



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

December 1, 2005

BULLETIN NO. 158 TO ALL MEMBER COMPANIES

Re: MAIPF Plan of Operation Amendment

The Michigan Automobile Insurance Placement Facility is in the process of amending its Plan of Operation to address unreported base data by member companies. The proposed change is as follows:

- **Section 11 Participation Ratios—Assessment—Recoupment:** This amendment introduces new language as paragraph F; current paragraphs F through J have been re-designated as G through K respectively. New procedures are outlined, which allows AIPSO to estimate data for companies (usually very small writers) that repeatedly ignore AIPSO's request for data to determine participation ratios.

The MAIPF Board of Governors and the Office of Financial and Insurance Services have already approved this amendment; however, all revisions to the Plan of Operation must be ratified by a majority vote of the membership. Therefore, we are requesting that you, as a member company, cast your ballot regarding the proposed amendment outlined above. A copy of the proposed language is enclosed for your review, along with an Explanatory Memorandum.

Companies may cast their weighted vote on line at <http://www.maipf.org/Bulletins/ballot158.asp> or you may return your ballot to my attention by mail or fax (retrieve vote weights from this same link). Ballots must be received by December 30, 2005. If your ballot is not received by that date, it will be assumed that your company voted in the affirmative.

Sincerely,

Terri A. Miller, CPCU
General Manager

MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY
(Underlined matter; new)

PLAN OF OPERATION

Sec 11. PARTICIPATION RATIOS—ASSESSMENT—RECOUPMENT

New Section 11.F is introduced.

Current Section 11 paragraphs F through J have been re-designated as G through K respectively.

- F. Effective with 2004 base data, for companies that do not report data necessary to comply with the foregoing distribution procedures, AIPSO shall increase the premiums reported by the company on its annual statement to the NAIC, by 25% for assessment purposes. In addition, a charge will be made for reporting services. If the assessment results in a distribution of Facility funds to the company, the distribution shall not be made. Data corrections made after November 15th, will not be accepted.

<p style="text-align: center;">EXPLANATORY MEMORANDUM UNREPORTED BASE DATA</p>

Defining the Issue

Each December, AIPSO begins its annual base data project of pursuing companies that report automobile premium on their annual report but do not report data to their statistical agent or AIPSO for participation in the Facility. While most companies report the data, non-responders avoid participating in the Facility results.

Proposal

Currently, the time line for member companies to report data is as follows:

- (1) Data for a calendar year is due to the statistical agent of choice or to AIPSO (if the carrier chooses not to utilize a statistical agent) by June 30 of the following year.
- (2) After June 30, AIPSO reviews data reported directly for accuracy. Companies are consulted if the numbers appear to need correction or validation.
- (3) On November 15, AIPSO's database is updated with data from statistical agents and any data reported directly. Non-reporting companies are identified at this time.
- (4) Companies who do not report are contacted repeatedly (using certified mail after the second attempt) after November 15 and are now given until the following June 30 (one year after the original due date) to report. Each year, there are carriers who do not respond to these requests.

Effective with 2004 base data (which will be used to develop the fiscal year 2006 assessment/distribution), the proposed amendment will permit AIPSO to use the non-responding company's annual statement premium data (as reported to the NAIC), increased by 25%. The increase of actual data is recommended because if only the actual NAIC data were used, there would not be an incentive for the company to report the data to a statistical agent or AIPSO. Increasing the NAIC data would be an incentive to the company because the company's assessment would be greater than if its actual data were used.

The result will be used for participation and assessment purposes. In addition, a minimum charge will be made for utilizing AIPSO to provide reporting services. If the basis of the participation would result in a cash distribution to the non-responding company, no distribution will be made. Unsettled assessments will be handled in the current manner as provided in Chapter 16 of the Accounting & Statistical Requirements Manual for overdue payments of assessments. This filing also extends the time period for providing and/or correcting data from June 30 to November 15th.

Impact

The amendment will impact companies that do not report voluntary premium data to a statistical agent or AIPSO.