

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 2016 is 0%** because there was deflation in residential building costs of approximately 4.3%, as calculated using the most recent 12 months of data from the US Bureau of Labor Statistics, Producer Price Indexes (PPI), Residential Construction Tables.

2016 INFLATION FACTOR CALCULATION					
10/1/2015		10/1/2014			INFLATION FACTOR
206.7	-	216	x	100	= -4.3%
		216.0			
		10/1/2014			

HISTORICAL PPI INFLATION FACTORS (10 FY Year Average: 3.5%)									
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
5.2%	5.9%	1.8%	9.0%	0% (-4.3%)	3.2%	6.9%	2.3%	1.1%	0% (-4.3%)

- 2) **Premium Rates:** No changes are recommended to Residential and Non-Residential premium rates, which are calculated as follows: first \$5,000 @ \$0.0020/dollar and subsequent coverage @ \$0.0005/dollar. Senior citizens receive a 10% discount on their primary residence. (See the attached Rate Chart.)
- 3) **Claim Payment Deductibles:** No change is recommended to the current deductible, which the Board has established at \$0.
- 4) **Incidental Costs:** No changes are proposed for the calculations of incidental cost payments. (See the attached Incidental Cost Chart.)
- 3) **Commission Rate:** No change is proposed to the commission rate that is used to determine the compensation paid to insurance producers for the sale of MSI policies, which is one half of the first year's premium.
- 4) **Coverage Limits:** No change is proposed to the coverage limit of \$500,000, which applies to both residential and non-residential policies.
- 5) **Loan and Grant Funding Limit:** The limit for FY 2016 is \$915,524. 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 \$91,552,408). 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 2016.

- 6) Reserves in Lieu of Reinsurance:** No change is proposed to the range of factors that are used to calculate the amount of reserves to be held in lieu of the purchase 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 2014 was \$8.66, which is well within the established range.
- 7) Premium Distribution:** A premium distribution is not proposed.



Mine Subsidence Insurance Rate Chart

Rates Effective July 1, 2012

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

Note: 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.