



**Michigan Automobile Insurance Placement Facility**

P.O. Box 33617, Detroit, Michigan 48232-5617 ■ 17177 N. Laurel Park Drive, Suite 243, Livonia, Michigan 48152-2647  
Phone: (734) 464-1100 Fax: (734) 464-0009 E-Mail: info@maipf.org

May 27, 2005

**MINUTES OF THE THIRTY-FOURTH ANNUAL MEETING OF THE MICHIGAN AUTOMOBILE  
INSURANCE PLACEMENT FACILITY HELD ON MAY 19, 2005**

**MEMBER COMPANIES PRESENT:**

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

**REPRESENTED BY:**

R. Cardin  
R. Nicholas  
T. Olschefski, R. Saranen & P. Scheske  
T. Olschefski, R. Saranen & P. Scheske  
J. Tagsold  
J. DeVries & G. Slingerlend  
J. Tagsold  
T. Mack  
T. Mack

**OTHERS PRESENT:**

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

L. Bostic & C. Locker  
T. Hay, M. Zausmer  
S. Liddle  
T. Miller, D. Barnette, C. Grabowski, N. Hier  
& C. Pirie

The thirty-third 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-third 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 2005/2006 term were announced as follows:

State Farm Mutual Auto Ins. Co.	18,549,169
Auto Club Insurance Association	17,555,319
Citizens Ins. Co. of America	7,659,862
Allstate Insurance Company	7,081,652
Auto-Owners Insurance Company	5,351,196
Hastings Mutual Insurance Co.	669,278
Amerisure Mutual Insurance Company	<u>351,298</u>
	57,217,774

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

Respectfully submitted,

Terri A. Miller, CPCU  
General Manager

TAM/CMP/cmp

Attachments

**Michigan Automobile Insurance Placement Facility  
Board Chairman Report**

**Annual Meeting - May 19, 2005**

On behalf of the MAIPF Board of Governors and the MAIPF staff, welcome to the 2005 Annual Meeting of the MAIPF. My name is Jeff Tagsold and I am the current chairman of the MAIPF Board of Governors.

Application volume continued to decline significantly in 2004 as a result of the healthy voluntary market and MAIPF rate increases. Policies in force numbered 8,233 at the end of the fiscal year, the lowest policy count in many years. The MAIPF staff has decreased to nine people.

Many significant projects were completed by the MAIPF staff in 2004:

- 1) The MAIPF Plan of Operation was reviewed, updated, and presented to the Board for approval. These updates were also approved by the Office of Financial & Insurance Services (OFIS).
- 2) The OFIS financial examination concluded in 2004, with only four action items relating to reporting variances by servicing carriers.
- 3) An automated reporting template for servicing carrier Annual Statements was developed in order to reduce inconsistencies and errors in reports used by the Servicing Carrier Allowance Committee.
- 4) The MAIPF employee retirement savings program was successfully transferred to a new provider, allowing employees a wider choice of investment options and services while reducing employer costs.
- 5) Improvements continue on the Electronic Application and Rating System product (EARS).

The HEAT Program was visible and active in 2004. More than \$96,000 in tip rewards were distributed, and 105 vehicles and other stolen property were recovered.

The MAIPF functions well due to the efforts of many fine people. On behalf of myself and the insurance industry I thank Terri Miller for her strong leadership, the MAIPF staff for their dedication and excellent service, the Board of Governors for their commitment and cooperation, the MAIPF subcommittees which provide so much valuable input, and Sandy Liddle of OFIS for her informed insights.

Respectfully submitted,

Jeff Tagsold  
Auto-Owners Insurance Company  
MAIPF Board Chairman

**MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY  
GENERAL MANAGER'S REPORT  
ANNUAL MEETING – MAY 27, 2004**

**FACILITY VOLUME AND ACTIVITY - FISCAL YEAR 2004**

	2004	2003	% Change	
Combined Direct Written Premium (FY)	\$41,013,651	\$68,252,401	-39.9%	
Combined Direct Earned Premium (FY)	\$45,840,195	\$68,456,759	-33.0%	
Combined Direct Incurred Losses(FY)	\$89,994,551	\$95,193,342	-5.5%	
Private Passenger Direct Loss Ratio(FY)	283.4%	181.47%		
Commercial Direct Loss Ratio(FY)	53.3%	63.41%		
Premium Charge-Offs (calendar year)	373,830 1.08%	41,857,987 7.10%	-84.8%	
Combined App Count (calendar year)	17,307	38,496	-55.0%	
Policies In Force (calendar year)	8,233	16,668	-50.6%	
Combined net results of operations	\$ (3,848,270)	\$ (714,056)		
	<b>2005</b>	<b>2004</b>		
Servicing Carrier Fee – PP	Non-claims	9.2%	10.6%	-13.2%
	Claims	3.7%	3.2%	15.6%
Servicing Carrier Fee – Commercial	Non-claims	6.8%	7.9%	-13.9%
	Claims	13.2%	13.5%	-2.2%

**FISCAL YEAR 2004 – FIRST QUARTER, ENDING 12/31/03**

For the first quarter of the current fiscal year, private passenger direct earned premium was \$4,298,024, a decrease of 54% from the same period in 2003. Due to significant reserve changes, direct incurred losses were (\$3,144,028); with ceded MCCA losses the total net loss ratio was 94.07% and the combined ratio was 112.93% for the quarter.

For the same period, commercial direct earned premium was \$4,250,705, a decrease of 2% from the same period in 2003. Direct incurred losses were \$7,068,806, and with reserve changes and ceded MCCA losses the total net loss ratio was 79.8% and the combined ratio 93.9%.

There were 3,303 private passenger applications submitted – a decrease of 36.8% from the prior year. There were 262 commercial applications, a decrease of 19.4% from the prior year.

**OBSERVATION**

- The loss ratio for physical damage coverages decreased in fiscal year 2004 to 0.655 from 0.887 in fiscal year 2003. The loss ratio has decreased to .619 in the first quarter of fiscal year 2005.
- Premium charge-offs were 1.21% of premium for the first quarter, under our target of 2% or less.

## 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 rate increases and improvement in availability in the voluntary market. As a result, Facility staff has now decreased to nine. However, we completed several significant projects. The MAIPF Plan of Operation was reviewed, updated and presented to the Board and member companies for approval in 2004, and was subsequently approved by the Office of Financial & Insurance Services (OFIS). In addition, our examination by OFIS was concluded successfully with only four action items, all of which dealt with reporting variances by servicing carriers. An automated reporting template for Servicing Carrier Annual Statements was developed, which will streamline the reporting process and reduce inconsistencies and errors in reports used by the Servicing Carrier Allowance Committee. We also transferred the employee retirement savings program to a new provider, giving employees a wider choice of investment options and services and reducing employer costs.

We continue to utilize the Internet to our full advantage. We have continued to improve and enhance the Electronic Application and Rating System (EARS) product, which allows producers to complete and rate private passenger applications on-line. Nearly 10% of applications are now submitted using this tool. Our web site continues to improve as we add more information and tools for producers and insurers. Our internal systems environment was transitioned to Windows XP, and we are expanding our database tools for more efficient data storage and report preparation.

Facility staff continues to work with producers on app completion and submission procedures using the Producer Performance Program. We conducted training classes and hearings for producers in 2004 and have worked with OFIS to report serious violators.

The HEAT® Program also had a very successful year in 2004. We awarded \$96,545 in tip rewards, and aided in the recovery of 105 vehicles and other stolen property valued at over \$1.7 million. We collaborated with the Automobile Theft Prevention Authority on several successful VIN etching projects and introduced our new interactive exhibit at many locations throughout the state. Oakland County Sheriff Michael Bouchard was the keynote speaker at the 19<sup>th</sup> Anniversary Breakfast, and the program 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, 2004 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 - 2003

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 & Foreign Insurance Company  
American Alternative Insurance Corp.  
American Bankers Ins. Co. of FL  
American Casualty Co. of Reading PA  
American Country Insurance Company  
American Economy Insurance Company  
American Employers 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 Protection Insurance Company  
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  
Farmland Mutual Ins. Company  
Federal Insurance Company  
Atlantic Insurance Company  
Atlantic Mutual 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  
Connecticut Indemnity Company  
Consolidated Insurance Company  
Constitution Insurance Company  
Continental Casualty Company  
Coregis Insurance 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 Mutual Insurance Company  
Emcasco Insurance Company  
Empire Fire & Marine Ins. Company  
Employers Fire Insurance Company  
Employers Ins. of Wausau a Mut. Company  
Employers Mutual Casualty Company  
Esurance Insurance Company  
Everest National Insurance Company  
Fairmont Insurance Company  
Farm Bureau General Ins. Co. of MI  
Farm Bureau Mutual Ins. Co. of Michigan  
Farmers Insurance Exchange  
Hastings Mutual Insurance Company  
Home Owners Insurance Company

## MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY

### PARTICIPATING MEMBER COMPANIES - 2003

Federated Mutual Insurance Company	Horace Mann Insurance Company
Federated Rural Electric Insurance Corp.	Hudson Insurance Company
Federated Service Insurance Company	Illinois National Insurance Co.
Fidelity & Deposit Co. of Maryland	Indemnity Ins. Co. of North America
Fidelity & Guaranty Ins. Company	Indiana Insurance Company
Fidelity & Guaranty Ins. Undwrs. Inc.	Indiana Lumbermens Mutual Ins. Co.
Fire & Casualty Ins. Co. of Connecticut	Insurance Company of North America
Fireman's Fund Insurance Company	Insurance Company of the State of PA
First Liberty Insurance Corporation	Insurance Corporation of Hanover
First National Ins. Co. of America	Insurance Corp. of NY
First NonProfit Insurance Company	Integon National Insurance Company
Florists' Mutual Insurance Company	Interstate Fire & Casualty Company
Foremost Insurance Company	Intrepid Insurance Company
Founders Insurance Company of Michigan	Lancer Insurance Company
Frankenmuth Mutual Insurance Company	Liberty Insurance Corp.
Fremont Mutual Insurance Company	Liberty Mutual Fire Insurance Company
GEICO Indemnity Company	Liberty Mutual Insurance Company
General Casualty Co. of Wisconsin	Lincoln General Insurance Company
General Insurance Company of America	LM General Insurance Company
Genesis Insurance Company	LM Property & Casualty Ins. Company
Glens Falls Insurance Company	Lumbermens Mutual Casualty Company
Globe Indemnity Company	Lumbermens Underwriting Alliance
GMAC Insurance Company Online Inc	Lyndon Property Insurance Company
Grange Insurance Company of Michigan	Markel American Insurance Company
Granite State Insurance Company	Markel Insurance Company
Great American Assurance Company	Maryland Casualty Company
Great American Insurance Company	Massachusetts Bay Insurance Company
Great American Insurance Company of NY	MEEMIC Insurance Company
Great Lakes Casualty Ins. Company	Memberselect Insurance Company
Great Midwest Insurance Company	Merastar Insurance Company
Great Northern Insurance Company	Merchants Mutual Insurance Company
Great West Casualty Company	Meritplan Insurance Company
Greenwich Insurance Company	Metropolitan DRT Prop & Cas Ins. Company
Guaranty National Insurance Company	Metropolitan General Insurance Company
Guideone Mutual Insurance Company	Metropolitan Group Prop & Casualty
Gulf Insurance Company	Metropolitan Prop & Cas. Ins. Co.
Hamilton Mutual Ins. Co of Cincinnati	MIC General Insurance Company
Hanover Insurance Company	MIC Property & Cas. Ins. Corp.
Harco National Insurance Company	Michigan Insurance Company
Harleysville Insurance Company	Michigan Millers Mutual Insurance Co.
Harleysville Lake States Ins. Company	Mid-Century Insurance Company
Hartford Accident & Indemnity Company	Mitsui Sumitomo Ins. Company of America
Hartford Casualty Ins. Company	Mitsui Sumitomo Insurance USA Inc
Hartford Fire Insurance Company	Modern Service Insurance Company
Hartford Ins. Co. of the Midwest	Monroe Guaranty Insurance Company
Hartford Underwriters Ins. Co.	Motors Insurance Corporation
Mutual Service Casualty Insurance Co.	Quanta Indemnity Company
National American Insurance Company	Ranger Insurance Company
Narional Ben-Franklin Ins. Co. of Illinois	Regent Insurance Company
National Casualty Company	Republic Western Insurance Company

## MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY

### PARTICIPATING MEMBER COMPANIES - 2003

National Farmers Union P & C	Republic-Franklin Insurance Company
National Fire Ins. Co. of Hartford	RLI Insurance Company
National General Insurance Company	Royal Indemnity Company
National Indemnity Company	Royal Insurance Company of America
National Interstate Ins. Company	Safeco Ins. Co. of America
National Liability & Fire Ins. Company	Safeco Ins. Co. of Illinois
National Union Fire Ins. Co. Pitts.	Safeguard Insurance Company
Nationwide Agribusiness Ins. Company	Scottsdale Indemnity Company
Nationwide Mutual Fire Ins. Company	Secura Insurance A Mutual Company
Nationwide Mutual Insurance Company	Secura Supreme Insurance Company
Nationwide Prop. & Casualty Ins. Co.	Security Ins. Company of Hartford
Netherlands Insurance Company	Selective Insurance Company of SC
New Hampshire Insurance Company	Selective Ins. Co. of the Southeast
NipponKOA Ins. Co. Ltd. US Branch	Seneca Insurance Company
North American Elite Insurance Company	Sentry Insurance a Mutual Company
North American Specialty Ins. Co.	Sentry Select Insurance Company
North Pointe Insurance Company	Sirius America Insurance Company
North River Insurance Company	Sompo Japan Ins. Co. of America
Northern Ins. Co. of New York	Southern Michigan Insurance Company
Northern Mutual Insurance Company	Specialty National Ins. Company
Northland Casualty Company	St Paul Fire & Marine Ins. Company
Northland Insurance Company	St Paul Guardian Insurance Company
Ohio Casualty Insurance Company	St Paul Mercury Insurance Company
Ohio Farmers Insurance Company	St Paul Protective Insurance Company
Old Republic Insurance Company	Standard Fire Insurance Company
OneBeacon America Ins. Company	Star Insurance Company
OneBeacon Insurance Company	State Auto Mutual Insurance Company
Pacific Employers Insurance Company	State Auto Prop & Casualty Ins.
Pacific Indemnity Company	State Farm Fire & Casualty Company
Pacific Specialty Ins. Company	State Farm Mutual Automobile Ins. Co.
Partners Mutual Ins. Company	State National Insurance Company Inc.
Peerless Insurance Company	Stonington Insurance Company
Penn Millers Insurance Company	Stratford Insurance Company
Pennsylvania Lumbermens Mutual Ins.	Teachers Insurance Company
Pennsylvania Manufacturers Assoc. Ins. Co.	The Insurance Company
Pharmacists Mutual Insurance Company	TIG Insurance Company
Philadelphia Indemnity Ins. Co.	Titan Indemnity Company
Phoenix Insurance Company	Titan Insurance Company
Pioneer State Mutual Insurance Company	Tokio Marine & Fire Ins. Co., US BR
Progressive MI Insurance Company	Transcontinental Ins. Company
Progressive Specialty Insurance Company	Transguard Ins. Co. of America Inc.
Property & Cas. Ins. Co. of Hartford	Transportation Insurance Company
Protective Insurance Company	Travelers Indemnity Company
QBE Insurance Corporation	Travelers Ind. Co. of America
Travelers Ind. Co. of CT	United Financial Casualty Company
Travelers Property Casualty Co of America	United Services Auto Assoc.
Truck Insurance Exchange	United States F & G Company
Trumbull Insurance Company	United States Fire Insurance Company
Twin City Fire Ins. Company	Unitrin Direct Insurance Company
Ullico Casualty Company	Unitrin Direct Property & Casualty Company

## MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY

### PARTICIPATING MEMBER COMPANIES - 2003

Universal Underwriters Insurance Company	Wausau Underwriters Ins. Company
USAA Cas. Insurance Company	West American Insurance Company
Utica Mutual Insurance Company	Westchester Fire Insurance Company
Valley Forge Insurance Company	Westfield Insurance Company
Vanliner Insurance Company	Westport Insurance Corp.
Vigilant Insurance Company	Wolverine Mutual Insurance Company
Virginia Surety Company	Yosemite Insurance Company
Warner Insurance Company	Zurich American Insurance Company
Wausau Business Insurance Company	Zurich American Ins. Co. of IL