



Michigan Automobile Insurance Placement Facility

April 24, 2009

MINUTES OF THE THIRTY-EIGHTH ANNUAL MEETING OF THE MICHIGAN  
AUTOMOBILE INSURANCE PLACEMENT FACILITY  
HELD ON APRIL 2, 2009

**MEMBER COMPANIES PRESENT:**

Allstate Insurance Company  
Amerisure Mutual Insurance Co.  
Auto Club Insurance Association  
Auto-Owners Insurance Company  
Citizens Ins. Co. of America  
Hastings Mutual Insurance Company  
State Farm Mutual Auto Insurance Co.

**REPRESENTED BY:**

R. Cardin  
K. Gallinger & D. Graf  
\*L. Lange & P. Scheske  
J. Tagsold  
T. Morante  
J. DeVries  
G. Cooper

**OTHERS PRESENT:**

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

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

*\*Those participating via conference call.*

The thirty-eighth 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-seventh annual meeting was waived.

Reports by the Chairman of the Board of Governors and the General Manager of the Facility are attached.

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 2009/2010 term were announced as follows:

Allstate Insurance Company	6,005,219
Amerisure Mutual Insurance Company	5,961,399
Auto Club Insurance Association	14,550,877
Auto-Owners Insurance Company	6,864,667
Citizens Ins. Co. of America	8,271,747
Hastings Mutual Insurance Co.	2,866,394
State Farm Mutual Auto Ins. Co.	19,980,981
<b>Total</b>	<b>64,501,284</b>

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

Respectfully submitted,

*Terri A. Miller*

Terri A. Miller, CPCU  
General Manager

TAM/cmp

Attachments

MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY  
ANNUAL MEETING – April 2, 2009

Remarks of the Board Chair

Good morning. On behalf of the Board of Governors and staff of the Michigan Automobile Insurance Placement Facility, welcome to the 2009 Annual Meeting. My name is Teri Morante, and it has been my privilege to serve as Board chair for the past year.

Although applications and policies in force continue their downward trend, the Facility staff has remained busy.

The Office of Financial and Insurance Regulation examination, which was underway last year at this time, was completed with no issues needing attention.

Efforts to improve how we conduct business continue, evidenced by the progress in the development of the Commercial Application & Rating System (CARS).

Although tips and recoveries have been down somewhat recently, the HEAT program continues to be a success, recently passing \$50 million in recoveries.

The General Manager of the Facility, Terri Miller, will provide operational details in her report. I would like to take this opportunity to thank the members of the Board and the various committees for all their hard work and support over the past year. Thanks, too, to Sandy Liddle of the Office of Financial and Insurance Regulation, for her input and participation. Last, but certainly not least, I'd like to thank the Facility staff for their dedication and commitment to the success of this organization.

And, as every year, I'd like to give a special thanks to Terri Miller for the strong and effective leadership she provides to this organization. This year, however, represents a milestone in that it is Terri's 10 year anniversary as General Manager. In recognition of this anniversary, on behalf of the Board of Governors, I'd like to present a small token of our appreciation, together with a large measure of thanks.

Teri Morante, Chair  
MAIPF Board of Governors

**MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY  
GENERAL MANAGER'S REPORT  
ANNUAL MEETING – APRIL 2, 2009**

**FACILITY VOLUME AND ACTIVITY - FISCAL YEAR 2008**

	<u>2008</u>	<u>2007</u>	<b>2008 v 2007 % Change</b>
Combined Direct Written Premium (FY)	11,973,144	20,342,318	-41.1%
Combined Direct Earned Premium (FY)	14,907,019	21,650,824	-31.1%
Combined Direct Incurred Losses(FY)	14,222,838	68,965,521	-79.4%
Private Passenger Direct Loss Ratio(FY)	219.97	962.49	
Commercial Direct Loss Ratio(FY)	61.14	88.37	
Premium Charge-Offs (fiscal year)	\$221,055 1.76%	\$83,842 0.41%	329.3%
Combined App Count (calendar year)	4,245	5,544	-23.4%
Policies In Force (calendar year)	2,403	3,064	-21.6%
Combined net results of operations	3,230,043	(732,307)	

	<u>2009</u>	<u>2008</u>	
Servicing Carrier Fee – PP	Non-claims	14.2%	11.4%
	Claims	17.8%	8.6%
Servicing Carrier Fee – Commercial	Non-claims	7.2%	7.0%
	Claims	13.4%	13.6%

	<u>2008</u>	<u>2007</u>	<b>2008 v 2007 % Change</b>
Combined Direct Written Premium (FY)	11,973,144	20,342,318	-41.1%

## **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 economic factors and improved availability in the voluntary market. However, there were several significant projects and issues addressed during the year. Our commercial auto application and rating process was brought on-line and is in beta tests for the Hired & Non-Owned line of business. This will allow producers to prepare a provisional quote and complete an application on the Facility web site for the first time. Additional lines of business will be added in future months. The Office of Financial & Insurance Regulation (OFIR) completed its examination of the Facility, which resulted in no findings. Facility staff researched changes in accounting and investment policies and procedures to reflect changes in portfolio size and operating cash flows.

We have continued to enhance the private passenger electronic application and rating system (EARS) product, including enhancements to the territory look-up feature. The Facility web site continues to improve as we add more information and tools for producers and insurers.

Staffing levels were adjusted in light of reduced application volume, and further cost reduction opportunities were researched and implemented in our employee benefits plans.

The HEAT® Program also had a very successful year in 2008. We awarded \$165,257 in tip rewards, and aided in the recovery of 235 vehicles and other stolen property valued at nearly \$2.7 million. Michigan Senate Majority Leader Mike Bishop was the keynote speaker at the 23<sup>rd</sup> Anniversary Breakfast, and the HEAT tip line continued to operate 24/7 with our partnership with AAA Michigan. 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, 2008 was a year with many significant accomplishments that position us well to continue to operate effectively and efficiently.

Respectfully submitted,

*Terri A. Miller*

Terri A. Miller, CPCU  
General Manager