

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**
- 8) PROPERTY OWNER NOTIFICATIONS**

- 1) **Inflation Factor:** This factor is used to calculate the annual inflation protection option that, by law, is provided to subscribers. The factor proposed for Calendar Year 2014 is 3.9%. It was calculated using the most recent twelve months data available from the Marshall & Swift/Boeckh Eastern District Quarterly Cost Indexes for Wood Frame Building Classes.

CALENDAR YEAR 2014 INFLATION FACTOR CALCULATION					
10/1/2013		10/1/2012			INFLATION FACTOR
2934.2	-	2824.8	x	100	=
					3.9%
		2824.8			
		10/1/2012			

HISTORICAL INFLATION FACTORS									
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%

- 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.) No changes are proposed.
- 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:** \$831,273. 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 \$83,127,247). 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 State Fiscal Year (FY) 2014-15.
- 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 2012 was \$8.75, 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.
- 8) **Property Owner Notifications:** The computer programming needed to produce volumes of notices as direct mailers (example attached) has been completed. Mass notifications using direct mailers are being tested along with other types of notices, such as public service announcements and press releases.



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.

ANNUAL PREMIUM TABLE

Coverage	Premium	Senior Citizen	Coverage	Premium	Senior Citizen	Coverage	Premium	Senior Citizen
\$5,000	\$10.00	\$9.00	\$170,000	\$92.50	\$83.25	\$340,000	\$177.50	\$159.75
\$10,000	\$12.50	\$11.25	\$180,000	\$97.50	\$87.75	\$350,000	\$182.50	\$164.25
\$20,000	\$17.50	\$15.75	\$190,000	\$102.50	\$92.25	\$360,000	\$187.50	\$168.75
\$30,000	\$22.50	\$20.25	\$200,000	\$107.50	\$96.75	\$370,000	\$192.50	\$173.25
\$40,000	\$27.50	\$24.75	\$210,000	\$112.50	\$101.25	\$380,000	\$197.50	\$177.75
\$50,000	\$32.50	\$29.25	\$220,000	\$117.50	\$105.75	\$390,000	\$202.50	\$182.25
\$60,000	\$37.50	\$33.75	\$230,000	\$122.50	\$110.25	\$400,000	\$207.50	\$186.75
\$70,000	\$42.50	\$38.25	\$240,000	\$127.50	\$114.75	\$410,000	\$212.50	\$191.25
\$80,000	\$47.50	\$42.75	\$250,000	\$132.50	\$119.25	\$420,000	\$217.50	\$195.75
\$90,000	\$52.50	\$47.25	\$260,000	\$137.50	\$123.75	\$430,000	\$222.50	\$200.25
\$100,000	\$57.50	\$51.75	\$270,000	\$142.50	\$128.25	\$440,000	\$227.50	\$204.75
\$110,000	\$62.50	\$56.25	\$280,000	\$147.50	\$132.75	\$450,000	\$232.50	\$209.25
\$120,000	\$67.50	\$60.75	\$290,000	\$152.50	\$137.25	\$460,000	\$237.50	\$213.75
\$130,000	\$72.50	\$65.25	\$300,000	\$157.50	\$141.75	\$470,000	\$242.50	\$218.25
\$140,000	\$77.50	\$69.75	\$310,000	\$162.50	\$146.25	\$480,000	\$247.50	\$222.75
\$150,000	\$82.50	\$74.25	\$320,000	\$167.50	\$150.75	\$490,000	\$252.50	\$227.25
\$160,000	\$87.50	\$78.75	\$330,000	\$172.50	\$155.25	\$500,000	\$257.50	\$231.75

Notes:

- 1. Residential structures have a \$250 deductible, while non-residential structures have a \$500 deductible.
- 2. Senior citizen's rates (at least 65 years of age) only apply to primary residence - does not include detached garage/outbuilding.
- 3. A physical inspection of the property may be required prior to the issuance of coverage. Further property inspections and modifications to coverage may be required subsequent to the issuance of coverage.



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DEPARTMENT OF ENVIRONMENTAL
PROTECTION

Mine Subsidence Insurance
California Technology Park
25 Technology Drive
Coal Center PA 15423

Presorted
First Class
US POSTAGE
PAID
CWOPA

JOHN DOE
or current resident
1 MAIN ST
ANYWHERE, PA 11111

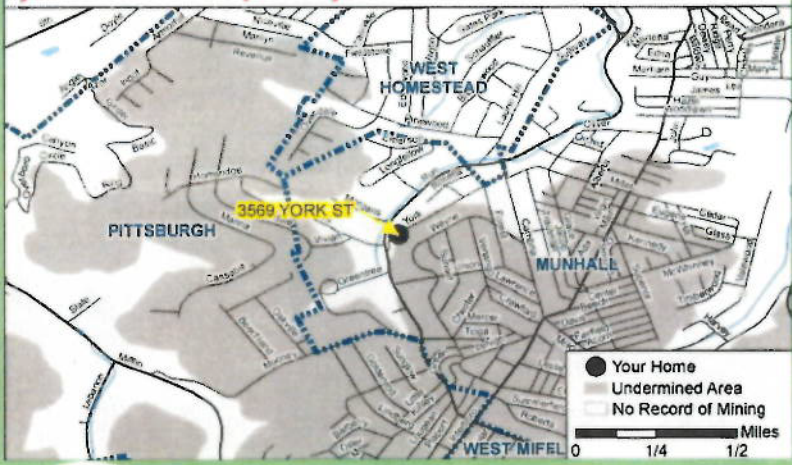
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THERE ARE MINE SUBSIDENCE EVENTS NEAR YOUR HOME

DAMAGE FROM MINE SUBSIDENCE...
THE AVERAGE COST OF REPAIR NOW EXCEEDS \$50,000 PER CLAIM.

There has been 90 known subsidence events within 1/2 mile of
your home over the past 30 years.



ARE YOU INSURED?
THERE IS AN AFFORDABLE SOLUTION



Most homeowners insurance policies do not provide coverage against losses caused by mine subsidence.



pennsylvania

DEPARTMENT OF ENVIRONMENTAL
PROTECTION

Although the frequency of loss is low, mine subsidence causes millions of dollars of damage each year. Mine subsidence damage is usually very expensive to repair. The average cost to repair now exceeds \$50,000 per claim.

Fortunately, the Commonwealth of Pennsylvania offers very affordable Mine Subsidence Insurance coverage through the Department of Environmental Protection. Please see the premium tables on the back of this page. At the average policy value of \$130,000, the annual residential premium is only \$72.50. That's just 20 cents a day to protect your valuable investment.

Apply online at www.paMSI.org

Or, if you prefer, call us at our toll free number **800.922.1678**, and we will mail an application to you.

As depicted in the map below, the Department of Environmental Protection has determined that you are located in an area where underground coal mining has occurred, which is represented by the gray shaded areas.

Severe damage could occur to your structure if the mine workings collapse, or if mine water suddenly breaks out of the abandoned mine.

We strongly recommend you purchase Mine Subsidence Insurance coverage. If you are not the owner of the building, please forward this important notification to the owner.

There has been 90 known subsidence events within 1/2 mile of your home over the past 30 years.

