

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) MARKETING**

- 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 2013 is 3.8%. 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 2013 INFLATION FACTOR CALCULATION				
10/1/2012		10/1/2011		INFLATION FACTOR
2824.8	-	2722.6	x 100 =	3.8%
		2722.6		
10/1/2011				

HISTORICAL INFLATION FACTORS									
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.9%	6.5%	7.4%	4.8%	7.2%	4.5%	1.9%	0.0%	4.5%	2.20%

- 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:** \$815,197. 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 \$81,519,716). 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 2013-14.
- 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 (see page 2 of Attachment 3). The range of factors replaced the single factor of \$7.43, which had been used historically. Rounded to the nearest penny, the factor used at the end of FY 2011 was \$8.80. No change to the range of factors is proposed.
- 7) **Premium Distribution:** A premium distribution is not proposed.
- 8) **Marketing:** Direct marketing using personalized mailers with map images is continuing on a limited basis while the computer programming needed to produce the mailers on a volume basis is being developed. Development is scheduled to be completed in the spring of 2013.



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.