Information. Both of these items are to be completed and returned to the Association within 30 days.

Please note that we are concerned about the statistical reports being submitted to the Association. In some cases, companies appear not to be reporting Exposure Months

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\* Effective 9/02/2002 the Suite number changed from Suite 340 to Suite 250. The remainder of the address is the same. See Bulletins #15 and #15.1.

but rather are reporting policies/endorsements issued. **Please assure that your company is appropriately reporting on OMSIUA-STAT.2A and OMSIUA-STAT.3A.**

Should you have any questions about the enclosures, please contact us at 614-839-6446 extension 116.

# Ohio Mine Subsidence Insurance Underwriting Association

## Company Contact Information

Company Name \_\_\_\_\_

\*Contact Person for Reporting Purposes \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\*Contact Person for Mailings/Bulletins/Changes to the MSI Program \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\*Additional Contact Person \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Please return To: Ohio Mine Subsidence Insurance Underwriting Association  
2500 Corporate Exchange Dr., Suite 250\*  
Columbus, OH 43231

\* OMSIUA recognizes that companies have different individuals handling different aspects of the Ohio Mine Subsidence Insurance Program. Please provide the appropriate

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names and addresses for Statistical Reporting, for MSI Program Changes (e.g., changes to premium, mandatory or optional counties, coverages, deductibles, etc.), and for any other individual wanting to be apprised of any changes to or inquiries from OMSIUA. Note that we will send all mailings to all individuals shown on this form.

**OHIO MINE SUBSIDENCE UNDERWRITING ASSOCIATION**

**ASSUMPTION AGREEMENT**

Company: \_\_\_\_\_

NAIC # \_\_\_\_\_

Group \_\_\_\_\_

Assured: Various named insureds provided with Mine Subsidence coverage on or in connection with Mine Subsidence coverage issued or renewed on and after the date of this agreement.

Date: January 1, 1993

Amount: 100%-But not to exceed \$50,000 per loss plus allocated loss adjustment expense.

In consideration of the provisions and stipulations herein or added hereto, and of premiums ceded by the above-named insurance company, the Ohio Mine Subsidence Underwriting Association and not otherwise, does reinsure and assume from the above-named insurance company, all Ohio Mine Subsidence losses and allocated loss adjustment expense reasonably incurred, for coverages provided pursuant to the requirements of the Mine Subsidence Insurance Law, enacted as sections of the Ohio Revised Code, sections 3929.50 to 3929.53 and 3929.55 to 3929.56 and 3929.58 to 3929.61.

It is understood and agreed that the Association shall pay the named insured from the Fund for claims resulting from mine subsidence; and shall pay the costs of administration incurred by the Board, to the Board.

It is further understood and agreed that the above-named insurance company shall charge and collect premium from its insureds who have Mine Subsidence Insurance in accordance with the Ohio Mine Subsidence Insurance Law, Plan of Operations, and Rates as filed and approved by the Superintendent of the Ohio Insurance Department. Such premiums will be deposited with the Ohio Mine Subsidence Insurance Underwriting Association in accordance with their directions. A 30% ceding commission may be retained by the above-named insured for Mine Subsidence coverage provided through the Ohio Mine Subsidence Insurance Underwriting Association in counties designated as "optional counties" via the Plan of Operations for the Mine Subsidence Insurance Program of Ohio.

This agreement shall remain in effect unless and until terminated by one of the following:

- 1) It may be terminated, upon written notice thereof by the above-named insurance company, accompanied by written approval of the Superintendent of the Ohio Insurance Department.
- 2) An insurer may file an exemption certificate that indicates it has no obligation to participate since it writes no basic property, homeowners, farm owners or mobile homeowners insurance to which a obligation of notice attaches.
- 3) It will terminate upon repeal of the Ohio Mine Subsidence Insurance Law; provided, however, that the obligations hereunder will continue as to any coverages provided under the Ohio Mine Subsidence Insurance Law.

Any prior reinsurance agreement shall be superseded as of the effective date of this reinsurance agreement.

Ohio Mine Subsidence Insurance Underwriting Association

By: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
(Name of Insurance Company)

By: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

Ohio Mine Subsidence  
**Insurance Underwriting Association**

**Procedural Guide**

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## Introduction

Underground mines, some of which have been abandoned for years, can be found in many parts of the state, particularly eastern Ohio. When buildings are constructed above mines, major damage to walls and foundations can occur if the mineshaft collapses.

The Ohio Legislature enacted Ohio Revised Code sections 3929.50 *etseq* in January 1985. This Act authorized the establishment of the Ohio Mine Subsidence Insurance Underwriting Association, the Mine Subsidence Governing Board and the Mine Subsidence Insurance Fund.

The Mine Subsidence Insurance Fund (MSIF) is administered by the Governing Board and the Treasurer of State is the custodian of the Fund. The Governing Board consists of the Director of Natural Resources or designee as chairperson, the Superintendent of Insurance or designee, the Treasurer of State or designee, and one (1) representative from an Ohio domiciled member company. The MSIF was initially funded with state and federal government appropriations and is currently funded from premiums for reinsurance assumed by the Mine Subsidence Insurance Underwriting Association on policies written by its members. All state funds have been fully repaid. The premium established by the Governing Board with Superintendent of Insurance approval is intended to cover all foreseeable claims, normal operating expenses, and a reserve for unexpected contingencies.

The Governing Board has contracted with the Ohio FAIR Plan Underwriting Association for administrative and claims services and has developed a Plan of Operations and the necessary forms for the implementation of this program. Mine Subsidence programs in other states were carefully studied to help develop the Ohio Mine Subsidence Insurance Underwriting Association. Ohio FAIR Plan Underwriting Association personnel are trained to handle mine subsidence claims and necessary administrative duties. The Mine Subsidence Insurance Program went into effect 10/21/87.

Insurers who write, on a direct basis, basic property or multi-peril policies for 1-4 family dwellings in the eligible counties of Ohio are required to become members of the Ohio Mine Subsidence Insurance Underwriting Association and offer this coverage to all eligible applicants.

The purpose of this guide is to provide a procedural outline for use with the mine subsidence program.

## **OMSIUA Statute Information**

### **3929.50 DEFINITIONS**

As used in sections 3929.50 to 3929.61 of the Revised Code:

- (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 fire policies.
- (C) “Basic property insurance” means insurance against direct loss to property as defined and limited in standard fire 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.

### **3929.51 OHIO MINE SUBSIDENCE INSURANCE UNDERWRITING ASSOC.**

- (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 as a condition of its authority to write such insurance in this state.
- (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.
- (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 designee, as chairman, the treasurer of state or his designee, the superintendent of insurance or his 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 contract with the Ohio fair plan underwriting association for administrative and claims adjusting services.

### **3929.52 MINE SUBSIDENCE INSURANCE FUND**

There is hereby created the mine subsidence insurance fund, which shall be administered by the mine subsidence insurance governing board for the purpose of making available insurance coverage against mine subsidence as to any structure within the state. All of the following apply to the fund:

- (A) The moneys in the fund shall be derived from the appropriations by the state and premiums for reinsurance assumed by the mine subsidence insurance underwriting association on policies written by members of the association.
- (B) Premiums on mine subsidence coverage in policies written by members of the association shall be established by the plan of operation at a rate or within a schedule of rates sufficient to satisfy all foreseeable claims upon the fund during the period of coverage, giving due consideration to relevant loss or claims experience or trend, to cover normal costs of operation of the fund, and to provide a reasonable reserve for unexpected contingencies. No deviation shall be allowed from the premium established by the plan, but the mine subsidence insurance governing board shall periodically review the premium level and the experience data applicable to operation of the fund and, with the approval of the superintendent of insurance, make changes as required. However, the premium level for mine subsidence coverage in any policy delivered, issued for delivery, or renewed in a county designated for optional coverage by the board in accordance with division (B)(1) of section 3929.56 of the Revised Code shall not exceed an annual rate that is greater than twenty dollars, and the premium level for mine subsidence coverage in any policy delivered, issued for delivery, or renewed in a county listed in division (A) of section 3929.56 of the Revised Code shall not exceed an annual rate that is greater than five dollars.

- (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 part of the state treasury. All disbursements from the fund shall be paid by the treasurer of state upon requisitions signed by the chairman of the mine subsidence insurance governing board or his designee. The chairman 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 duty, in such some 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 the current policyholders in proportion to the premiums paid by them.

### **3929.53 GOVERNING BOARD; PLAN OF OPERATION**

The mine subsidence insurance governing board shall submit to the superintendent of insurance, for his approval, a proposed plan of operation for the economical, fair, and nondiscriminatory administration of the mine subsidence insurance fund under sections 3929.50 to 3929.61 of the Revised Code. If the superintendent of insurance disapproves the proposed plan of operation, the governing board shall within fifteen days, submit for approval an appropriately revised plan of operation and if the governing board fails to do so, or if the revised plan is unacceptable, the superintendent shall promulgate a plan of operation; provided, that the superintendent shall not promulgate a plan of operation until adequate financial resources have been secured for start-up costs and initial reserves for the insurance program established pursuant to sections 3929.50 to 3929.61 of the Revised Code.

If amendment of the plan of operation is requested by the superintendent or the governing board, the governing board shall submit to the superintendent, for his approval, such amendments. If such amendments are not approved

by the superintendent, the governing board shall, within fifteen days, submit for approval an appropriately revised amendment. If the governing board fails to do so, or if the amendment is not approved by the superintendent, the superintendent shall promulgate such amendment as he finds necessary.

The superintendent of insurance shall adopt the plan of operation and all amendments thereto pursuant to Chapter 119 of the Revised Code.

### **3929.55 AUDIT OF FUND**

The auditor of state shall, at least once a year, audit the affairs of the mine subsidence insurance fund in order to ascertain its financial condition and ability to fulfill its obligations, whether the mine subsidence insurance underwriting association in managing the fund has complied with the law relating to the fund, and the equity of the association's plans and dealing with its subscribers.

The auditor shall ascertain the expenses incurred in making any such audit and shall certify the amount to the mine subsidence insurance governing board for payment from the fund.

### **3929.56 PROPERTY INSURERS TO OFFER MINE SUBSIDENCE COVERAGE**

- (A) 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, Coshocton, Gallia, Guernsey, Harrison, Hocking, Holmes, Jackson, Jefferson, Lawrence, Mahoning, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Scioto, Stark, Trumbull, Tuscarawas, Vinton and Washington shall include mine subsidence coverage provided by the Ohio mine subsidence insurance underwriting association in each policy of basic property and homeowners insurance that is delivered, issued for delivery, or renewed in any of such counties on or after January 1, 1993.
- (B) (1) The mine subsidence insurance governing board may designate any county, other than a county listed in division (A) of the section, in which mine subsidence coverage must be offered, on an optional basis, by an insurer in accordance with division (B)(2) of this section. Any designation made by the board under division (B)(1) of this section shall be made by the board in the plan of operation of the association and shall be based on a county's risk of loss due to mine subsidence and other criteria established by the board.
- (2) Every insurer that offers basic property and homeowners insurance insuring on a direct basis a structure located in any county designated by the board in accordance with division (B)(1) of this section shall offer to include, on an optional basis, mine subsidence coverage provided by the association in each policy of basic

property and homeowner insurance that is delivered, issued for delivery, or renewed in any such designated county on or after January 1, 1993.

- (C) The premium charged for mine subsidence coverage shall be the same as the premium level set by the plan of operation formulated pursuant to section 3929.53 of the Revised Code. The loss covered shall be the loss in excess of two percent of the policy's total insured value, but at no time shall the deductible be less than two hundred fifty dollars or more than five hundred dollars, and the total insured value reinsured by the association shall not exceed fifty thousand dollars. This section does not preclude any insurance company from selling insurance coverage under this section in excess of fifty thousand dollars.

### **3929.58 MANDATORY REINSURANCE AGREEMENTS**

All companies authorized to write basic property insurance in this state shall enter into a reinsurance agreement with the Ohio mine subsidence underwriting association in which each company agrees to cede one hundred percent , up to fifty thousand dollars, of any subsidence insurance underwritten to the association and, in consideration of the ceding commission retained by the company, agrees to undertake payment of taxes and all other expenses of the company necessary for sale of policies. The association shall agree to provide a claims adjusting staff and to pay from the mine subsidence insurance fund all valid policyholder claims resulting from subsidence.

### **3929.59 INSURER TO RETAIN CEDING COMMISSION**

Thirty percent of all mine subsidence premiums collected by each insurer for policies delivered, issued for delivery, or renewed in a county designated for optional coverage in accordance with division (B)(1) of section 3929.56 of the Revised Code, excluding premiums collected under such policies for mine subsidence insurance coverage which is not reinsured by the mine subsidence insurance underwriting association, shall be retained by the insurer as a ceding commission. The remainder of such premiums shall be remitted by the insurer to the mine subsidence insurance underwriting association.

### **3929.60 PREMIUMS REPORTED TO SUPERINTENDENT**

Every mine subsidence insurance underwriting association member shall report at times designated by the superintendent of insurance the amounts of mine subsidence insurance premiums collected by such member.

**3929.61 NO RECOURSE IN ABSENCE OF FRAUD**

Except in case of fraud by the company, the Ohio mine subsidence insurance underwriting association shall have no right of recourse against the company.

## Plan of Operation

### 3901-1-48 “Ohio Mine Subsidence Insurance Underwriting Association” and “Mine Subsidence Insurance Fund” Plan of Operation.

#### (A) Authority

This rule is issued pursuant to section 3901.041 of the Revised Code.

#### (B) Purpose

The purpose of this rule is to implement sections 3929.50 to 3929.53 and 3929.55 to 3929.61 of the Revised Code which: (1) Establishes the “Ohio Mine Subsidence Association,” (2) Provides for the transfer of risk from member insurers to the Association, and (3) Creates the “Mine Subsidence Insurance Fund.”

#### (C) Definitions

- (1) “Basic property insurance” means insurance against direct loss to property as defined and limited in standard fire policies and extended coverage endorsements thereon, and insurance for such types, classes and locations of property against the perils of vandalism, malicious mischief, burglary and theft, as the superintendent of insurance shall designate.
- (2) “Board” means the three-member Board of Governors, empowered by division (C) of section 3929.51 of the Revised Code to govern the “Ohio Mine Subsidence Insurance Underwriting Association” and the “Ohio Mine Subsidence Fund.”
- (3) “Homeowners insurance” means insurance on owner-occupied dwellings providing personal multi-peril property and liability coverages, commonly known as “homeowners insurance.”
- (4) “Member” means 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.
- (5) “Mine subsidence” means loss caused by the collapse or lateral or vertical movement of structures resulting from the caving in of mines, including, but not limited to, coal mines, clay mines, limestone mines, and salt mines. Mine subsidence does not include loss caused by earthquake, landslide, volcanic eruption, or collapse of storm and sewer drains or rapid transit tunnels.

- (6) “Mine Subsidence Insurance Underwriting Association,” hereinafter referred to as “Association,” means the Association of members formed pursuant to section 3929.51 of the Revised Code.
- (7) “Mine Subsidence Insurance Fund,” hereinafter referred to as “Fund,” means the Fund formed pursuant to section 3929.52 of the Revised Code which is administered by the Board for the purpose of making available insurance coverage against mine subsidence. The State Treasurer is the custodian of the Fund.
- (8) “Plan of Operation,” hereinafter referred to as “Plan,” means the Plan of Operation approved by the Superintendent for the economical, fair and nondiscriminatory administration of the requirements identified in sections 3929.50 to 3929.53 and 3929.55 to 3929.61 of the Revised Code.
- (9) “Structure” means any one to four-family dwelling as defined and limited in standard fire policies.
- (10) “Superintendent” means the Superintendent of Insurance for the State of Ohio.
- (11) “Treasurer” means the Treasurer of the State of Ohio.
- (12) “Auditor” means the Auditor of the State of Ohio.

**(D) Board of Governors**

- (1) The Association and Fund shall be administered by the Board, consisting of the Director of Natural Resources or his designee, the Treasurer of the State or his designee, and one representative from member companies. The representative from the member companies shall be an Ohio-domiciled member of the Association.
- (2) The Board shall approve all actions of the Association, have the responsibility of administering the Association and Fund.
- (3) The Board shall meet as often as is required to perform the duties of administration, and shall meet upon the request of any single member of the Board. In no event shall the Board meet less than two times per year.

**(E) Annual Meeting of Members**

- (1) There shall be an annual meeting of members to be held at a time and place designated by the Superintendent, for the purpose of electing the member company representative on the Board and for such other purpose as shall be identified. The member company representative elected to the Board shall be an Ohio-domiciled company.
- (2) A quorum shall consist of a simple majority of members present.

- (3) Each member shall be entitled to one vote. Members in the same group of insurers as respects management or ownership shall be entitled to one vote only.

**(F) Liability**

Every policy of mine subsidence insurance written hereunder shall provide that such policy does not create any liability on the part of the member issuing such policy, the Association, or any organization with which it may contract for administrative or claims services, beyond the net premium on such policies paid into the Fund and any amounts appropriated by the State of Ohio to the Fund pursuant to division (A) of section 3929.52 of the Revised Code. Such policies shall create no liability beyond the amounts of the Fund, on the part of the State of Ohio, the “Ohio Guaranty Association” and its member companies, or any other person or organization.

**(G) Notice of Availability of Mine Subsidence Insurance**

- (1) Every member shall notify all existing basic property or homeowner policyholders and all new applicants for basic property and homeowners insurance of the availability of mine subsidence insurance. The notice shall contain language and be in a form approved by the Superintendent which includes:
  - (a) A description of mine subsidence insurance;
  - (b) A statement that the purchase of the coverage is optional; and
  - (c) The premium charged for the coverage.
- (2) Every member shall give the notice of availability as approved by the Superintendent to:
  - (a) Their existing policyholders. This notice shall be given to each policyholder no later than the date of the first renewal after the effective date of the plan.
  - (b) Any new applicant for basic property or homeowners insurance. This notice shall be given at the time of application to persons applying for such insurance after the effective date of the Plan.
- (3) Members have the option of providing the notice of availability to existing policyholders and new applicants for property located in counties exempted under section 3929.57 of the Revised Code. However, no member shall be required to give notice to a policyholder or applicant whose property is located in a county removed from the exempt list, until the Superintendent gives notice to all members.

**(H) Application for Coverage**

A member insurer who receives a request from a named insured or applicant for mine subsidence shall forward to that named insured or applicant an application for mine subsidence coverage. Such application may be included, at the insurer's option, with the notice described in paragraph (G) of this rule. The form of the application shall be approved by the Superintendent.

**(I) Administration and Claims Processing**

The Board may retain a contractor to provide administrative and claims processing. When a contractor is retained, the Board may from time to time review: (1) The performance of the contractor; (2) The procedures and standards used by the contractor for administration and claims processing; and (3) The application of those procedures and standards to applicants for insurance and to claims of insureds.

**(J) Underwriting**

- (1) Mine subsidence coverage will be available on eligible property. Eligible property must be:
  - (a) A structure as defined in this rule;
  - (b) Covered by a valid basic property or homeowners insurance policy.
- (2) County exemptions from the provisions of section 3929.56 of the Revised Code will be approved by the Superintendent in accordance with section 3929.57 of the Revised Code.
- (3) The member may refuse to provide mine subsidence coverage on an otherwise eligible property where:
  - (a) The structure evidences unrepaired subsidence damage;
  - (b) The structure evidences any mine subsidence damage in progress.
- (4) The limit of liability for direct loss caused by mine subsidence under this plan of operation shall not exceed an amount equal to the coverage on the dwelling provided by a basic property or homeowners policy, or fifty thousand dollars, whichever is less.
- (5) All coverage provided pursuant to this plan of operation is subject to a deductible of two percent of the limit of liability, but not less than two hundred fifty dollars, nor more than five hundred dollars.

**(K) Rates and Forms**

- (1) Rates. The Board shall periodically review the premium level and experience data and recommend to the Superintendent a rate or a schedule of rates sufficient to satisfy: (a) All foreseeable claims;

- (b) Normal costs of operation; and (c) A reserve for unexpected contingencies. However, the premium level shall not be fixed at an annual rate that is less than twenty dollars.
- (2) Forms. The policy forms and language shall be approved by the Superintendent.

**(L) Audits**

The Auditor shall audit the affairs of the Fund in accordance with section 3929.55 of the Revised Code at least once each year. The auditor shall ascertain the expenses incurred in making any such audit and shall certify the amount to the Board for payment from the Fund.

**(M) Reporting and Statistics**

- (1) Claim reports. Members shall, upon receipt of notice of claims from policyholder(s), confirm coverage and provide formal notice of claim to the Association.
- (2) Financial reports:
  - (a) The fiscal period shall be the calendar year.
  - (b) Members' reports are required quarterly and shall be due on the forty-fifth day following the close of the quarter.
  - (c) Members' reports shall be in a form approved by the Board and shall include, at minimum:
    - (i) Gross written premium;
    - (ii) Premium cancelled/returned;
    - (iii) Net written premium;
    - (iv) Commission (thirty percent of gross written premium).
  - (d) Members reports shall be accompanied by its net remittance (gross premium written, less cancellation/returns, less commission). In the event a balance is due to the insurer, that balance shall be carried forward as a credit against future written premiums. An insurer may apply for a refund only if it ceases to issue basic property or homeowner insurance coverage, in Ohio.
  - (e) Members shall report and pay premium taxes as required.
  - (f) The Association shall review, verify and reconcile members' reports and research, and rectify any inconsistencies.
  - (g) The Association shall remit receipts to the Fund, said remittance to be supported by a summary report of premium written, cancelled/nonrenewed, net premium written and commission taken.
- (3) Statistical reports. Members shall compile and file, on a quarterly basis with the financial reports, a summary report of statistics in a

form approved by the Board. Such reports shall, at minimum, contain:

- (a) Quarter and year-to-date policy count by county and in total;
- (c) Quarter and year-to-date net premium written by county and in total.

**(N) “Mine Subsidence Insurance Fund”**

The Fund shall receive all revenues, appropriations and investment earnings pursuant to this plan of operation. Premiums collected will be considered program income in accordance with the uniform administrative requirements for grants to state and local governments and be used:

- (1) To enable the Fund to be self-sustaining, with the Fund invested by the Treasurer of State under guidelines established by the Board;
- (2) To provide a reserve for payment of claims for verified claims from all types of mine subsidence, including noncoal mining, post-1977 underground mines and active underground mines;
- (4) To pay back the State of Ohio General Revenue Fund for any seed monies that were authorized from the Controlling Board Emergency Fund for the purpose of providing capitalization and initial reserves.

**(O) Investment of Custodial Funds**

With the approval of the Board, the Treasurer of State may invest any monies in the Fund that are in excess of the amounts required to meet the immediate cash needs and operating expenses of the Fund. The Board shall not provide guidelines for the investment of excess funds that are broader or more liberal than the investment provisions for property casualty insurance companies set forth in chapter 3925 of the Revised Code.

**(P) Reinsurance Agreement**

- (1) Every insurer authorized and engaged in writing on a direct basis any property coverages in the state of Ohio shall execute a reinsurance agreement with the Association. The form of the reinsurance agreement shall be in a form approved by the Board.
- (2) An insurer may request exemption from the requirements of paragraph (P) of this rule by filing the exemption form with the Superintendent. The exemption shall be effective after review and approved by the Superintendent of Insurance.
- (3) Any insurer who has received an exemption shall notify the Association of any change in any circumstances that would be reason to revoke the exemption.

**(Q) Effective Date of the Plan**

This plan of operation shall be effective ninety days subsequent to the effective date of this rule.

**(R) Amendments**

Amendments to the plan may be requested by the Board or Superintendent of Insurance in accordance with the provisions of section 3929.53 of the Revised Code.

**(S) Severability**

Each paragraph of this rule and every part of each paragraph is an independent section and part of a section, and the holding of any section or a part thereof to be unconstitutional, void, or ineffective for any clause does not affect that validity or constitutionality of any other paragraph or part thereof.

**Certification**

\_\_\_\_\_  
George Fabe

Superintendent of Insurance

\_\_\_\_\_  
Date

Effective Date:

Promulgated Under: Chapter 119 of the Revised Code.

Rule Amplifies: 3929.50-.53 and 3929.54-.61 of the Revised Code.

Authority: 3901.041 of the Revised Code.

## **Eligibility Requirements**

In order for structures to be eligible for mine subsidence insurance these eligibility requirements must be met.

- (1) Structure must be an occupied 1-4 family dwelling; all dwellings must have at least 50% of total living area occupied. Seasonal properties are considered eligible for coverage. Builders' risks are also eligible for coverage if construction/reconstruction is intended to result in the creation of a 1-4 family occupied dwelling structure.
- (2) Structures with incidental occupancy are permitted if the occupancy does not cause the structure to use a commercial rating formula, and qualifies for homeowners or dwelling fire policies.
- (3) Structure must be located in an eligible county.
- (4) Structure is covered by a valid basic property, homeowners, farm owners, or mobile home owners policy.
- (5) Coverage will be denied if material misrepresentation of facts or circumstances concerning mine subsidence is made and if the hazard of occupancy is increased by any means within the control and knowledge of the insured.

## **Eligible Counties and Required Premium**

### **Mandatory Counties - \$1.00 Premium**

Athens  
Belmont  
Carroll  
Columbiana  
Coshocton  
Gallia  
Guernsey  
Harrison  
Hocking  
Holmes  
Jackson  
Jefferson  
Lawrence  
Mahoning  
Meigs  
Monroe  
Morgan  
Muskingum  
Noble  
Perry  
Scioto  
Stark  
Trumbull  
Tuscarawas  
Vinton  
Washington

### **Optional Counties - \$5.00 Premium**

Delaware  
Erie  
Geauga  
Lake  
Licking  
Medina  
Ottawa  
Portage  
Preble  
Summit  
Wayne

## **Limits of Liability**

This section identifies the limits of liability and coverage under the Ohio Mine Subsidence Insurance Association program.

- (1) Maximum coverage permitted is the limit of coverage for the structure on the insured's current policy or \$50,000 whichever is less.
- (2) If there is more than one coverage for mine subsidence for any structure then the limit of liability is the largest limit of coverage A in a single policy or one single limit of \$50,000 whichever is less.
- (3) A 2% deductible will apply on a per occurrence basis to the mine subsidence coverage being provided. A minimum deductible of \$250 and a maximum deductible of \$500 will apply.
- (4) Coverage for 1-4 family dwellings include:
  - (a) Cost of excavation or grading.
  - (b) Foundations of buildings, boilers or engines which are below the under surface of the lowest basement floor or where there is no basement, below the surface of the ground.
  - (c) Underground pilings, piers, pipes, flues and drains and/or pilings below the watermark.
- (5) Coverage does not extend to any of the following:

-land	-sidewalks	-industrial buildings
-trees	-outbuildings	-plants
-crops	-barns	-contents
-detached garages	-commercial buildings	
- (6) Loss limits will not exceed the smallest of these amounts:
  - (a) Actual cash value (replacement cost less depreciation or betterment).
  - (b) The amount actually and necessarily expended in repairing or replacing the structure intended for the same use and occupancy.
  - (c) The amount available in the Mine Subsidence Insurance Fund administered by Ohio Mine Subsidence Underwriting Association.
- (7) Mine subsidence policies are not subject to the valued policy law.

## **Effective Dates for Coverage**

**There is a 15-day waiting period if coverage is purchased mid-term or if the coverage is not purchased at the time the policy is initially bought.**

## Claims Procedure

The Ohio FAIR Plan Underwriting Association claims department will adjust all claims on behalf of the Ohio Mine Subsidence Underwriting Association. Claims should be reported through the use of a standard Acord or comparable loss notification form. Coverage must be verified by the insurance company prior to reporting the claim and this information must be noted on the Acord form. All correspondence is to be directed to:

Ohio M.S.I.U.A. Claim Department  
2500 Corporate Exchange Dr., Suite 250\*  
Columbus, OH 43231

If the claim requires immediate attention, contact may be made by telephone. The phone numbers are 1-614-839-6446 or inside Ohio at 1-800-282-1772.

Claim payments are made directly by the Ohio Mine Subsidence Insurance Underwriting Association from the Mine Subsidence Insurance Fund.

Mine subsidence loss does not include loss as a result of earthquake, landslide or collapse of storm or drain sewers or rapid transit tunnels. Volcanic eruption and other earth movement are also excluded.

Losses will be adjusted per occurrence. All damage caused by a single subsidence event or several events which are continuous is considered as one occurrence.

There can be no abandonment of property to the Ohio Mine Subsidence Insurance Underwriting Association of any property.

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\* Effective 9/02/2002 the Suite number changed from Suite 340 to Suite 250. The remainder of the address is the same. See Bulletins #15 and #15.1.

## **Offer of Mine Subsidence Insurance Coverage**

This constitutes an offer to include optional mine subsidence insurance coverage in your property insurance policy if the policy covers a one to four family dwelling structure located in one of the following Ohio counties: Delaware, Erie, Geauga, Lake, Licking, Medina, Ottawa, Portage, Preble, Summit & Wayne. Mine Subsidence insurance, provided by the Ohio Mine Subsidence Insurance Underwriting Association, provides up to \$50,000 of coverage or the amount of insurance on the dwelling, whichever is less, for property damage to the structure caused by mine subsidence. Mine subsidence is loss caused by the collapse or lateral or vertical movement of structures resulting from the caving in of underground mines. The annual premium for this coverage is \$5.00. To accept this offer you must complete an application for mine subsidence coverage and return it to us. You may obtain this application from us or your insurance agent who obtained the insurance on your home for you.

**OH-MSI-1 (3/99)**

**OHIO MINE SUBSIDENCE INSURANCE UNDERWRITING ASSOCIATION**  
**APPLICATION**

\_\_\_\_\_  
NAME

\_\_\_\_\_  
ADDRESS OF PROPERTY

\_\_\_\_\_  
POLICY #

\_\_\_\_\_  
COUNTY

\_\_\_\_\_  
NAME OF INSURANCE COMPANY

\_\_\_\_\_  
NAME OF INSURANCE AGENT

I HEREBY APPLY FOR MINE SUBSIDENCE INSURANCE COVERAGE. I AGREE THAT NO COVERAGE WILL BE MADE AVAILABLE FOR MINE SUBSIDENCE DAMAGE THAT EXISTS PRIOR TO THE EFFECTIVE DATE OF THIS COVERAGE. I UNDERSTAND THAT IF I ADD THIS COVERAGE TO MY BASIC FIRE OR HOMEOWNERS POLICY AFTER THE POLICY'S EFFECTIVE DATE, THERE IS A 15 DAY WAITING PERIOD FOR THE MINE SUBSIDENCE COVERAGE TO BE EFFECTIVE.

I UNDERSTAND THAT THE COVERAGE LIMIT FOR MINE SUBSIDENCE INSURANCE WILL NOT EXCEED THE COVERAGE ON MY DWELLING STRUCTURE, OR \$50,000, WHICHEVER IS LESS. I UNDERSTAND THAT ANY PERSON, WHO WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

OH-MSI-3 (10/95)

## **OHIO MINE SUBSIDENCE INSURANCE UNDERWRITING ASSOCIATION**

### **MINE SUBSIDENCE COVERAGE**

In consideration of an additional premium the structure is insured against direct loss on an occurrence basis caused by mine subsidence as herein defined and for the limit of liability as stated below. This mine subsidence insurance is provided by the Mine Subsidence Insurance Fund. This endorsement creates no liability on the part of the insurance company issuing the policy to which this endorsement attaches or the Ohio Mine Subsidence Insurance Underwriting Association or its members, or the Ohio FAIR Plan Underwriting Association or the Ohio Guaranty Association or its members. Also, no liability is created on the part of the state of Ohio beyond the premiums paid into the Fund and amounts appropriated by it into the Fund.

Mine subsidence means lateral or vertical movement including the collapse which results from such movement as a result of man made underground 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, any surface mines, storm and sewer drains, or rapid transit tunnels.

A structure means a 1-4 family dwelling building fixed to realty but does not include the land, trees, plants, crops, sidewalks, driveways, outbuildings, detached garages, industrial, or commercial buildings.

All damage caused by a single subsidence event or several subsidence events which are continuous shall constitute one occurrence.

#### **Property Covered**

This coverage applies to 1-4 family structures including:

- (1) The cost of excavation or grading.
- (2) Foundations of buildings, boilers or engines which are below the under surface of the lowest basement floor or where there is no basement below the surface of the ground.
- (3) Underground pilings, piers, pipes, flues and drains and/or pilings which are below the watermark.

#### **Loss Payment**

The limit of liability for loss under this coverage shall not exceed the smallest of the following amounts:

- (1) The limit of liability on your dwelling in the basic property, homeowners, farm owners, or mobile home owners insurance policy covering the structure or \$50,000, whichever is less;
- (2) If more than one coverage for mine subsidence insures any given structure, the limit of liability is the largest limit of coverage on a single

- basic property, homeowners, farm owners, or mobile home owners insurance policy or one single limit of \$50,000, whichever is less;
- (3) The actual cash value of the loss. Actual cash value is defined as replacement cost less depreciation or betterment;
  - (4) The amount actually and necessarily expended in repairing or replacing the structure intended for the same occupancy and use;
  - (5) The amount available in the Mine Subsidence Insurance Fund administered by the Governing Board of the Mine Subsidence Insurance Underwriting Association.

### **Perils Not Insured Against**

The mine subsidence coverage does not insure against loss caused by earthquake, landslide, volcanic eruption, or collapse of strip mines, any surface mines, storm and sewer drains or rapid transit tunnels, or other earth movement.

### **Deductible**

The following deductible provision applies per occurrence:

- 2% of the coverage available with a minimum deductible of \$250 and a maximum deductible of \$500.

### **Other Provisions**

- (1) This coverage is provided by provisions of Ohio Revised Code 3929.50 to 3929.53 and 3929.55 to 3929.56 and 3929.58 to 3929.61 and any subsequent amendments thereof enacted by the Ohio legislature. The amounts payable under this coverage are limited to the balance in the Mine Subsidence Insurance Fund from which all claims and other expenses of administering this Fund are paid.
- (2) The coverage afforded herein shall not be subject to provisions 3929.25 commonly known as the valued policy law.
- (3) All claims authorized for payment shall be paid directly by the Mine Subsidence Insurance Fund.
- (4) This entire coverage shall be void if, whether before or after a loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.
- (5) There is no coverage for any loss occurring:
  - (a) While the hazard is increased by any means within the control or knowledge of the insured; or
  - (b) While a described building, whether intended for occupancy by owner or tenant, is vacant, or more than 50% unoccupied beyond a period of sixty consecutive days.

- (6) This coverage shall terminate when the basic property, homeowners, farm owners, or mobile home owners insurance policy is cancelled or non-renewed. The insured shall receive a pro-rata refund of the unearned premium provided that if the unearned premium to be refunded is less than \$3.00, it will be refunded only if the first named insured specifically requests in writing that it be returned.
- (7) If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, and if the insured fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein specified within (60) days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If the Governing Board of the Ohio Mine Subsidence Insurance Underwriting Association shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may payoff the mortgage debt and require an assignment thereof and the mortgage.
- (8) The insured shall give immediate written notice of any loss to the Fund through his insurance company, protect the property from further damage, put it in the best possible order, furnish an estimate of the destroyed property showing in detail the actual cash value and the amount of loss claimed; and within sixty (60) days after the loss, unless such time is extended in writing, by the Governing Board of the Ohio Mine Subsidence Insurance Underwriting Association, the insured shall render a proof of loss, signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following: the time and origin of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupation, location, possession or exposures of said property since the issuing of this policy, by whom and for what purpose any structure herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on least ground, and shall furnish a copy of all the descriptions and schedules in all policies and, if destroyed or damaged, the insured, as often as may be reasonably required, shall exhibit to any person designated by the Governing Board of the Ohio Mine Subsidence Insurance Underwriting Association all that remains of any property herein described, and submit to examinations under oath by any person named by the Governing Board of the Ohio Mine Subsidence Insurance Underwriting Association and subscribe the same; and, as often as may be reasonably required, shall produce for examination of all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Governing Board of the Ohio Mine Subsidence Insurance

- Underwriting Association or its representative, and shall permit extracts and copies thereof to be made.
- (9) In case the insured and the Governing Board of the Ohio Mine Subsidence Insurance Underwriting Association shall fail to agree as to the actual cash value or the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for fifteen days to agree upon such umpire, then, on request of the insured or the Governing Board of the Ohio Mine Subsidence Insurance Underwriting Association such umpire shall be selected by a judge of a court of record in the state in which the property covered is located. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and failing to agree; shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with the Governing Board of the Ohio Mine Subsidence Insurance Underwriting Association shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.
- (10) There can be no abandonment to the Ohio Mine Subsidence Insurance Fund Association of any property.
- (11) No suit or action on this coverage for the recovery of any claims shall be sustainable in any court of law or equity unless all the requirements of this coverage shall be complied with, and unless commenced within twelve months next after inception of the loss.
- (12) As part of consideration given for the coverage provided by this endorsement, the insured agrees that the Governing Board of the Ohio Mine Subsidence Insurance Underwriting Association will receive full subrogation rights to the extent of any payment made to the insured. The Board's right shall be against any party who might be legally liable for the loss as determined by the Board. These subrogation rights shall be considered both contractual and equitable and shall be self executing at the time any payment is made by the Board through the Ohio Mine Subsidence Insurance Fund, without the necessity of any written assignment. The insured covenants to refrain from damaging, destroying or releasing the Board's right of recovery against any third party. Any breach of the conditions of this paragraph will result in the forfeiture of all rights to recover any benefits under this mine subsidence endorsement.
- (13) Nothing in this endorsement supplements, expands, increases, affects, or is affected by the coverage grants contained in the main policy to which this endorsement is affixed. The insured understands that the coverage given in this endorsement stands alone and is wholly separate and distinct from the main policy. This endorsement, therefore, shall not be construed to expand or enlarge the obligations of the company issuing the main policy for any of the coverages contained in the main policy. The language contained in the mine subsidence endorsement shall not be included by references in

the body of the main policy to “other coverages” or other endorsements unless the mine subsidence endorsement is specifically named in the reference.

**OH-MSI-2 (1/93)**

**MEMBERS QUARTERLY REPORT OF PREMIUM-MANDATORY COUNTIES\*  
OHIO MINE SUBSIDENCE INSURANCE UNDERWRITING ASSOCIATION**

Name of Company \_\_\_\_\_

Company Address \_\_\_\_\_  
\_\_\_\_\_

NAIC# \_\_\_\_\_ Group \_\_\_\_\_

Company Contact Person \_\_\_\_\_

Phone Number - 1-(\_\_\_\_)\_\_\_\_ - \_\_\_\_\_ Extension # \_\_\_\_\_

Reporting Quarter -    1        2        3        4        Reporting Year \_\_\_\_\_

		Quarter	Year to Date
A.	Gross Premium Written	_____	_____
B.	Premium Canceled/Returned	_____	_____
C.	Adjusted Gross Premium Written (A-B=C)	_____	_____

**NO CEDING COMMISSION IS WITHHELD FOR MANDATORY COUNTY MSI  
COVERAGE.**

Accompanying checks should be made payable and mailed to:

TREASURER OF STATE – MINE SUBSIDENCE INSURANCE FUND  
C/O Ohio Mine Subsidence Insurance Underwriting Association  
**2500 Corporate Exchange Dr., Suite 250\***  
**Columbus, OH 43231**

\*Mandatory Counties are: Athens, Belmont, Carroll, Columbiana, Coshocton, Gallia, Guernsey, Harrison, Hocking, Holmes, Jackson, Jefferson, Lawrence, Mahoning, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Scioto, Stark, Trumbull, Tuscarawas, Vinton, and Washington counties.

OMSIUA-STAT.2 (10/98)

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\* Effective 9/02/2002 the Suite number changed from Suite 340 to Suite 250. The remainder of the address is the same. See Bulletins #15 and #15.1.

**DETAIL STATISTICAL REPORT – MANDATORY COUNTIES**

Name of Company: \_\_\_\_\_

		Written Premium By County	*Exposure Months By County
01	Athens	_____	_____
02	Belmont	_____	_____
03	Carroll	_____	_____
04	Columbiana	_____	_____
05	Coshocton	_____	_____
08	Gallia	_____	_____
10	Guernsey	_____	_____
11	Harrison	_____	_____
12	Hocking	_____	_____
13	Holmes	_____	_____
14	Jackson	_____	_____
15	Jefferson	_____	_____
17	Lawrence	_____	_____
19	Mahoning	_____	_____
21	Meigs	_____	_____
22	Monroe	_____	_____
23	Morgan	_____	_____
24	Muskingum	_____	_____
25	Noble	_____	_____
27	Perry	_____	_____
30	Scioto	_____	_____
31	Stark	_____	_____
33	Trumbull	_____	_____
34	Tuscarawas	_____	_____
35	Vinton	_____	_____
36	Washington	_____	_____
	<b>TOTALS</b>	_____	_____

\*1 YEAR POLICY SHOULD BE SHOWN AS 12 EXPOSURE MONTHS. MID-TERM ENDORSEMENTS SHOULD SHOW THE REMAINING MONTHS ON POLICY UNTIL EXPIRATION DATE. THIS SHOULD BE ROUNDED TO THE NEAREST MONTH.

OMSIUA-STAT.2A (10/95)

**MEMBERS QUARTERLY REPORT OF PREMIUM-OPTIONAL COUNTIES\*  
OHIO MINE SUBSIDENCE INSURANCE UNDERWRITING ASSOCIATION**

Name of Company \_\_\_\_\_

Company Address \_\_\_\_\_  
\_\_\_\_\_

NAIC# \_\_\_\_\_ Group \_\_\_\_\_

Company Contact Person \_\_\_\_\_

Phone Number - 1-( ) - \_\_\_\_\_ Extension # \_\_\_\_\_

Reporting Quarter - 1 2 3 4 Reporting Year \_\_\_\_\_

	Quarter	Year to Date
A. Gross Premium Written	_____	_____
B. Premium Canceled/Returned	_____	_____
C. Adjusted Gross Premium Written (A-B=C)	_____	_____
D. Less Commission (30%)	_____	_____
E. Net Premium Due OMSIUA (C-D=E)	_____	_____

Accompanying checks should be made payable and mailed to:

TREASURER OF STATE – MINE SUBSIDENCE INSURANCE FUND  
C/O Ohio Mine Subsidence Insurance Underwriting Association  
**2500 Corporate Exchange Dr., Suite 250\***  
**Columbus, OH 43231**

\*Optional Counties are Delaware, Erie, Geauga, Lake, Licking, Medina, Ottawa, Portage, Preble, Summit and Wayne Counties.

OMSIUA-STAT.3 (10/98)

\_\_\_\_\_

\* Effective 9/02/2002 the Suite number changed from Suite 340 to Suite 250. The remainder of the address is the same. See Bulletins #15 and #15.1.

**DETAIL STATISTICAL REPORT – OPTIONAL COUNTIES**

Name of Company \_\_\_\_\_

		*Net Written Premium By County	**Exposure Months By County
06	Delaware	_____	_____
07	Erie	_____	_____
09	Geauga	_____	_____
16	Lake	_____	_____
18	Licking	_____	_____
20	Medina	_____	_____
26	Ottawa	_____	_____
28	Portage	_____	_____
29	Preble	_____	_____
32	Summit	_____	_____
37	Wayne	_____	_____
	TOTALS	_____	_____

\*NET PREMIUM SHOULD REFLECT GROSS PREMIUM LESS 30% CEDING COMMISSION.

\*\*1 YEAR POLICY SHOULD BE SHOWN AS 12 EXPOSURE MONTHS. MID-TERM ENDORSEMENTS SHOULD SHOW THE REMAINING MONTHS ON POLICY UNTIL EXPIRATION DATE. THIS SHOULD BE ROUNDED TO THE NEAREST MONTH.

**OHIO MINE SUBSIDENCE UNDERWRITING ASSOCIATION**

**ASSUMPTION AGREEMENT**

Company: \_\_\_\_\_

NAIC # \_\_\_\_\_ Group \_\_\_\_\_

Assured: Various named insureds provided with Mine Subsidence coverage on or in connection with Mine Subsidence coverage issued or renewed on and after the date of this agreement.

Date: January 1, 1993

Amount: 100%-But not to exceed \$50,000 per loss plus allocated loss adjustment expense.

In consideration of the provisions and stipulations herein or added hereto, and of premiums ceded by the above-named insurance company, the Ohio Mine Subsidence Underwriting Association and not otherwise, does reinsure and assume from the above-named insurance company, all Ohio Mine Subsidence losses and allocated loss adjustment expense reasonably incurred, for coverages provided pursuant to the requirements of the Mine Subsidence Insurance Law, enacted as sections of the Ohio Revised Code, sections 3929.50 to 3929.53 and 3929.55 to 3929.56 and 3929.58 to 3929.61.

It is understood and agreed that the Association shall pay the named insured from the Fund for claims resulting from mine subsidence; and shall pay the costs of administration incurred by the Board, to the Board.

It is further understood and agreed that the above-named insurance company shall charge and collect premium from its insureds who have Mine Subsidence Insurance in accordance with the Ohio Mine Subsidence Insurance Law, Plan of Operations, and Rates as filed and approved by the Superintendent of the Ohio Insurance Department. Such premiums will be deposited with the Ohio Mine Subsidence Insurance Underwriting Association in accordance with their directions. A 30% ceding commission may be retained by the above-named insured for Mine Subsidence coverage provided through the Ohio Mine Subsidence Insurance Underwriting Association in counties designated as "optional counties" via the Plan of Operations for the Mine Subsidence Insurance Program of Ohio.

This agreement shall remain in effect unless and until terminated by one of the following:

- 1) It may be terminated, upon written notice thereof by the above-named insurance company, accompanied by written approval of the Superintendent of the Ohio Insurance Department.
- 4) An insurer may file an exemption certificate that indicates it has no obligation to participate since it writes no basic property, homeowners, farm owners or mobile homeowners insurance to which a obligation of notice attaches.
- 5) It will terminate upon repeal of the Ohio Mine Subsidence Insurance Law; provided, however, that the obligations hereunder will continue as to any coverages provided under the Ohio Mine Subsidence Insurance Law.

Any prior reinsurance agreement shall be superseded as of the effective date of this reinsurance agreement.

Ohio Mine Subsidence Insurance Underwriting Association

By: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
(Name of Insurance Company)

By: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

(8/3/92)

**OHIO MINE SUBSIDENCE INSURANCE UNDERWRITING ASSOCIATION**  
**2500 CORPORATE EXCHANGE DR., SUITE 250\***  
**COLUMBUS, OHIO 43231**

**EXEMPTION FROM PARTICIPATION**

Company: \_\_\_\_\_

NAIC # \_\_\_\_\_ Group \_\_\_\_\_

The undersigned insurer hereby states that it is exempt from participation in the activities of the Ohio Mine Subsidence Insurance Underwriting Association and shall be relieved of providing notice or distribution of Mine Subsidence coverage for Mine Subsidence losses to its policyholders because:

- ( ) The company does not write any property insurance coverages which subject it to the requirement of giving notice and providing coverage.
  
- ( ) Other: \_\_\_\_\_  
\_\_\_\_\_

The undersigned further understands that it will notify the Ohio Mine Subsidence Insurance Underwriting Association of any circumstances which would invalidate this exemption.

\_\_\_\_\_  
Name of Company

\_\_\_\_\_  
Company Address

\_\_\_\_\_  
Officer

Exemption Accepted: \_\_\_\_\_

Date: \_\_\_\_\_

8/4/87  
(OH-MSI-5, 87)

\_\_\_\_\_  
\* Effective 9/02/2002 the Suite number changed from Suite 340 to Suite 250. The remainder of the address is the same. See Bulletins #15 and #15.1.

## Questions and Answers

- Question:** Can we modify coverage form number OH-MSI-2 (1/93) to meet our needs?  
**Answer:** You may delete the dashes and leave a blank space to accommodate your data base. If this number is completely replaced by your own number, then you must file your variation with the Department of Insurance.
- Question:** Are builders' risk policies eligible for mine subsidence coverage?  
**Answer:** Yes, if the intended occupancy upon completion is a 1-4 family dwelling.
- Question:** Is coverage available for condominium owners under an HO-6?  
**Answer:** Yes, if the entire building houses 1-4 families only.
- Question:** Can we add our company logo or letterhead to the forms?  
**Answer:** This is permissible.
- Question:** Are rules and forms going to be printed by Insurance Services Office?  
**Answer:** ISO may be providing Mine Subsidence Insurance information by circular to its subscribers. However, any information provided by ISO would have already been provided you via previous OMSIUA Bulletins.
- Question:** Can we print the eligibility notice on one side and print the application on the reverse side?  
**Answer:** Yes.
- Question:** Can we require the insured/applicant to provide a written "yes" or "no" response indicating their desire for or decision against purchasing mine subsidence coverage?  
**Answer:** Each company is obligated to notify its existing policyholders and new applicants of mine subsidence coverage availability. If you prefer to require a formal response from the insured or applicant, this is acceptable, but it is not required. Certainly, a formal response could be helpful to you should your company be called upon to prove that the offer was made.
- Question:** To whom should checks be made payable when our company forwards premium with its quarterly reports?  
**Answer:** Your company should make its check payable to :  
Treasurer of State - Mine Subsidence Insurance Fund.

**Question:** Our company provides coverage for some 1-4 family dwellings under commercial coverage forms. Are these 1-4 family dwellings eligible for Mine Subsidence Coverage?

**Answer:** Yes, as long as the property is located in an eligible county and is occupied as a 1-4 family dwelling.

**Question:** Our company provides coverage under 3, 6, 9 and 12 month policies. If Mine Subsidence Coverage is written, how much premium should be collected?

**Answer:** The annual premium for Mine Subsidence Coverage is \$5.00 for optional counties and \$1.00 for mandatory counties. Therefore, the premium for an optional county on a 3 month contract would be \$1.25, on a 6 month, \$2.50, and on a 9 month, \$3.75. The premium for a mandatory county on a 3 month contract would be \$.25, on a 6 month, \$.50, and on a 9 month, \$.75.

**Question:** Our company intends to mail the Notice of Mine Subsidence Insurance with every expiration notice on 1-4 family dwelling policies. Is this all right? And, if so, if an insured in an exempt county wants to buy the Mine Subsidence Coverage, can we collect the premium and attach the MSI coverage form to their contract?

**Answer:** The Notice of Mine Subsidence Coverage may be given to all insureds and prospective insureds. However, the property must be located in an eligible county for MSI coverage to be provided.

**Question:** Is any variation to the Notice of Mine Subsidence Insurance, the Application or the Coverage Form permissible?

**Answer:** No variation is permissible in the verbiage of any of the forms. However, your company may have the forms printed in any format.

**Question:** Does the 2% deductible apply to the policy's total insured value or to the amount of coverage for Mine Subsidence?

**Answer:** The 2% deductible applies on a per occurrence basis and to the mine subsidence coverage being provided. There is a minimum deductible of \$250 and a maximum of \$500. E.g. – MSI coverage of \$12,500 or less will have a \$250 deductible, MSI coverage of \$25,000-\$50,000 will have a \$500 deductible.

**Question:** Are there any buildings covered for mine subsidence damage besides the dwelling?

**Answer:** Only the 1-4 family dwelling structure is eligible for mine subsidence coverage.

- Question:** Can our company provide quarterly report transmittals on tape or diskettes? Or must your forms be completed and remitted to MSIUA?
- Answer:** MSIUA has no ability to accept tapes or diskettes for reporting of quarterly statistics. The quarterly reports reports which have been provided may be completed or your computer-generated report with the same basic format as those reports may be completed. **Note that the Reports require Exposure Months, not Policies, to be reported.**
- Question:** Must the companies provide the supplies of applications, coverage forms and notices of mine subsidence insurance to their agents?
- Answer:** Yes – the verbiage must be identical to that provided in the sample forms; these sample forms may also be duplicated by the company for distribution to the agents.
- Question:** What should our company do when a mine subsidence claim is presented?
- Answer:** The Ohio FAIR Plan Claim Department will adjust all claims on behalf of the Ohio Mine Subsidence Insurance Underwriting Association. Please report claims through the use of the standard property ACORD form. Coverage must be verified by the insurance company prior to the reporting of the claim and this must be noted on the ACORD form. All correspondence is to be directed to:  
Ohio M.S.I.U.A.  
Claim Department  
2500 Corporate Exchange Dr., Suite 250\*  
Columbus, Ohio 43231  
If the claim requires immediate attention, please contact the claim department at 1-800-282-1772 or 1-614-839-6446.
- Question:** My company feels it qualifies for an exemption from the Mine Subsidence Insurance Underwriting Association. To whom should we forward the Exemption From Participation Form?
- Answer:** The form should be completed and returned to OMSIUA at 2500 Corporate Exchange Dr., Suite 250\*, Columbus, OH 43231. The forms will be forwarded to the Superintendent of Insurance for approval of the exemption.
- Question:** Must my company file the MSI Coverage Form with the Department of Insurance?
- Answer:** No, the coverage form has been approved for use by the Department of Insurance for all members of the MSIUA.

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\* Effective 9/02/2002 the Suite number changed from Suite 340 to Suite 250. The remainder of the address is the same See Bulletins #15 and #15.1.

- Question:** The Coverage Form indicates that the MSIUA may cancel the Mine Subsidence Coverage. For what reason might the Association cancel the mine subsidence coverage and will my company be advised of such cancellation?
- Answer:** On rare occasions, the Association may give a direct Notice of Cancellation. Reasons include fraud, material misrepresentation or other appropriate reasons. If such notice is given, the company who has provided the coverage would be provided a copy of such notice. The company would then refund the unearned portion of the premium for the mine subsidence coverage and would indicate that refund as a debit to premium collected when filing its next quarterly report. Note that a cancellation can only be issued on a property in an optional mine subsidence county.
- Question:** Are vacant and/or unoccupied properties eligible for mine subsidence coverage?
- Answer:** Under the coverage form, there is no coverage for any mine subsidence loss which occurs while a structure is vacant or more than 50% unoccupied for 60 consecutive days.
- Question:** If my company cancels its policy and the insured requests that the mine subsidence coverage be left intact, can we allow this?
- Answer:** No, under the mine subsidence coverage form, the mine subsidence coverage will terminate when your company's policy terminates.
- Question:** Can our company's insureds endorse the mine subsidence coverage onto its policy mid-term?
- Answer:** Yes; however, there will be a 15 day waiting period for coverage being provided mid-term. Obviously, such an endorsement would only be made for properties in optional counties.
- Question:** Our company issues some basic property insurance policies on a schedule providing coverage to more than one location. Should an application for MSI be completed for each location? And should the appropriate premium be remitted for each location?
- Answer:** One application may be completed by the applicant indicating that the "Address of Property" is "scheduled per the attached." A schedule listing specific amounts for each location should then be attached to the application and should be retained by your company. The appropriate premium should be remitted for each of the 1-4 family dwelling properties to be insured. Obviously, if the 1-4 family dwelling is in a mandatory county, the coverage would automatically be "rolled on" and premium collected for each structure.

**Question:** Can our company decline to provide Mine Subsidence Insurance Coverage?

**Answer:** Yes, but only in an optional county. Section J of Administrative Rule 3901-1-48 which is the Plan of Operations indicates that eligible property is a 1-4 family dwelling located in an eligible county which is covered by a valid basic property or homeowners insurance policy. Further, the structure may not evidence unrepaired subsidence damage or mine subsidence damage in progress. And, the coverage form indicates that property which is vacant or 50% unoccupied for more than 60 consecutive days is not eligible.

**Question:** If our company is providing basic property insurance or tenant homeowners insurance only, can mine subsidence coverage be written with the “contents only” contract?

**Answer:** No; coverage is not provided for other than the dwelling structure so contents coverage is not afforded by the Mine Subsidence Coverage Form, whether owner or tenant occupied.

**Ohio Mine Subsidence Insurance Underwriting Association**  
**Company Contact Information**

Company Name \_\_\_\_\_

\*Contact Person for Reporting Purposes \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

\*Contact Person for Mailings/Bulletins/Changes to the MSI Program \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

\*Additional Contact Person \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Please Return To: Ohio Mine Subsidence Insurance Underwriting Association  
2500 Corporate Exchange Dr., Suite 250\*  
Columbus, OH 43231

\* OMSIUA recognizes that companies have different individuals handling different aspects of the Ohio Mine Subsidence Insurance Program. Please provide the appropriate

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names and addresses for Statistical Reporting, for MSI Program Changes (eg, changes to premium, mandatory or optional counties, coverages, deductibles, etc.), and for any other individual wanting to be apprised of any changes to or inquiries from OMSIUA. Note that we will send all mailings to all individuals shown on this form.