

## CHAPTER 31

( HB 371 )

AN ACT relating to mine subsidence insurance.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 304.44-030 is amended to read as follows:

- (1) (a) ~~{After July 15, 1984, }~~Every insurance policy issued or renewed insuring on a direct basis a structure located in a county or portion of a county in this state, except for counties exempted pursuant to KRS 304.44-060, shall include, at a separately stated premium, insurance for loss occurring after July 15, 1984, caused by mine subsidence unless waived in writing by the insured.
  - (b) The premium charged for coverage shall be the same as the premium level set by the administrator.
  - (c) The loss coverage shall be the loss in excess of two percent (2%) of the policy's total insured value, but at no time shall the deductible be less than two hundred fifty dollars (\$250) nor more than five hundred dollars (\$500).
  - (d) The *maximum* total insured value reinsured by the administrator *per structure* shall *be*:
    1. *Except as provided in subparagraph 2. of this paragraph, five hundred thousand dollars (\$500,000) ~~not exceed three hundred thousand dollars (\$300,000) per structure~~; or*
    2. *Subject to approval by the commissioner and paragraph (e) of this subsection, an amount determined by the administrator.*
  - (e) *Any amount determined under paragraph (d)2. of this subsection shall:*
    1. *Be based on:*
      - a. *The solvency of the fund;*
      - b. *Premiums; and*
      - c. *Deductibles; and*
    2. *Except as provided in paragraph (f) of this subsection, take effect no sooner than nine (9) months after insurers are notified of the amount.*
  - (f) *An insurer may provide coverage in an amount determined by the administrator under this subsection at any time after receiving notification of the amount.*
  - (g) *The commissioner shall promulgate an administrative regulation in accordance with KRS Chapter 13A to establish a process for notifying insurers of the amount determined by the administrator under this subsection.*
  - (h) ~~An~~~~The~~ insurer shall not be required to write a policy for mine subsidence coverage in excess of the amount reimbursable from the fund as authorized by this subtitle.
- (2) The coverage provided pursuant to subsection (1) of this section shall also include coverage, up to ~~fifty~~~~twenty five~~ thousand dollars ~~(\$50,000),~~~~(\$25,000)~~ for the additional living expenses reasonably and necessarily incurred by the owner of a residence who has been temporarily displaced as the direct result of damage to the residence caused by mine subsidence.

➔Section 2. KRS 304.44-050 is amended to read as follows:

- (1) All insurers writing property insurance covering structures in this state shall enter into a reinsurance agreement with the administrator in which each insurer agrees to cede to the administrator one hundred percent (100%), up to *the maximum total insured value established under subsection (1) of Section 1 of this Act*~~three hundred thousand dollars (\$300,000)~~, of any subsidence insurance coverage issued and, in consideration of the ceding commission retained by the insurer, agrees to undertake adjustment of losses~~;~~ and payment of taxes~~;~~ and to absorb all other expenses of the insurer necessary for sale of policies and administration of the mine subsidence insurance program.
- (2) (a) The administrator shall:

## ACTS OF THE GENERAL ASSEMBLY

1. Agree to reimburse the insurer from the fund for all amounts paid policyholders for claims resulting from subsidence; and ~~shall~~
  2. Pay from the fund all costs of administration incurred by the administrator. ~~but~~
- (b) An insurer ~~shall~~ ~~is~~ not **be** required to pay any claim for any loss insured under this subtitle except to the extent that the amount available in the mine subsidence insurance fund is sufficient to reimburse the insurer for such claim.
- (3) Claims made under the provisions of the subtitle shall not be deemed to constitute a debt, liability, or obligation of the Commonwealth or any political subdivision thereof or a pledge of the faith and credit of the Commonwealth or any political subdivision except to the extent the fund has accumulated reserves from premiums, state or federal grants, investment income, or state appropriations.
- ➔Section 3. This Act applies to policies issued or renewed on or after January 1, 2025.
- ➔Section 4. This Act takes effect January 1, 2025.

**Signed by Governor April 4, 2024.**