

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 2012 is 2.2%. 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 2012 INFLATION FACTOR CALCULATION					
10/1/2011		10/1/2010			INFLATION FACTOR
2722.6	-	2664.1	x	100	=
2722.6					2.2%
10/1/2010					
2664.1					

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

- 2) Premium Rates:** Residential: First \$5,000 @ \$0.0020/dollar and subsequent coverage @ \$0.0006/dollar. Non-Residential: First \$5,000 @ \$0.0040, each subsequent dollar @ \$0.0012. Senior citizens receive a 10% discount on their primary residence. (See the rate chart on the next page.) No changes are proposed. An actuarial study is in progress.
- 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:** The "Loan and Grant Funding Limit" formula, as established in 25 Pa. Code Chapter 401, is one percent of the "Unreserved Fund Balance." The limit for Fiscal Year (FY) 2012 is \$780,725 (0.01 x \$78,872,549). 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."
- 6) Reserves in Lieu of Reinsurance:** The MSI Board has currently established that \$7.43 shall be retained as "Reserves in Lieu of Reinsurance" for every \$1,000 of "Underwritten Coverage." "Reserves in Lieu of Reinsurance" for FY 2012 are \$66,882,111 (\$9,001,630,039 ÷ \$1,000 x \$7.43). No change to the calculation is proposed.
- 7) Premium Distribution:** A premium distribution is not proposed.
- 8) Marketing:** See the brochures located inside of the back cover of the board document binder.



Mine Subsidence Insurance Rate Chart

1-800-922-1678

Eastern Field Office
2 Public Square, Suite 500
Wilkes-Barre, PA 18711

Western Field Office
California Technology Park
25 Technology Drive
Coal Center, PA 15423

Residential Rates (1)

Coverage	Annual Premium	Senior Citizen Premium (2)
\$ 5,000	\$ 10.00	\$ 9.00
10,000	13.00	11.70
20,000	19.00	17.10
30,000	25.00	22.50
40,000	31.00	27.90
50,000	37.00	33.30
60,000	43.00	38.70
70,000	49.00	44.10
80,000	55.00	49.50
90,000	61.00	54.90
100,000	67.00	60.30
110,000	73.00	65.70
120,000	79.00	71.10
130,000	85.00	76.50
140,000	91.00	81.90
150,000	97.00	87.30
160,000	103.00	92.70
170,000	109.00	98.10
180,000	115.00	103.50
190,000	121.00	108.90
200,000	127.00	114.30
210,000	133.00	119.70
220,000	139.00	125.10
230,000	145.00	130.50
240,000	151.00	135.90
250,000	157.00	141.30

Residential Rates (1)

Coverage	Annual Premium	Senior Citizen Premium (2)
\$ 260,000	\$ 163.00	\$ 146.70
270,000	169.00	152.10
280,000	175.00	157.50
290,000	181.00	162.90
300,000	187.00	168.30
310,000	193.00	173.70
320,000	199.00	179.10
330,000	205.00	184.50
340,000	211.00	189.90
350,000	217.00	195.30
360,000	223.00	200.70
370,000	229.00	206.10
380,000	235.00	211.50
390,000	241.00	216.90
400,000	247.00	222.30
410,000	253.00	227.70
420,000	259.00	233.10
430,000	265.00	238.50
440,000	271.00	243.90
450,000	277.00	249.30
460,000	283.00	254.70
470,000	289.00	260.10
480,000	295.00	265.50
490,000	301.00	270.90
500,000	307.00	276.30

Notes: 1. Residential structures have a \$250 deductible. 2. Policyholders who are at least 65 years of age on the effective date of coverage receive a 10% discount to the premium of their primary residence. It does not apply to detached garages or outbuildings.

Non-Residential Rates (1)

Coverage	Annual Premium	Coverage	Annual Premium	Coverage	Annual Premium
\$ 5,000	\$ 20.00	\$ 170,000	\$ 218.00	\$ 340,000	\$ 422.00
10,000	26.00	180,000	230.00	350,000	434.00
20,000	38.00	190,000	242.00	360,000	446.00
30,000	50.00	200,000	254.00	370,000	458.00
40,000	62.00	210,000	266.00	380,000	470.00
50,000	74.00	220,000	278.00	390,000	482.00
60,000	86.00	230,000	290.00	400,000	494.00
70,000	98.00	240,000	302.00	410,000	506.00
80,000	110.00	250,000	314.00	420,000	518.00
90,000	122.00	260,000	326.00	430,000	530.00
100,000	134.00	270,000	338.00	440,000	542.00
110,000	146.00	280,000	350.00	450,000	554.00
120,000	158.00	290,000	362.00	460,000	566.00
130,000	170.00	300,000	374.00	470,000	578.00
140,000	182.00	310,000	386.00	480,000	590.00
150,000	194.00	320,000	398.00	490,000	602.00
160,000	206.00	330,000	410.00	500,000	614.00

Note: 1. Non-residential structures have a \$500 deductible.