



Michigan Automobile Insurance Placement Facility

June 14, 2007

MINUTES OF THE THIRTY-SIXTH ANNUAL MEETING OF THE  
MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY  
HELD ON MAY 24, 2007

**MEMBER COMPANIES PRESENT:**

Allstate Insurance Company  
Amerisure Mutual Insurance Co.  
Auto Club Group Insurance Co.  
Auto Club Insurance Association  
Auto-Owners Insurance Company  
Citizens Ins. Co. of America  
Hastings Mutual Insurance Company  
Home Owners Insurance Company  
State Farm Fire & Casualty Company  
State Farm Mutual Auto Insurance Co.

**REPRESENTED BY:**

R. Cardin  
K. Gallinger  
L. Lange, R. Saranen & P. Scheske  
L. Lange, R. Saranen & P. Scheske  
J. Tagsold  
T. Morante  
J. DeVries & G. Slingerlend  
J. Tagsold  
T. Mack  
T. Mack

**OTHERS PRESENT:**

Producer Representatives  
Office of Financial & Insurance Services  
Michigan Auto Ins. Placement Facility

L. Bostic & C. Locker  
S. Liddle \*  
T. Miller, D. Barnette, C. Grabowski, N. Hier  
& C. Pirie

*\*Participated via phone conference*

The thirty-sixth annual meeting of the Michigan Automobile Insurance Placement Facility was called to order, and those present were asked to introduce themselves.

Upon a motion being made, seconded, and carried, the reading of the minutes of the thirty-fourth annual meeting was waived.

Reports were then presented by the chairman of the Board of Governors and the General Manager of the Facility (see attached).

Following their remarks, the General Manager asked for any additional nominations for the Board's upcoming term. There being none, a motion was made, seconded, and carried that the nominations be closed. Ballots were tabulated, and the results of the election for the seven company positions on the Board of Governors for the 2007/2008 term were announced as follows:

State Farm Mutual Auto Ins. Co.	23,321,793
Auto Club Insurance Association	15,707,191
Auto-Owners Insurance Company	10,699,421
Hastings Mutual Insurance Co.	9,197,364
Citizens Ins. Co. of America	9,143,860
Allstate Insurance Company	7,195,217
Amerisure Mutual Insurance Company	<u>424,297</u>
	75,689,143

There being no additional business to address, the thirty-sixth annual meeting of the Michigan Automobile Insurance Placement Facility was adjourned.

Respectfully submitted,

*Terri A. Miller*

Terri A. Miller, CPCU  
General Manager

TAM/CMP/cmp

Attachments

**MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY  
CHAIRMAN'S REPORT  
ANNUAL MEETING MAY 24, 2007**

Good morning. On behalf of the Michigan Automobile Insurance Placement Facility Board of Governors and staff, I'd like to welcome you to the 2007 Annual Meeting. My name is Larry Lange and it's been my privilege to serve as the current chairman of the board.

Before I get to my brief remarks, I'd like each Board member present to introduce themselves.

Terri Miller, the Facility's General Manager, will provide operational details for 2006 so I will give you an overview of activities during that period.

Policy volume continued to decrease throughout 2006, although we did see an increase in commercial premium as compared to the prior year. Additional automation supported increased usage of our website and helped to keep operating expenses at a minimum. And, perhaps our most visible program, HEAT, also achieved very high marks in 2006. Finally, as you look around the room we're reminded that the Facility relocated to its new home with minimal disruption thanks to the work of the MAIPF staff.

Before we hear from Terri, I'd like to close by thanking the Board of Governors, committee members and all Facility employees for their dedicated support throughout the past year. I'd also like to thank the Office of Financial and Insurance Services, particularly Sandy Liddle, for their continued cooperation and counsel.

Thank you for your attention.

Lawrence R. Lange, PhD  
Auto Club Insurance Association  
MAIPF Board Chairman

**MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY  
GENERAL MANAGER'S REPORT  
ANNUAL MEETING – MAY 23, 2007**

**FACILITY VOLUME AND ACTIVITY - FISCAL YEAR 2006**

	<b>2006</b>	<b>2005</b>	<b>% Change</b>
Combined Direct Written Premium (FY)	\$ 22,405,392	\$ 29,338,482	-23.6%
Combined Direct Earned Premium (FY)	\$ 24,344,234	\$ 31,314,620	-22.3%
Combined Direct Incurred Losses(FY)	\$ 27,342,874	\$132,770,040	-79.4%
Private Passenger Direct Loss Ratio(FY)	169.7%	822.6%	
Commercial Direct Loss Ratio(FY)	77.9%	78.1%	
Premium Charge-Offs (calendar year)	162,597 0.69%	921,135 3.35%	-79.4%
Combined App Count (calendar year)	6,999	10,765	-35.0%
Policies In Force (calendar year)	4,034	5,790	-30.3%
Combined net results of operations	\$ 4,253,380	\$ 15,353,633	
	<b>2007</b>	<b>2006</b>	
Servicing Carrier Fee – PP	Non-claims	9.8%	8.9%
	Claims	3.0%	3.0%
Servicing Carrier Fee – Commercial	Non-claims	7.1%	6.9%
	Claims	13.6%	13.6%

**FISCAL YEAR 2007 – FIRST QUARTER, ENDING 12/31/06**

For the first quarter of the current fiscal year, private passenger direct earned premium was \$1,518,700, a decrease of 40% from the same period in 2005. Direct incurred losses were \$25,161,456; with ceded MCCA losses the total net loss ratio was 89.9% and the combined ratio was 101.8% for the quarter.

For the same period, commercial direct earned premium was \$4,185,555, an increase of 11% from the same period in 2005. Direct incurred losses were \$2,441,937, and with ceded MCCA losses the total net loss ratio was 52.3% and the combined ratio 57.6%.

## **FACILITY OPERATIONS**

During the past twelve months, the Facility staff continued to provide a high level of service to our company and producer partners.

Application volume has continued to decrease due to improvements in availability in the voluntary market. However, there were several significant projects and issues addressed during the year. The Facility relocated to a new office building, providing upgraded work areas at a lower overall cost than the prior location. Moving to a new office after 16 years was a major undertaking, requiring months of planning and negotiation. We successfully moved our data and communications systems with minimal down time.

Banking changes were initiated with two carriers that are reducing bank fees by over \$5,000 annually. Facility staff also started to evaluate an enhanced method for cash handling, known as Remote Capture. We conducted a salary survey with the assistance of AIPSO and managed the transition of our ancillary employee benefit offerings to a new insurer group. Two carriers participated in MAIPF financial and operational training seminars for staff members.

We continue to utilize the Internet to our full advantage. We have continued to enhance the Electronic Application and Rating System (EARS) product, and have posted improved commercial worksheets whereby rates are populated based on selected criteria. We also added a new worksheet with the introduction of Experience Rating. Our web site continues to improve as we add more information and tools for producers and insurers. We also updated the Annual Operating Statement software to improve data collection and the evaluation process.

The HEAT® Program also had a very successful year in 2006. We awarded \$154,875 in tip rewards, and aided in the recovery of 143 vehicles and other stolen property valued at nearly \$2.1 million, a 17% increase over the prior year. State Police Director Col. Peter Munoz was the keynote speaker at the 21<sup>st</sup> Anniversary Breakfast, and the documentary video won several national communication awards. HEAT continues to generate a great deal of interest and exposure in the print, radio and television media.

I would like to thank the Board of Governors, the committees and the OFIS representative for their contributions over the past year. I would also like to express my appreciation to the Facility staff for their dedication and commitment. The management team of Christine Grabowski, Donna Barnette, Nina Hier and Cindy Pirie deserve recognition for their hard work and dedication as we continue to improve Facility operations.

In conclusion, 2006 was a year with many significant accomplishments that position us well to continue to operate effectively and efficiently.

Respectfully submitted,

Terri A. Miller, CPCU  
General Manager

## MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY

### PARTICIPATING MEMBER COMPANIES - 2006

Ace American Insurance Company  
Ace Fire Underwriters Ins. Company  
Ace Property & Casualty Ins. Company  
Acuity, A Mutual Insurance Company  
Aegis Security Insurance Company  
AIG Centennial Insurance Company  
AIU Insurance Company  
Alea North America Ins. Company  
Allied Property & Casualty Ins. Co.  
Allstate Indemnity Company  
Allstate Insurance Company  
Allstate Property & Casualty Ins. Co.  
Amco Insurance Company  
American Alternative Insurance Corp.  
American Automobile Insurance Company  
American Bankers Ins. Co. of FL  
American Casualty Co. of Reading PA  
American Country Insurance Company  
American Economy Insurance Company  
American Family Home Ins. Company  
American Federation Ins. Company  
American Fellowship Mutual Ins. Co.  
American Fire & Casualty Company  
American General Indemnity Company  
American Guarantee & Liab. Ins. Co.  
American Hardware Mutual Ins. Co.  
American Home Assurance Company  
American Insurance Company  
American International Ins. Co.  
American International South Ins. Company  
American Modern Home Insurance Co.  
American Reliable Insurance Company  
American Select Insurance Company  
American States Insurance Company  
American Zurich Insurance Company  
Amerisure Insurance Company  
Amerisure Mutual Insurance Company  
Amex Assurance Company  
AMICA Mutual Insurance Company  
Arch Insurance Company  
Argonaut Great Central Insurance Company  
Argonaut Insurance Company  
Associated Indemnity Corp.  
Assurance Company of America  
Athena Assurance Company  
Atlantic Insurance Company  
Atlantic Mutual Insurance Company  
Federated Rural Electric Insurance Corp.  
Atlantic Specialty Insurance Company  
Auto Club Group Insurance Company  
Auto Club Insurance Association  
Auto-Owners Insurance Company  
AXA RE Prop & Casualty Ins. Company  
Balboa Insurance Company  
Bancinsure, Inc  
Bituminous Casualty Corporation  
Bituminous Fire & Marine Ins. Co.  
Bristol West Insurance Company  
Brotherhood Mutual Insurance Company  
Carolina Casualty Ins Company  
Centennial Insurance Company  
Central Mutual Insurance Company  
Charter Oak Fire Insurance Company  
Cherokee Insurance Company  
Chicago Insurance Company  
Church Mutual Insurance Company  
Cincinnati Insurance Company  
Citizens Insurance Co. of America  
Clarendon National Insurance Company  
Colonial American Cas & Surety Company  
Commerce & Industry Ins. Company  
Consolidated Insurance Company  
Constitution Insurance Company  
Continental Casualty Company  
Crum & Forster Indemnity Company  
CUMIS Insurance Society, Inc.  
Daimler Chrysler Ins. Company  
Dairyland Insurance Company  
Discover Prop & Cas Ins. Company  
Electric Insurance Company  
Elevators Mut. Ins. Co. (Now Affinity Mut. Ins. C  
Emcasco Insurance Company  
Empire Fire & Marine Ins. Company  
Employers Fire Insurance Company  
Employers Ins. of Wausau a Mut. Company  
Employers Mutual Casualty Company  
Encompass Prop. & Casualty Company  
Esurance Insurance Company  
Fairmont Insurance Company  
Farm Bureau General Ins. Co. of MI  
Farm Bureau Mutual Ins. Co. of Michigan  
Farmers Insurance Exchange  
Farmland Mutual Ins. Company  
Federal Insurance Company  
Federated Mutual Insurance Company  
Indiana Lumbermens Mutual Ins. Co.

Federated Service Insurance Company  
Fidelity & Deposit Co. of Maryland  
Fidelity & Guaranty Ins. Company  
Fidelity & Guaranty Ins. Undwrs. Inc.  
Fireman's Fund Insurance Company  
First Liberty Insurance Corporation  
First National Ins. Co. of America  
First NonProfit Insurance Company  
Florists' Mutual Insurance Company  
Foremost Insurance Company  
Founders Insurance Company of Michigan  
Frankenmuth Mutual Insurance Company  
Fremont Insurance Company  
GEICO Indemnity Company  
General Casualty Co. of Wisconsin  
General Insurance Company of America  
Genesis Insurance Company  
Glens Falls Insurance Company  
GMAC Insurance Company Online Inc  
Grange Insurance Company of Michigan  
Granite State Insurance Company  
Great American Alliance Ins. Company  
Great American Assurance Company  
Great American Insurance Company  
Great American Insurance Company of NY  
Great Lakes Casualty Ins. Company  
Great Midwest Insurance Company  
Great Northern Insurance Company  
Great West Casualty Company  
Greenwich Insurance Company  
Guaranty National Insurance Company  
Guideone Mutual Insurance Company  
Gulf Insurance Company  
Hamilton Mutual Ins. Co of Cincinnati  
Hanover Insurance Company  
Harco National Insurance Company  
Harleysville Insurance Company  
Harleysville Lake States Ins. Company  
Hartford Accident & Indemnity Company  
Hartford Casualty Ins. Company  
Hartford Fire Insurance Company  
Hartford Ins. Co. of the Midwest  
Hartford Underwriters Ins. Co.  
Hastings Mutual Insurance Company  
Home Owners Insurance Company  
Horace Mann Insurance Company  
Hudson Insurance Company  
Illinois National Insurance Co.  
Indemnity Ins. Co. of North America  
Indiana Insurance Company  
National Union Fire Ins. Co. Pitts.  
Nationwide Agribusiness Ins. Company  
Nationwide Mutual Fire Ins. Company

Insurance Company of the State of PA  
Insurance Corporation of Hanover  
Integon National Insurance Company  
Intrepid Insurance Company  
Lancer Insurance Company  
Liberty Insurance Corp.  
Liberty Mutual Fire Insurance Company  
Liberty Mutual Insurance Company  
Lincoln General Insurance Company  
LM General Insurance Company  
LM Insurance Corporation  
LM Property & Casualty Ins. Company  
Lumbermens Mutual Casualty Company  
Lyndon Property Insurance Company  
Manufacturers Alliance Insurance Company  
Markel American Insurance Company  
Markel Insurance Company  
Maryland Casualty Company  
Massachusetts Bay Insurance Company  
MEEMIC Insurance Company  
Memberselect Insurance Company  
Merastar Insurance Company  
Merchants Ins. Co. of New Hampshire Inc  
Merchants Mutual Insurance Company  
Mercury National Insurance Company  
Metropolitan DRT Prop & Cas Ins. Company  
Metropolitan General Insurance Company  
Metropolitan Group Prop & Casualty  
Metropolitan Prop & Cas. Ins. Co.  
MIC General Insurance Company  
MIC Property & Cas. Ins. Corp.  
Michigan Insurance Company  
Michigan Millers Mutual Insurance Co.  
Mid-Century Insurance Company  
Midwestern Indemnity Company  
Mitsui Sumitomo Ins. Company of America  
Mitsui Sumitomo Insurance USA Inc  
Monroe Guaranty Insurance Company  
Motors Insurance Corporation  
National American Insurance Company  
National Ben-Franklin Ins. Co. of Illinois  
National Casualty Company  
National Farmers Union P & C  
National Fire Ins. Co. of Hartford  
National General Insurance Company  
National Indemnity Company  
National Interstate Ins. Company  
National Liability & Fire Ins. Company  
National Specialty Insurance Company  
National Surety Corporation  
Sentinel Insurance Company Ltd.  
Sentry Insurance a Mutual Company  
Sentry Select Insurance Company

Nationwide Mutual Insurance Company  
Nationwide Prop. & Casualty Ins. Co.  
Navigators Insurance Company  
Netherlands Insurance Company  
New Hampshire Indemnity Company  
New Hampshire Insurance Company  
NipponKOA Ins. Co. Ltd. US Branch  
North American Elite Insurance Company  
North American Specialty Ins. Co.  
North Pointe Insurance Company  
Northern Ins. Co. of New York  
Northern Mutual Insurance Company  
Northland Casualty Company  
Northland Insurance Company  
Ohio Casualty Insurance Company  
Ohio Farmers Insurance Company  
Old Republic Insurance Company  
OneBeacon America Ins. Company  
OneBeacon Insurance Company  
Pacific Indemnity Company  
Pacific Specialty Ins. Company  
Partners Mutual Ins. Company  
Peerless Indemnity Company  
Peerless Insurance Company  
Penn Millers Insurance Company  
Pennsylvania General Insurance Company  
Pennsylvania Lumbermens Mutual Ins.  
Pennsylvania Manufacturers Assoc. Ins. Co.  
Pennsylvania National Mutual Cas. Ins. Company  
Pharmacists Mutual Insurance Company  
Philadelphia Indemnity Ins. Co.  
Phoenix Insurance Company  
Pioneer State Mutual Insurance Company  
Progressive MI Insurance Company  
Property & Cas. Ins. Co. of Hartford  
QBE Insurance Corporation  
Regent Insurance Company  
Republic Western Insurance Company  
Republic-Franklin Insurance Company  
RLI Insurance Company  
Safeco Ins. Co. of America  
Safeco Ins. Co. of Illinois  
Scottsdale Indemnity Company  
Secura Insurance A Mutual Company  
Secura Supreme Insurance Company  
Selective Insurance Company of SC  
Selective Ins. Co. of the Southeast  
Seneca Insurance Company  
West American Insurance Company  
Westchester Fire Insurance Company  
Westfield Insurance Company  
Westport Insurance Corp.

Sirius America Insurance Company  
Sompo Japan Ins. Co. of America  
Southern Michigan Insurance Company  
St Paul Fire & Marine Ins. Company  
St Paul Guardian Insurance Company  
St Paul Mercury Insurance Company  
St Paul Protective Insurance Company  
Standard Fire Insurance Company  
Star Insurance Company  
Starnet Insurance Company  
State Auto Mutual Insurance Company  
State Auto Prop & Casualty Ins.  
State Farm Fire & Casualty Company  
State Farm Mutual Automobile Ins. Co.  
State National Insurance Company Inc.  
Stonington Insurance Company  
Stratford Insurance Company  
Teachers Insurance Company  
The Insurance Company  
TIG Insurance Company  
Titan Indemnity Company  
Titan Insurance Company  
Tokio Marine & Fire Ins. Co., US BR  
Transcontinental Ins. Company  
Transguard Ins. Co. of America Inc.  
Transportation Insurance Company  
Travelers Indemnity Company  
Travelers Ind. Co. of America  
Travelers Ind. Co. of CT  
Travelers Property Casualty Co of America  
Truck Insurance Exchange  
Trumbull Insurance Company  
Twin City Fire Ins. Company  
United Financial Casualty Company  
United Services Auto Assoc.  
United States F & G Company  
United States Fire Insurance Company  
Unitrin Direct Insurance Company  
Unitrin Direct Property & Casualty Company  
Universal Underwriters Insurance Company  
USAA Cas. Insurance Company  
Utica Mutual Insurance Company  
Valley Forge Insurance Company  
Vanliner Insurance Company  
Vigilant Insurance Company  
Virginia Surety Company  
Wausau Business Insurance Company  
Wausau Underwriters Ins. Company  
Wolverine Mutual Insurance Company  
Yosemite Insurance Company  
Zurich American Insurance Company  
Zurich American Ins. Co. of IL