

DRAFT MINUTES

**COMMONWEALTH OF PENNSYLVANIA
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND
BOARD MEETING**

January 15, 2025

A meeting of the Coal and Clay Mine Subsidence Insurance (MSI) Board (Board) was called to order at 10:00 a.m. on January 15, 2025, via Microsoft Teams and in person at the Rachel Carson State Office Building, 400 Market Street, Harrisburg, Pennsylvania.

Board members present at the meeting in the were in attendance, either virtual or in person: Gregory Greenfield, Bureau of Mining Programs, Department of Environmental Protection (DEP), Designated Chair for Jessica Shirley, Acting Secretary of DEP; Shannon Logue, Deputy Insurance Commissioner, Office of Product Regulation, Designated Representative for Board Member Michael Humphreys, Commissioner of Insurance; and Lloyd Ebright, Deputy Chief Counsel, Designated Representative for Board Member Stacy Garrity, State Treasurer.

Following are issues were discussed and actions taken at the meeting:

Approval of the MSI Board Meeting Minutes

The Board reviewed and unanimously approved as final the draft minutes of the January 17, 2024, MSI Board Meeting.

Program Reports

The Board reviewed reports provided by DEP demonstrating the operational and financial performance of the MSI Fund over the most recent ten fiscal years (FY). In FY 2023, the number of policies in force increased from 61,201 to 62,287. The average policy value rose from \$279,829 to \$301,701 and the underwritten value of all the policies in force rose from about \$17.1 billion to about \$18.7 billion. Premium amounts per \$1000 of coverage dropped slightly from 25 cents to 24 cents in FY 2023. The number of mine subsidence damage claims filed decreased from 185 to 153, and the number of total supported claims dropped from 24 to 20. The total value of paid claims was about \$2.2 million, and the average paid claim was roughly \$134,000.

Financial Reports

Financial reports provided by the Office of Comptroller Operations demonstrated that the financial position of the MSI Fund continued to be sound during FY 2023. Balance Sheet assets show the Temporary Investments of \$142 million increased just over 3 million or 2.2% compared to previous fiscal year. There was a slight increase in liabilities, from \$1.9 million in FY 2022 to \$2.1 million in FY 2023. Total Fund Equity of \$140.2 million increased 2.9 million or 2.1% compared to previous fiscal year. Within the fund equity, the Unreserved Fund Balance decreased by nearly \$300,000. The Reserve for Catastrophes increased by approximately \$230,000 and the Reserved in Lieu of Re-insurance increased from \$124.6 million to \$128.9 million. The amount of premiums collected increased from \$4.2 million in FY 2022 to \$4.5 million in FY 2023. The Cash Flow Statement shows premiums collected of \$4.5 million. Investment income increased from \$4.4 million in FY 2022 to \$5.6 million in FY 2023. Total Uses of Cash increased to \$7.1 million, \$1.3 million more than the prior

year. The Net Change in Cash and Investments increased from \$139 million to \$142 million, a \$3 million increase.

Investment Reports

The Coal and Clay Fund participate in the Long-Term Pool 998 and Short-Term Pool 999. Pool 998 showed a modest improvement in FY 2023. It started at the beginning of the fiscal year with market value of nearly \$141 million. It ended the fiscal year with nearly \$150 million. The net asset value per share increased over the fiscal year from \$1.30 per share to \$1.34. The fund earned interest in the amount of \$4.58 million, or 4.16%.

Pool 999 Short-Term Fund market value beginning of FY 2023 was \$21.7 million and ended up \$20.3 million, with the NAVPS starting and ending at \$1.00. The fund earned just over \$1.12 million, or 5.33%.

Routine Business

After the review of the operational and financial performance of the MSI Program and Fund, the Board considered the routine business required for the administration of the MSI Fund and unanimously approved Items 1 through 9:

1. A policy coverage Inflation Factor of 0.75% would be established;
2. No change to the Policy Premium Rates;
3. Claim Payment Deductibles would remain at \$0;
4. The Incidental Costs calculations would remain unchanged;
5. The existing insurance Producer Commission Rates would be maintained;
6. The maximum coverage amount remains \$1,000,000;
7. The Loan and Grant Funding Limit for grants and loans to improve the MSI Program would remain unchanged;
8. The formula to calculate the Reserves In lieu of Reinsurance would remain unchanged;
9. A Premium Distribution to subscribers was not proposed by the Board;
10. Claim Report: California District Mining Office reported that there were 171 claims opened in FY 2023. Of the 171 claims opened, 111 were denied and 39 were supported. Sixteen claims were abandoned or withdrawn by the policyholder.
11. Legislature Report FY 2023: The Board was provided an informational copy of the Annual Report and will be provided with copies upon completion in future years.
12. Corporate Governance Annual Disclosure (CGAD): The annual CGAD will be submitted to the Insurance Department.
13. Special Purchase Request – Server Upgrade and Expansion: The Board approved a proposal to purchase to update and standardize the servers storing the underground mining maps at a cost of \$160,000 for fiscal year 2025. Current servers were approaching both end-of-life and capacity limits.

Reimbursement for Program Costs

The Board reviewed estimated costs of the MSI Program for FY 2025 and considered a reimbursement to DEP for expenditures it may make as it administers the MSI Program. The estimate includes contingent spending for costs associated with claims and policy applications that would be more than normally anticipated levels so that funding is available to provide undisrupted service. The Board then unanimously approved an expenditure of up to \$4.01 million from the MSI Fund to reimburse DEP for the administrative costs of the MSI Program during FY 2025.

Other Business, Next Meeting, and Adjournment

The Board established that the next regular meeting of the MSI Board will be held at 10:00 a.m. on January 21, 2026 in the 12th Floor Conference Room of the Rachel Carson State Office Building, 400 Market Street, Harrisburg, Pennsylvania. With no further business before the Board, the meeting was adjourned at approximately 11 a.m.

KEY OBLIGATION:

DEP will revise program systems to reflect a coverage inflation option of 0.75%.