

**ROUTINE BUSINESS**

- 1) INFLATION FACTOR**
- 2) PREMIUM RATES**
- 3) COMMISSION RATE**
- 4) COVERAGE LIMITS**
- 5) LOAN AND GRANT FUNDING LIMIT**
- 6) RESERVES IN LIEU OF REINSURANCE**
- 7) PREMIUM DISTRIBUTION**

- 1) **Inflation Factor:** This factor is used to calculate the annual inflation protection option that, by law, is offered to subscribers. The factor proposed for Calendar Year 2015 is 2.0%. It was calculated using the most recent 12 months of data from the US Bureau of Labor Statistics, Producer Price Indexes (**PPI**), Residential Construction Tables, which are being used in place of data from the Boeckh due to the cost and availability of the Boeckh data.

CALENDAR YEAR 2015 INFLATION FACTOR CALCULATION USING PPI DATA				
10/01/2014		10/01/2013		INFLATION FACTOR
216.0	-	211.7	x 100 =	2.0%
<hr/>		211.7		
10/01/2013				

HISTORICAL BOECKH INFLATION FACTORS (10 Year Average: 4.3%)									
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
6.5%	7.4%	4.8%	7.2%	4.5%	1.9%	0.0%	4.5%	2.20%	3.80%

HISTORICAL PPI INFLATION FACTORS (10 Year Average: 3.9%)									
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
7.3%	5.2%	5.9%	1.8%	9.0%	-4.3%	3.2%	6.9%	2.3%	1.1%

- 2) **Premium Rates:** Residential and Non-Residential: First \$5,000 @ \$0.0020/dollar and subsequent coverage @ \$0.0005/dollar. Senior citizens receive a 10% discount on their primary residence. (See the rate chart on the next page.) Note: Payments for Incidental Costs since they were authorized in December 2013 totaled \$21,200 and averaged \$1,500 per claim. No rate changes are proposed. However MSI Program management recommends that, in light of the payment for Incidental Costs and the irrelevance of claim payment deductibles on the submission of frivolous claims, that the current claim payment deductibles of \$250 for residential and \$500 for nonresidential claims be set to \$0.
- 3) **Commission Rate:** One half of the first year's premium. No change is proposed.
- 4) **Coverage Limits:** Residential and Non-Residential: \$500,000. No changes are proposed.
- 5) **Loan and Grant Funding Limit:** The limit for FY 2015 is \$874,019. The "Loan and Grant Funding Limit" formula, as established in 25 Pa. Code Chapter 401, is one percent of the "Unreserved Fund Balance" (0.01 x \$87,401,894). NOTE: For the purpose of this calculation, the "Unreserved Fund Balance" is not reduced by the amount of "Reserves in Lieu of Reinsurance" as it is in the "Financial Performance" documents provided by the Comptroller's Office. At the time when the "Loan and Grant Funding Limit" formula was developed, the "Unreserved Fund Balance" included the funds that are retained as "Reserves in Lieu of Reinsurance." See the Budget Detail, Attachment 6, for proposed loan and grant spending for FY 2015.

- 6) Reserves in Lieu of Reinsurance:** The MSI Board has established that reserve factors within a range of \$4.44 to \$12.95 per \$1,000 of “Underwritten Coverage” be used to maintain “Reserves in Lieu of Reinsurance” at levels that result in “Unreserved Fund Balances” of about \$1 million. Rounded to the nearest penny, the factor used at the end of FY 2013 was \$8.55, which is well within the established range. No change to the range of factors is proposed.
- 7) Premium Distribution:** A premium distribution is not proposed.



DEPARTMENT OF ENVIRONMENTAL PROTECTION

## Mine Subsidence Insurance Rate Chart

1-800-922-1678

Coverage	Premium	Senior Citizen *
5,000	\$10.00	\$9.00
10,000	\$12.50	\$11.25
15,000	\$15.00	\$13.50
20,000	\$17.50	\$15.75
25,000	\$20.00	\$18.00
30,000	\$22.50	\$20.25
35,000	\$25.00	\$22.50
40,000	\$27.50	\$24.75
45,000	\$30.00	\$27.00
50,000	\$32.50	\$29.25
55,000	\$35.00	\$31.50
60,000	\$37.50	\$33.75
65,000	\$40.00	\$36.00
70,000	\$42.50	\$38.25
75,000	\$45.00	\$40.50
80,000	\$47.50	\$42.75
85,000	\$50.00	\$45.00
90,000	\$52.50	\$47.25
95,000	\$55.00	\$49.50
100,000	\$57.50	\$51.75
105,000	\$60.00	\$54.00
110,000	\$62.50	\$56.25
115,000	\$65.00	\$58.50
120,000	\$67.50	\$60.75
125,000	\$70.00	\$63.00
130,000	\$72.50	\$65.25
135,000	\$75.00	\$67.50
140,000	\$77.50	\$69.75
145,000	\$80.00	\$72.00
150,000	\$82.50	\$74.25
155,000	\$85.00	\$76.50
160,000	\$87.50	\$78.75
165,000	\$90.00	\$81.00
170,000	\$92.50	\$83.25
175,000	\$95.00	\$85.50
180,000	\$97.50	\$87.75
185,000	\$100.00	\$90.00
190,000	\$102.50	\$92.25
195,000	\$105.00	\$94.50
200,000	\$107.50	\$96.75
205,000	\$110.00	\$99.00
210,000	\$112.50	\$101.25
215,000	\$115.00	\$103.50
220,000	\$117.50	\$105.75
225,000	\$120.00	\$108.00
230,000	\$122.50	\$110.25
235,000	\$125.00	\$112.50
240,000	\$127.50	\$114.75
245,000	\$130.00	\$117.00
250,000	\$132.50	\$119.25

Coverage	Premium	Senior Citizen *
255,000	\$135.00	\$121.50
260,000	\$137.50	\$123.75
265,000	\$140.00	\$126.00
270,000	\$142.50	\$128.25
275,000	\$145.00	\$130.50
280,000	\$147.50	\$132.75
285,000	\$150.00	\$135.00
290,000	\$152.50	\$137.25
295,000	\$155.00	\$139.50
300,000	\$157.50	\$141.75
305,000	\$160.00	\$144.00
310,000	\$162.50	\$146.25
315,000	\$165.00	\$148.50
320,000	\$167.50	\$150.75
325,000	\$170.00	\$153.00
330,000	\$172.50	\$155.25
335,000	\$175.00	\$157.50
340,000	\$177.50	\$159.75
345,000	\$180.00	\$162.00
350,000	\$182.50	\$164.25
355,000	\$185.00	\$166.50
360,000	\$187.50	\$168.75
365,000	\$190.00	\$171.00
370,000	\$192.50	\$173.25
375,000	\$195.00	\$175.50
380,000	\$197.50	\$177.75
385,000	\$200.00	\$180.00
390,000	\$202.50	\$182.25
395,000	\$205.00	\$184.50
400,000	\$207.50	\$186.75
405,000	\$210.00	\$189.00
410,000	\$212.50	\$191.25
415,000	\$215.00	\$193.50
420,000	\$217.50	\$195.75
425,000	\$220.00	\$198.00
430,000	\$222.50	\$200.25
435,000	\$225.00	\$202.50
440,000	\$227.50	\$204.75
445,000	\$230.00	\$207.00
450,000	\$232.50	\$209.25
455,000	\$235.00	\$211.50
460,000	\$237.50	\$213.75
465,000	\$240.00	\$216.00
470,000	\$242.50	\$218.25
475,000	\$245.00	\$220.50
480,000	\$247.50	\$222.75
485,000	\$250.00	\$225.00
490,000	\$252.50	\$227.25
495,000	\$255.00	\$229.50
500,000	\$257.50	\$231.75

- Notes: 1. Residential structures have a \$250 deductible & Non-Residential structures have a \$500 deductible.
2. Policyholders who are at least 65 years of age by the effective date of coverage receive a 10% discount on the premium of their primary residence. It does not apply to detached garages or outbuildings.