

June 9, 2014

Bulletin 209

MINE SUBSIDENCE INSURANCE

This Bulletin is directed to all insurance companies writing property and casualty insurance, Class 3(a) under IC 27-1-5-1, in the state of Indiana. Indiana law requires that mine subsidence insurance be made available to Hoosiers under certain circumstances. The purpose of this Bulletin is to remind insurers of this requirement and to update guidance on Mine Subsidence Fund requirements. Bulletins 61, 62, 76, and 104 are withdrawn and replaced by this Bulletin.

Pursuant to IC 27-7-9-8, Indiana Mine Subsidence coverage must be offered to all prospective policyholders and insureds in eligible counties, both at policy inception and at renewal. An offer of coverage for mine subsidence insurance is currently required in 26 Indiana counties located at least partially in the Illinois Coal Basin, identified by the Department of Natural Resources, and listed on the Department of Insurance web site. Companies must offer mine subsidence coverage to certain types of property located in any of those counties, regardless of where the insurance sale takes place.

Coverage is available up to \$200,000 per structure insured, with a deductible from \$250 up to \$500. Premium rates for mine subsidence coverage can be found on the Department of Insurance web site and must be stated separately from the premium for other coverage provided by the policy. The Department of Insurance does not prescribe a form for evidencing an offer of mine subsidence insurance coverage; however, companies should note that an ACORD form is available if a company chooses not to develop its own form. Although the statute does not expressly require a written declination of coverage, the Department of Insurance notes that best practices would include retention of a written declination.

An insurer must decline coverage on any structure evidencing ongoing or unrepaired mine subsidence damage. Coverage may be issued once pre-existing damage has been repaired, so long as there is no ongoing subsidence event. An insurer is not required to do any extraordinary or technical underwriting investigation for mine subsidence; however, the Department of Insurance expects insurers to use all reasonable and customary underwriting practices. The Mine Subsidence Fund will not reimburse an insurer for damage to a structure if the damage or mine subsidence event pre-dated the effective date of the coverage.

When a claim is made, insurers are expected to provide an initial adjustment of all losses until such time as it appears that mine subsidence may be present. The Department of Insurance will not provide technical assistance for claims adjusting until the insurer has undertaken all reasonable and customary adjusting and the company has reason to believe there has been mine subsidence.

Questions regarding this Bulletin should be directed to Bettye Foy at bfoy@idoi.IN.gov or (317) 232-1990 or Heather Walters at hwalters@idoi.IN.gov or (317) 232-4998.

INDIANA DEPARTMENT OF INSURANCE



Stephen W. Robertson
Insurance Commissioner