

Indiana Mine Subsidence Insurance Fund Frequently Asked Questions



Questions Frequently Asked by Consumers

Q1: What is Mine Subsidence Insurance?

A1: For purposes of the Indiana Mine Subsidence Fund, mine subsidence is defined as the collapse of inactive, underground coal mines abandoned before August 3, 1977, resulting in damage to a structure. As of January 1, 2017, the term applies to all underground coal mines, regardless of their status as active, inactive, occupied, or abandoned. Damage from mine subsidence does NOT include earthquake, landslide, volcanic eruption, or collapse of storm or sewer drains. A structure means any dwelling, building, or fixture permanently fixed to real property. The term does not include land, trees, crops, or other plants.

Q2: How do I obtain mine subsidence insurance?

A2: Due to the nature of the damage, standard property insurance policies do not cover mine subsidence claims. For protection, you must purchase mine subsidence insurance as an addition to your current policy. Mine subsidence insurance can be added to your property coverage (such as a homeowners or commercial property policy) at any time. If you live in one of the following Indiana counties, you may contact your insurance company or agent to ask about purchasing mine subsidence coverage.

Indiana Mine Subsidence Counties			
Clay	Knox	Parke	Vanderburgh
Crawford	Lawrence	Perry	Vermillion
Daviess	Martin	Pike	Vigo
Dubois	Monroe	Posey	Warren
Fountain	Montgomery	Putnam	Warrick
Gibson	Orange	Spencer	
Greene	Owen	Sullivan	

Q3: What if I live near an abandoned surface mine?

A3: The Mine Subsidence Fund does not reinsure risks from surface mines. Contact your insurance company or agent for insurance coverage needs. Contact the Indiana Department of Natural Resources Division of Reclamation at 800-772-6463 for assistance with land restoration.

Q4: What if I live over an active mine?

A4: You will be able to obtain mine subsidence insurance coverage beginning January 1, 2017.

Q5: Is coverage available for the cost of living outside my home while repairs are being made?

A5: Yes. Beginning January 1, 2017, policyholders can purchase up to \$15,000 of additional living expense coverage on a dwelling.

Q6: If I buy mine subsidence insurance for my house, is my detached garage covered?

A6: No. Separate buildings like detached garages and silos must be separately insured. Speak with your insurance agent to be sure you have appropriate coverage.

Q7: How do I file a claim?

A7: Contact your insurance company or agent. Be ready to provide the following details:

- Your full name and policy number
- The start and end date of your policy
- The address of the insured property

Q8: Are buildings under construction covered by the Indiana Mine Subsidence Insurance Fund?

A8: Buildings under construction are NOT covered by the Indiana Mine Subsidence Insurance Fund.

Q9: When can I make repairs?

A9: Permanent repairs cannot be made until movement has ceased. The residence must be monitored until there is non-movement for a period of three months.

Q10: What about emergency or temporary repairs?

A10: It is IDOI's goal to make sure all policyholders feel safe in their homes. Although most homes will remain safe during a mine subsidence, some homes may require temporary or emergency repairs. All temporary or emergency repairs will be reviewed on a case-by-case basis.

Questions Frequently Asked by Insurers

Q11: What reporting obligations do insurers have after entering into a reinsurance agreement?

A11: Insurers must report the amounts of premiums collected for the Mine Subsidence Insurance Fund on a quarterly basis. The Insurer must also present an itemized list of losses paid, including the policy number and the location of the structures, semiannually by August 15 for the period ending June 30 and by February 15 for period ending December 31. Mine subsidence reports must be submitted through *OPTins*. Please review the document titled “MS Instructions,” located at <https://secure.in.gov/idoi/2575.htm>, for detailed guidance and reporting schedules.

Q12: Who do I make the check out to when submitting the quarterly mine subsidence policy Summary Report?

A12: IDOI no longer accepts paper checks. Please make payments through *OPTins*. Instructions for *OPTins* can be found here: <https://www.in.gov/idoi/files/IDOI-Mine-Subsidence-OPTins-Bulletin.pdf>

Q13: What is the distinction between a dwelling structure and a non-dwelling structure?

A13: “Dwelling Structures” includes residences, including farm residences, of up to four family units.

“Non-Dwelling Structures” are structures other than residences, including appurtenant structures, commercial buildings, public buildings, government buildings, or residential housing consisting of more than four family units.

Please note that these definitions mean that the mine subsidence rating for a typical homeowners policy covering a single-family home with appurtenant structures would consist of premium based on a dwelling rate for the house and premium based on non-dwelling rate(s) for the appurtenant structure(s).

Q14: What policy activity should be reported in a quarterly report?

A13: Any policy that has mine subsidence written premium activity during the quarter should be included. This activity may consist of policies that are written, reinstated, cancelled, or have otherwise changed exposure such as mid-term increases or decreases in mine subsidence limits. Detailed instructions are available on the form in *OPTins*.

Q15: What is new on the new reporting spreadsheets?

A15: We have begun asking for a report of incurred losses, to help the Department manage cash flow by better anticipating claims reported but not yet paid.

Q16: What are appropriate values to input for “Limit of Insurance” in column G of the Premium Transaction report in scenarios with a) more than one dwelling or non-dwelling structure on a single policy or b) structures in more than one location on a single policy?

A16: Each separately rated structure must be entered on its own row of the Premium Transaction report. Therefore, the proper entry is the insured limit for that structure.

Q17: What “Limit of Insurance” should be entered in column G for a structure that has an insurance amount of \$750,000 but a mine subsidence limit of \$500,000?

A17: \$500,000 -- Note that this answer is a change from previous guidance.

Q18: How should premium in column H be entered when a policy has refunded premium?

A18: Example: Mine subsidence coverage for a single dwelling structure was written on an annual policy effective 02/15/2016 for \$100. It was cancelled on 05/15/2016 with a refunded premium of \$75.

- Q1 2016 Report: Adjusted Gross Written Premium: \$100
- Q2 2016 Report: Adjusted Gross Written Premium: -\$75

Q19: If mine subsidence coverage on an in-force policy is increased or decreased mid-term, how should these changes be reported for Limits and Premium?

A19: It depends:

- If the change involves adding a new structure or cancelling a currently insured structure, include the Limit and the Written Premium for that structure.
- If the change is an increase or decrease to the limit on a currently insured structure, include the new Limit and the Written Premium for that structure.

Q20: In determining which losses are reported on the Incurred Loss report, does IDOI want the date of loss, claim report date, or paid loss date to fall within the reporting period?

A20: Within a reporting period, the company should report:

- All claims with a “Claim Report Date” during the period
- All claims with a “Paid Loss Date” during the period. If a claim has been reported but has not been resolved (i.e., no payment has been made), the “Paid Loss Date” and “Paid Loss Amount” should be left blank.

Example: A company reports a potential mine subsidence claim to the IDOI on 02/01/2017. After going through proper procedures, mine subsidence is determined to be the cause of loss, and three loss payments are subsequently made by the company as shown in the table below:

<u>Paid Loss Date</u>	<u>Paid Amount</u>	<u>Reporting Date</u>	<u>Incurred Amount as of Reporting Date</u>
2/1/2017	\$0	6/30/2017	\$30,000
10/1/2017	\$10,000	12/31/2017	\$40,000
2/15/2018	\$5,000	6/30/2018	\$35,000
4/15/2018	\$20,000	6/30/2018	\$35,000

This claim should be reported three times to reflect claim activity in the following reports:

- Q1/Q2 2017 (policy’s claim is reported to IDOI),
- Q3/Q4 2017 (claim is updated with paid loss of \$10,000 on 10/1/2017),
- Q1/Q2 2018 (claim is updated with additional paid losses \$5,000 on 2/15/2018 and \$20,000 on 4/15/2018). Note that two separate lines are needed for this report because of the two different Paid Loss Dates.
- The Incurred Amounts are the cumulative incurred losses as of the reporting date, which will be either 6/30/XX or 12/31/XX.

Q21: What is the definition of “Date of Loss” as shown in the report?

A21: “Date of Loss”- date of event triggering claim report.

Q22: What is the definition of “Claim Report Date” as shown in the report?

A22: “Claim Report Date” – date claim reported to IDOI.

Q23: What is the definition of “Paid Loss Date” as shown in the report?

A23: “Paid Loss Date” – date of loss payment.

Q24: Should the Paid Loss Amount entry include any expense payments?

A24: The paid loss amount should only include loss payments for which reimbursement is expected from the Indiana Mine Subsidence Insurance Fund. The adjustment of losses, taxes and expenses necessarily incurred by the insurer in the sale of policies and the administration of the mine subsidence program should NOT be included in the paid loss amount; these expenses are borne by the company in exchange for the ceding commission. If the IDOI finds it necessary to review the ceding commission percentage in the future for adequacy, additional expense reporting may be requested or required.

Q25: What should a company report if more than one payment is made for a single policy on various dates in the reporting period?

A25: The Company should enter one row of complete data for each unique paid loss date on the same policy.

Q26: Who is responsible for collecting premiums for the Mine Subsidence Fund?

A26: The Insurer is responsible for collecting premiums for the Mine Subsidence Fund. After deducting the ceding commission, the Insurer must remit the remaining premium to the commissioner to deposit in the fund. Failure to remit premium will result in an absence of reinsurance.

Q27: What is the Ceding Commission?

A27: The ceding commission is the percentage of mine subsidence insurance premiums retained by the Insurer for its costs and expenses as outlined in Ind. Code 27-7-9-9. The current ceding commission is 30% of the premium.

Q28: Who sets the premium amount for mine subsidence insurance policies?

A28: The premiums for mine subsidence insurance are established by the commissioner, and deviations from these premiums are NOT allowed. Premiums are designed to (1) satisfy all foreseeable claims on the mine subsidence insurance fund during the period of coverage, giving due consideration to relevant loss or claims experience or trends; (2) cover normal costs of operation of the mine subsidence insurance fund; and (3) provide a reasonable reserve fund for unexpected contingencies. Updated information is available at the IDOI’s web site.

Q29: How do insurers recoup their losses from mine subsidence insurance?

A29: The Fund’s obligations to provide reinsurance and to pay the insurer’s losses are conditional upon the insurer’s compliance with the following requirements:

- Remittance to the Fund of the mine subsidence insurance premiums collected from its policy holders,

less the 30% ceding commission

- Accurate and timely submission of loss reports
- Accurate and timely submission of proof of reinsured claims
- Assistance to the Fund in the development of loss reserves for reported claims not yet paid or settled
- Timely submission of status reports on open claims
- Timely submission of pleadings and other relevant documents regarding claims in litigation
- Adjustment of insured's loss in the customary manner

Q30: Is there a way agents can find out if a claim was paid so we can help our client decide on coverage?

A30: The agent should contact IDOI at MineSub-Claims@idoi.IN.gov to see if there was a claim paid out. They should also look at the property card, which should state that the home has had mine subsidence damage.

Q31: If a property has had a mine subsidence claim will the policy pay the claim, and can the property be covered for mine subsidence again?

A31: If there has been a claim paid and repairs **have been** made, the structure is still eligible for mine subsidence insurance. If a claim has been paid and repairs have **not** been made, the structure is ineligible for mine subsidence insurance.

Q32: What does the IDOI need from the insurer when a mine subsidence claim is made?

A32: The insurer should send an email to MineSub-Claims@idoi.IN.gov stating that a claim has been made. In the email, it must include the name, address, and phone number of the insured. The email must also include the Declarations Page from the homeowner's insurance policy and policy documents that detail the amount of policy holder paid in mine subsidence premium.

Q33: What is the process once the claim is filed?

A33: IDOI will send an expert to assess the property and determine if mine subsidence is the cause of damage. If it is determined that mine subsidence has occurred, the equipment to monitor will be put into place for a minimum period of three (3) months. The structure will continue to be monitored until movement has ceased for three (3) continuous months. While the property is being monitored the policy holder will maintain the quality of the home and will delay maintenance.

Q34: What happens after the monitoring is completed?

A34: IDOI will send the monitoring completion report to the insurer and will request two itemized estimates or independent adjustments, for repairs. If IDOI finds that foundational repairs are not necessary, the policy holder may bring in their own engineer and then submit a report to IDOI to prove that mine subsidence has caused foundational damages.

- If foundational repairs are deemed necessary, then a **Foundational Plan** must be submitted with the estimates. **Tip:** Examples of a **Foundational Plan (sometimes referred to as a pier map)** can be found below in figures 1 and 2
- All estimates must be from a licensed contractor or a licensed independent adjuster. The independent adjusters license number must be included with the estimate.
- Staff adjusters are not eligible to write estimates.

Q35: Are there items in estimates IDOI will not cover?

A35: Yes, items that will not be accepted in estimates include, but are not limited to, the following:

- More than one coat of interior paint
- Content manipulation
- Storage
- General cleanup
- Any repairs that are not caused by mine subsidence and are not outlined in reports by IDOI vendors

Q36: When can the insurance company issue payment to the policy holder?

A36: After IDOI has informed the insurance company that a specific amount is approved, only then can the insurance company issue payment to the policy holder. IDOI is only responsible for reimbursing approved costs.

Q37: How is the insurance company reimbursed for paying the policy holder?

A37: Upon completion and verification of repairs, the insurance company will forward proof of payment, an itemized statement of the damage, repairs made, the cost of each repair, and any other documentation the commissioner believes will substantiate the reported loss.

If the policy holder only has ACV and does not make repairs the insurance company must show proof of payment to receive reimbursement.

Q38: How should an insurer document an insured’s declination of mine subsidence coverage?

A38: A declination of mine subsidence coverage should be documented in a manner determined by a company. The most reliable way to document compliance with the statutory requirement to inform the insured of the availability of mine subsidence coverage is to obtain and maintain a written declination of coverage. However, a written declination is not required, and an insurer can determine for itself how to document its files to verify compliance.

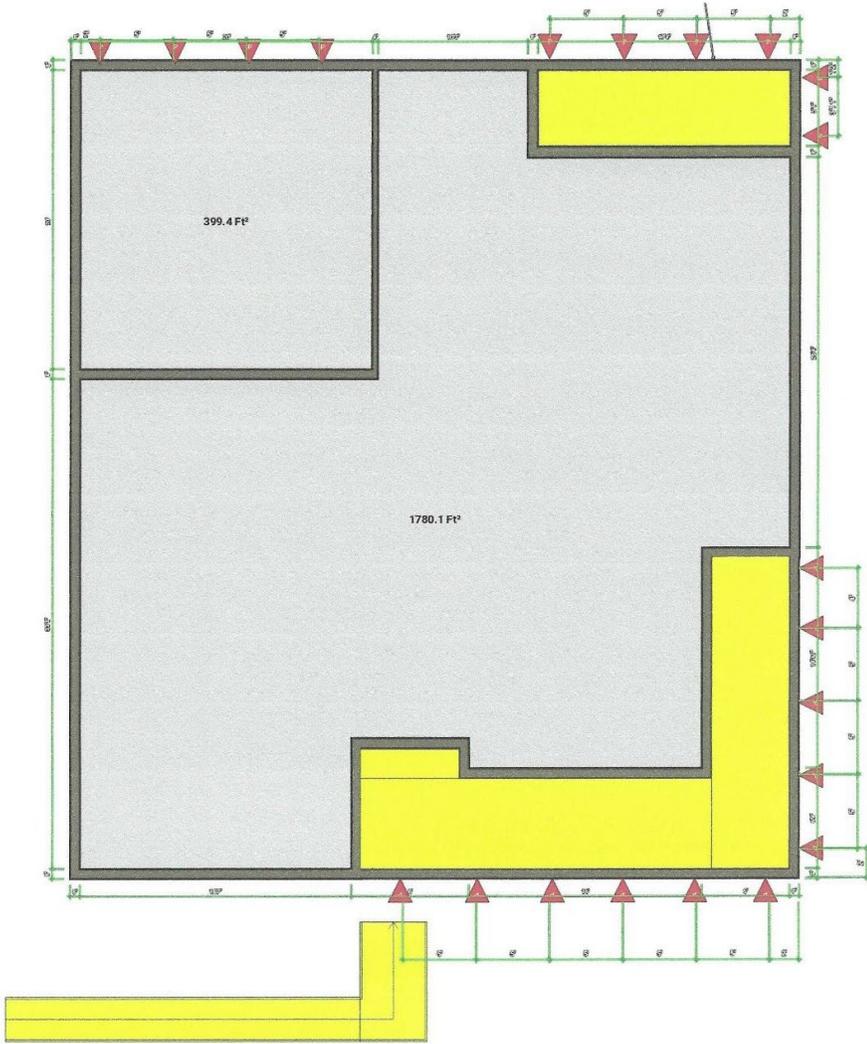
For existing policies under which the insured resides in a covered structure, insurers must now offer coverage for additional living expenses. The department would consider proof that a mailing was made to existing insureds (for example, at renewal), to inform the insureds of the availability of the ALE coverage, as sufficient to satisfy the requirement for existing insureds.

Q39: Should an insurer offer additional living expense coverage with landlord policies?

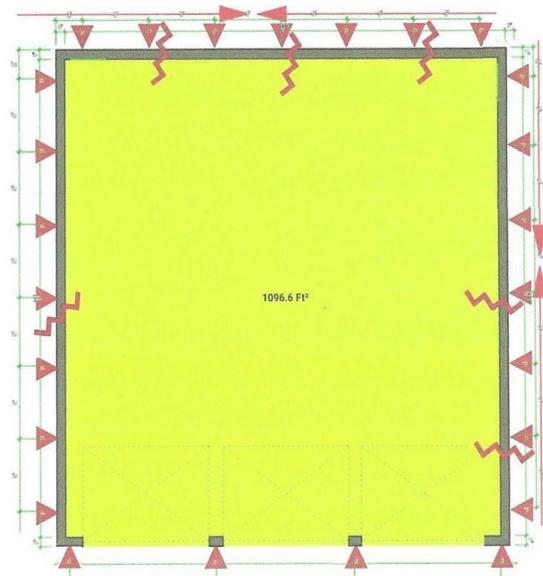
A39: No.

Q40: Should an insurer offer additional living expense coverage with policies that cover commercial structures?

A40: The insurer is required to offer ALE coverage under these types of policies if the insured resides in the commercial structure.



*Figure 1



*Figure 2

* Orange triangles are push piers