

**PROPOSED  
PROGRAM IMPROVEMENTS**

## TOPICS

- **Retention of commissions by producers:** The major complaint of insurance producers submitting MSI applications is that it takes too long to receive commissions. They recommend that they retain commissions and that only the premium be passed to the MSI Fund. The Agents and Brokers Association, the association that represents the independent insurance industry, has informed us that this is a common practice. This procedure would also reduce the administrative costs of the MSI Fund.
- **Elimination of the prohibition against repairs required by building codes:** Section 1.B of the MSI Insuring Agreement prohibits paying for losses that would be required by ordinances such as building code requirements. This provision was established at a time when differences in various municipal ordinances would have created disparity in MSI coverage. The passage of uniform building codes by the General Assembly has leveled the field and the more desirable practice of making the policyholder whole by rebuilding to code, as is prescribed in the mining regulations, is recommended.
- **Payment of premiums incrementally:** Many policyholders have asked if the MSI Fund would support the incremental payment of premiums. Although this practice would have been an administrative burden in the past, the development of eCommerce systems would make it feasible. Therefore, the MSI Managers recommend the development of systems to support partial payment of premiums as soon as the eCommerce is implemented. These systems will encourage increased subscriptions and increased coverage amounts while at the same time making coverage more affordable.
- **Expansion of coverage:** The MSI Board has for many years considered lowering premium rates or expanding coverage. The expansion of coverage is believed by the MSI Program managers to now be prudent if the MSI Insuring Agreement stipulates that the insured structure must be damaged before damages to the appurtenant structures can be considered. This will limit the number of frivolous claims and not increase the number of claim filings to a point where they would negatively impact the cost of coverage. Under these procedures, a separate rider would not be needed and a single policy would cover the main structure and other appurtenant structures (including detached garages) up to the policy limit or maximum amount of coverage, now \$250,000. Any structure that meets the MSI definition of a structure could also be carried under a separate policy, at the discretion of the policyholder.

	Claimant	Region	Claim No.	Structure No.	Appurtenant Structures Damaged?	Counter	Specific Appurtenant Structures Damaged	Estimated Cost to Repair Appurtenant Structures	MSI Claim Payment	Increased Cost (%) if Appurtenant Structures were Included
1	Sedok	B	B 3754	2433	Y	1	Retaining Wall	\$5,812.95	\$36,813.00	
2	Bowden	B	B 3819	8371	N	0			\$20,400.00	
3	Freeman	B	B 3820	111684	N	0			\$5,147.00	
4	Patterson	B	B 3825	74935	N	0			\$9,978.00	
5	Yingling	B	B 3836	6441	N	0			\$10,193.00	
6	McGee	B	B 3842	26481	Y	1	Retaining Wall, Sidewalk	\$2,182.96	\$124,800.00	
7	Ruebel	B	B 3849	112855	N	0			\$4,325.00	
8	Mulkern	B	B 5002	28535	N	0			\$15,971.00	
9	Petro	B	B 5005	107499	N	0			\$78,782.00	
10	Romanik	B	B 5035	109759	N	0			\$69,750.00	
11	McBride	B	B 5059	115013	N	0			\$11,189.00	
12	Papale	B	B 5060	69823	N	0			\$62,990.00	
13	Dubois	B	B 5076	30165	N	0			\$6,782.00	
14	Mundell	B		27439	N	0			\$64,770.00	
15	West	B	B 5093	114869	Y	1	Brick Patio, Driveway, Retaining Wall	\$4,837.56	\$99,475.00	
16	Jeffers	B	B 5098	26391	Y	1	Driveway, Retaining Wall, Sprinkler System	\$7,039.76	\$0.00	
17	Galley	B	B 5099	32463	Y	1	Septic System	\$25,000.00	\$23,711.00	
18	Stentz	B	B 5112	114911	N	0			\$128,209.00	
19	Sarver	B	B 5113	98096	N	0			\$4,326.00	
20	Sheffler	B	B 5123	83977	N	0			\$21,100.00	
21	Ruberto	B	B 5128	22482	Y	1	Driveway, Patio	\$5,194.80	\$95,286.00	
22	Kelly	B	B 5151	8227	N	0			\$22,119.00	
23	Skaff	B	B 5180	80317	N	0			\$92,069.00	
24	Miccolis	B	B 5198	96707	Y	1	Concrete Steps	\$580.84	\$13,822.00	
25	Comfort	B	B 5204	64163	Y	1	Driveway	\$4,173.00	\$101,600.00	
26	Barbaro	B	B 5217	11282	N	0			\$99,250.00	
27	Keegan	A	A 5237	37364	N	0			\$875.00	
28	Martinak	B	B 5241	103882	N	0			\$10,200.00	
29	Scott	B	B 5252	68623	N	0			\$91,420.00	
30	Lapiana	B	B 5267	60176	N	0			\$38,340.00	
31	Sapp	B	B 5301	92955	N	0			\$3,500.00	
32	Jarosh	B	B 5341	25830	Y	1	Sidewalk	\$964.60	\$67,450.00	
33	Fortunato	B	B 5342	102386	N	0			\$61,997.00	
34	Campbell	B	B 5377	70209	N	0			\$14,025.00	
35	McDaniels	A	A 5388	70565	Y	1	Deck, Swimming Pool	\$8,994.70	\$62,950.00	
36	Vadala	A	A 5349	34207	N	0			\$32,350.00	
37	Buckingham	A	A 5407	34399	N	0			\$34,166.00	
38	Covington	B	B 5411	12023	N	0			\$9,825.00	
39	Nemetz	A	A 5417	34833	N	0			\$0.00	
40	Rice	B	B 5461	71870	Y	1	Driveway, Retaining Wall, Sidewalk	\$4,583.80	\$0.00	
41	Essey	B	B 5467	56080	N	0			\$13,600.00	
42	Weiland	B	B 5477	84488	Y	1	Driveway	\$2,411.50	\$2,806.00	
43	Kovalchuk	B	B 5509	4918	N	0			\$15,262.00	
44	Bowman	B	B 5556	30709	N	0			\$0.00	
45	Bell	B	B 5557	9451	N	0			\$2,511.00	
46	Chernuta	B	B 5582	602429	N	0			\$218,868.00	
47	Weaver	B	B 5605	110639	Y	1	Driveway	\$2,411.50	\$0.00	
48	Widmer	B	B 5629	1958	Y	1	Deck, Garage, Swimming Pool	\$33,852.00	\$0.00	
49	Lacomy	A	A 5645	87649	N	0			\$0.00	
50	Dindak	B	B 5649	89089	Y	1	Patio	\$500.00	\$0.00	
51	Callaio	A	A 5655	603502	N	0			\$0.00	
52	Smith	B	B 5701	104349	N	0			\$0.00	
53	Kitch	B	B 5713	607485	Y	1	Gas Line	\$3,181.88	\$0.00	
54	Char-Belle	B	B 5718	80	Y	1	Sewer Line	\$2,850.64	\$0.00	
						17		\$114,572.49	\$1,923,002.00	

## Summary Data

Number of Supported Claims Review	54
Of the Supported Claims Reviewed:	
Number with Damaged Appurtenant Structures	17
Percent with Damaged Appurtenant Structures	31.5%
Estimated Total Amount to Repair Appurtenant Structures	\$114,572.49
Increased Cost per Claim with Appurtenant Structures	\$6,739.56
Number of Reviewed Claims Paid as of February 2005	42
Total Paid to Settle these Claims	\$1,923,002.00
Average Paid per Claim	\$45,785.76
Of these claims:	
Number with Damaged Appurtenant Structures	10
Estimated Amount to Repair Appurtenant Structures	\$60,152.91
Percent of Claim Cost Increase to Repair Appurtenant Structures (Compared with Total Number Paid)	3.13%
Increased Cost per Claim (Compared with Total Number Paid)	\$1,432.21

## **Proposed Definition**

**PERMANENTLY AFFIXED APPURTENANT STRUCTURES** – Garages, storage sheds, barns, greenhouses and related structures, fences and other enclosures, retaining walls, paved or improved patios, walks, driveways, and inground swimming pools that are permanently and securely attached to the land surface and that are adjacent to and used in conjunction with the **INSURED STRUCTURE**.