

MINUTES
COMMONWEALTH OF PENNSYLVANIA
COAL AND CLAY MINE SUBSIDENCE INSURANCE BOARD MEETING

July 29, 2009

A meeting of the Mine Subsidence Insurance (MSI) Board (Board) was called to order at 10:30 a.m. on July 29, 2009, in the 14th Floor Conference Room of the Rachel Carson State Office Building, 400 Market Street, Harrisburg, Pennsylvania.

Board Members present at the meeting: J. Scott Roberts, Deputy Secretary, Office of Mineral Resources Management, and Designated Chair for John Hanger, Secretary of the Department of Environmental Protection (DEP); Chuck Romberger, Director, Property and Casualty Bureau, and Designated Representative for Board Member Joel Ario, Commissioner of Insurance; and Karen Spencer Kelly, Esq., Chief Counsel and Designated Representative for Board Member Robert McCord, State Treasurer.

Also in attendance were the following DEP employees: Marc Roda, Esq., Assistant Counsel; Lawrence Ruane, MSI Program Administrator; and Nicholle Harman, MSI Board Recording Secretary.

Issues discussed and actions taken at the meeting:

1. Approval of the December 10, 2008 Meeting Minutes

The Board reviewed and unanimously approved the minutes of December 10, 2008 Board Meeting.

2. Consideration of Chapter 401 Amendments

DEP staff summarized comments and responses made to the proposed amendments to 25 Pa. Code Chapter 401. After a discussion of the final-form rulemaking, the Board reviewed and unanimously approved amendments without change.

3. Other Business, Next Meeting and Adjournment

DEP staff informed the Board of DEP's intent to establish ongoing actuarial contracts, which would provide third party expertise to the Board to assist them in making determinations regarding premium rates, coverage limits, commissions and other financial decisions that they may be required or wish to make. These studies would begin by updating the actuarial study of the Fund that was conducted in 2007. DEP staff also informed the Board of DEP's intent to establish long-term contracts to process underground mining maps so they can be used in its GIS applications. DEP has identified sources of matching funds that would pay for two-thirds of the cost of the map processing. During a discussion of the uses of the digital mine maps and the GIS, Mr. Romberger noted that in addition to reimbursing DEP for administrative costs, excess funds could also be distributed to policyholders. Mr. Roberts

directed DEP staff to analyze processes that would need to be developed to distribute excess monies to policyholders, as provided in the law governing the operations of the MSI Fund and to present a report at the December 10, 2009 Board Meeting.

Mr. Roberts addressed issues regarding the processing of MSI claim payments. There is currently a 45 day waiting period from the time the Comptroller's Office authorizes payment to the time the Treasury cuts claim and refund checks or releases electronic payment. Mr. Roberts asked the other Board members to be prepared to assist DEP in its efforts to eliminate the holding period for MSI claim and premium refund payments.

With no further business, the meeting was adjourned.

SUMMARY OF ACTIONS TAKEN BY THE BOARD:

1. Approved the minutes of the December 10, 2008 MSI Board Meeting.
2. Approved the 25 Pa. Code Chapter 401 Amendments.

KEY OBLIGATIONS:

1. DEP, with the assistance of the Board as needed, will analyze processes needed to disburse excess monies of the Fund to policyholders and deliver a report at the December 10, 2009 Board Meeting.
2. MSI Board members will, if needed, assist DEP in its effort to eliminate the holding period for MSI claim and refund payments.