**DRAFT MINUTES**

**COMMONWEALTH OF PENNSYLVANIA**

**COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND**

**SPECIAL BOARD MEETING**

**November 17, 2020**

A special meeting of the Coal and Clay Mine Subsidence Insurance (MSI) Board (Board) was held via Skype only on November 17, 2020.

Board members on the call were William Allen, Director, Bureau of Mining Programs, Department of Environmental Protection (DEP), Designated Chair for Patrick McDonnell, Secretary of DEP; Mark Lersch, Director, Bureau of Property and Casualty Insurance, Designated Representative for Board Member Jessica K. Altman, Commissioner of Insurance; and Veronica Hoof, Assistant Counsel, Designated Representative for Board Member Joe Torsella, State Treasurer.

Also, on the call were the following DEP employees: Kate Cole, Office of Policy; Amy Berrios, Active and Abandoned Mine Operations; Michael Bodnar P.E., Matt Cavanaugh and Drew Frost, District Mining Operations; and from DEP’s Bureau of Mining Programs, Rebecca Savage, Clerical Support, Cheryl Miller-Laatsch, Clerical Support, Paul Pocavich, Environmental Program Manager, and Jim Charowsky, MSI Program Administrator.

Following are issues discussed and actions taken at the meeting:

Corporate Governance Annual Disclosure Form (CGAD)

The Board was briefed on a new requirement of the Insurance Commission to complete the Corporate Governance Annual Disclosure. The Board voted to give authority to DEP Board staff to complete the form. Upon completion, the Board will review the draft CGAD before final approval is granted by the Board.

Actuarial Study Implications: Premium Reductions and Cover Limits Increases

Prior to the Board discussing the possibility of rate reductions and increasing coverage limits, the California District Mining Office (Cal DMO) briefed the Board on its workload and how it could be affected by any changes that the Board would approve. Cal DMO stated that they currently complete about 650 pre-policy inspections and 200 claim investigations per year. Any changes the Board make could impact these numbers possibly increasing their workload.

Based on Cal DMO’s workload analysis, DEP recommended to the Board to incrementally reduce premiums and increase coverage limits. As recommended in the actuarial study in Exhibit 1, Sheet 2, DEP recommends increasing coverage to $1,000,000 for both residential and non-residential structures and reducing premiums by 50% (rounded up from 48.4%). The Board agreed that any changes to premiums or coverage limits should be incremental. The Board can review any changes made on premiums and coverage limits and its impact on DEP’s workload at its annual meetings.

Other Business, Next Meeting, and Adjournment

Marketing MSI to the public was discussed. Cal DMO discussed its marketing method know as a mailing notification process. Pre-COVID-19 Cal DMO would mail out a packet to every uninsured address in a township or borough containing information on mine subsidence and how to apply for insurance. A positive return rate of three to ten percent occurred as a result of these mailings. Another marketing method used was a mailing to addressees near a recent subsidence event. These mailings produced a better positive return rate than the general mailing but were smaller in number. Because of staff’s access to the office is limited since COVID-19 no notifications have been sent lately. Also discussed was how insurance producers could be included in the notification process in the future to increase their participation. The next meeting of the Board will be held at 10:00 a.m. on January 14, 2021. This meeting has been changed from an in-person meeting to a Skype only meeting. With no further business before the Board, the meeting was adjourned at approximately 10:26 a.m.

KEY OBLIGATION: The Board will formally vote on premium rate reductions and increases to coverage limits at its next regular annual meeting on January 14, 2021.