RESOLUTION OF THE
COAL AND CLAY MINE SUBSIDENCE INSURANCE BOARD

WHEREAS, Section 12.2 of the Act of August 23, 1961, P.L. 1068, No. 484, as amended, 52P.S. §3212.2, provides:

The Board shall make available to all subscribers an annual inflation protection option on the anniversary date of each policy to uniformly increase subscribers' coverage and shall allow 30 days for subscribers to elect this option. In any case, the option shall not be made available more than once annually; and

WHEREAS, the Board, at a meeting held on October 8, 1998, reviewed several construction cost indices used to calculate the inflationary increase in the value of an insured structure, an example of the calculation is attached; and

WHEREAS, the Board, at that meeting held on October 8, 1998, selected the _____ Index as the index from which inflation rates will be calculated until such time as the Board may change the index.

NOW, **THEREFORE**, BE IT RESOLVED that the _____ Index is the index that will be used to calculate the inflationary increase in the value of an insured structure until such time as the Board may change the index.

COAL AND CLAY MINE SUBSIDENCE
INSURANCE BOARD:

Roderick A. Fletcher, P.E.
Director of the Bureau of Mining and Reclamation
Department of Environmental Protection
Designated Board Chairman

Honorable Barbara Hafer
State Treasurer
Board Member

Gregory S. Martino
Deputy Insurance Commissioner for the Office of Rate and Policy
Insurance Department
Designated Board Member

DATED:

INFLATION INDEX CALCULATION

This is a demonstration of the calculation that will be used to establish the Inflation Index. The actual calculation will use the most recent 12 months of data available from the index selected by the MSI Board.

(Beginning December 1996)   (Ending December 1995)

$$\frac{114.2 \quad - \quad 112.2}{112.2} \quad X \quad 100 \quad = \quad 1.78\% \text{ or } 1.8\% \text{ Inflation Index}$$