

17:37A-1

**LEGISLATIVE HISTORY CHECKLIST**  
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(Insurance underwriting--damage to  
buildings due to collapse of  
underground mines)

NJSA: 17:37A-1

LAWS OF: 1994 CHAPTER: 143

BILL NO: A1166

SPONSOR(S): Albohn

DATE INTRODUCED: February 7, 1994

COMMITTEE: ASSEMBLY: Insurance  
SENATE: Commerce

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: ASSEMBLY: May 9, 1994  
SENATE: October 3, 1994

DATE OF APPROVAL: November 14, 1994

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes  
SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

P.L.1994, CHAPTER 143, approved November 14, 1994  
1994 Assembly No. 1166

1 **AN ACT** authorizing the issuance of mine subsidence insurance by  
2 the New Jersey Insurance Underwriting Association and  
3 amending P.L.1968, c.129.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the  
6 *State of New Jersey*:

7 1. Section 1 of P.L.1968, c.129 (C.17:37A-1) is amended to  
8 read as follows:

9 1. It is hereby declared that an adequate market for fire and  
10 extended coverage insurance, including mine subsidence  
11 insurance, is necessary to attract and retain private capital [to]  
12 in central city areas, and various other areas of the State; that  
13 without such insurance it is impossible to supply needed goods and  
14 services, and expand job opportunities; that orderly community  
15 development depends upon an adequate supply of such insurance  
16 to enable homeowners to obtain financing for the purchase and  
17 improvement of their property; that while the need for such  
18 insurance is growing there is reason to believe that the market  
19 for same is constricting, and likely to become more constricted in  
20 the future; that voluntary efforts to provide fire and extended  
21 coverage insurance, including mine subsidence insurance, in areas  
22 likely to be unprofitable deserve praise, but are insufficient to  
23 meet the needs of these areas; that the State has an obligation to  
24 require every insurance company writing fire and extended  
25 coverage insurance in New Jersey to meet its public  
26 responsibilities, instead of shifting the entire burden to a few  
27 public spirited companies; that it is the purpose of this act to  
28 accept this obligation; and that any mandatory program to  
29 provide fire and extended coverage insurance, including mine  
30 subsidence insurance, for all citizens of New Jersey should be  
31 supervised by the Commissioner of [Banking and] Insurance and  
32 periodically reviewed in the light of experience and intervening  
33 events by the Legislature.

34 (cf: P.L.1968, c.129, s.1)

35 2. Section 2 of P.L.1968, c.129 (C.17:37A-2) is amended to  
36 read as follows:

37 2. As used in this act, the following words and terms shall have  
38 the following meanings, unless the context indicates or requires  
39 another or different meaning or intent:

40 (a) "Essential property insurance" means insurance against  
41 direct loss to property as defined and limited in the standard fire  
42 policy and extended coverage endorsement thereon, as approved

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the  
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 by the commissioner, and insurance for such types, classes, and  
2 locations of property against the perils of vandalism, malicious  
3 mischief, burglary, or theft, or mine subsidence, or such other  
4 classes of insurance as the commissioner may designate in order  
5 to comply with [Federal] federal legislation and obtain [Federal]  
6 federal reinsurance:

7 (b) "Basic property insurance" means insurance against loss to  
8 property as defined and limited in: the standard fire policy and  
9 extended coverage endorsement thereon, the allied line policy or  
10 endorsement, the homeowners' multiple peril policy, the  
11 commercial multiple peril policy, the burglary or theft coverage  
12 policy, the mine subsidence policy and other like policies;

13 (c) "Association" means the New Jersey Insurance  
14 Underwriting Association established pursuant to the provisions  
15 of this act;

16 (d) "Plan of operation" means the plan of operation of the  
17 association approved or promulgated by the commissioner  
18 pursuant to the provisions of this act;

19 (e) "Insurable property" means real property at fixed locations  
20 in urban areas in this State, or the tangible personal property  
21 located thereon, but shall not include insurance on automobile  
22 and farm risks, with an insurable value not in excess of the limits  
23 provided in the plan of operation of the association and in no  
24 event more than \$1,500,000.00, which property is determined by  
25 the association, after inspection and pursuant to the criteria  
26 specified in the plan of operation to be in an insurable condition;  
27 provided, however, that neighborhood, area, location,  
28 environmental hazards beyond the control of the applicant or  
29 ownership of the property shall not be considered in determining  
30 insurable condition:

31 (f) "Commissioner" means the Commissioner of [Banking and]  
32 Insurance of New Jersey;

33 (g) "Net direct premiums" means gross direct premiums  
34 (excluding reinsurance assumed and ceded) written on property in  
35 this State for fire and extended coverage insurance, including the  
36 fire and extended coverage components of homeowners and  
37 commercial multiple peril package policies, as computed by the  
38 commissioner, less return premiums upon canceled contracts,  
39 dividends paid or credited to policyholders or the unused or  
40 unabsorbed portions of premium deposits;

41 (h) "Urban area" means any municipality or other political  
42 subdivision (1) which the Secretary of the United States  
43 Department of Housing and Urban Development has approved as  
44 eligible for an urban renewal project after a local public agency  
45 has been formed in that community to avail itself of a United  
46 States Housing and Urban Renewal Program or (2) designated by  
47 the association with the approval of the commissioner or (3)  
48 which the commissioner may designate;

49 (i) "Mine subsidence" means lateral or vertical ground  
50 movement resulting from the collapse of man-made underground  
51 mines, including, but not limited to, coal mines, clay mines,  
52 limestone mines, slate mines, iron ore mines, and other metal or  
53 ore mines, which directly damages structures. "Mine subsidence"  
54 does not include lateral or vertical ground movement caused by

1 earthquake, landslide, volcanic eruption, soil conditions, soil  
2 erosion, soil freezing and thawing, improperly compacted  
3 soil, construction defects, roots of trees and shrubs or collapse of  
4 storm and sewer drains and rapid transit tunnels;

5 (i) "Mine subsidence insurance" means insurance against loss  
6 to an insured structure caused by mine subsidence;

7 (k) "Structure" means, for purposes of subsections (i) and (j) of  
8 this section, any dwelling, building or fixture permanently affixed  
9 to realty located in this State including driveways, sidewalks,  
10 parking lots, basements, footings, foundations, septic systems and  
11 underground pipes directly servicing the dwelling or building.  
12 "Structure" does not include land, trees, plants, crops or  
13 agricultural field drainage tile.

14 (cf: P.L.1969, c.84, s.1)

15 3. This act shall take effect immediately.

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18 STATEMENT

19  
20 This bill authorizes the New Jersey Insurance Underwriting  
21 Association, commonly known as the "FAIR Plan," to issue mine  
22 subsidence insurance. Mine subsidence insurance is insurance  
23 against loss to structures caused by lateral or vertical ground  
24 movement resulting from the collapse of man-made underground  
25 mines.

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31 plan) to issue mine subsidence insurance.

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**ASSEMBLY INSURANCE COMMITTEE**

**STATEMENT TO**

**ASSEMBLY, No. 1166**

**STATE OF NEW JERSEY**

**DATED: MARCH 21, 1994**

The Assembly Insurance Committee reports favorably Assembly Bill No. 1166.

This bill authorizes the New Jersey Insurance Underwriting Association, commonly known as the "FAIR Plan," to issue mine subsidence insurance. Mine subsidence insurance is insurance against loss to structures caused by lateral or vertical ground movement resulting from the collapse of man-made underground mines.

**SENATE COMMERCE COMMITTEE**

**STATEMENT TO**

**ASSEMBLY, No. 1166**

**STATE OF NEW JERSEY**

**DATED: JUNE 2, 1994**

The Senate Commerce Committee reports favorably Assembly Bill No. 1166.

This bill authorizes the New Jersey Insurance Underwriting Association, commonly known as the "FAIR Plan," to issue mine subsidence insurance. Mine subsidence insurance is insurance against loss to structures caused by lateral or vertical ground movement resulting from the collapse of man-made underground mines.