



Michigan Automobile Insurance Placement Facility

April 6, 2010

MINUTES OF THE THIRTY-NINTH ANNUAL MEETING OF THE MICHIGAN
AUTOMOBILE INSURANCE PLACEMENT FACILITY
HELD ON MARCH 22, 2010

MEMBER COMPANIES PRESENT:

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

**Indicates not in attendance.*

REPRESENTED BY:

R. Cardin
K. Gallinger
L. Lange, D. Saranen & P. Scheske
J. Tagsold, J. Williams
T. Morante
J. DeVries
*G. Cooper

OTHERS PRESENT:

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

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

The thirty-ninth 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 2010/2011 term were announced as follows:

Allstate Insurance Company	7,039,317
Amerisure Mutual Insurance Company	3,244,319
Auto Club Insurance Association	14,301,018
Auto-Owners Insurance Company	6,929,595
Citizens Ins. Co. of America	7,132,809
Hastings Mutual Insurance Co.	4,678,087
State Farm Mutual Auto Ins. Co.	24,122,444
Total	67,447,589

There being no additional business to address, the thirty-ninth 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
ANNUAL MEETING
March 22, 2010

Good morning. On behalf of the Board of Governors and staff of the Michigan Automobile Insurance Placement Facility, welcome to the 2010 Annual Meeting. My name is Teri Morante, and it has been my privilege to serve as Board chair for the past two years.

The Facility policies-in-force count continues to decline. While we started 2009 with just over 1,000 policies, we ended the year with just over 600 – a 40% reduction. This reduction in PIF count, and its related reduction in premium income, raised significant concerns about the ability of the MAIPF to meet its daily cash flow needs. The Facility staff, together with the Finance and Investment Committees, put in a great deal of work in developing a multi-faceted action plan to make sure that cash was available when needed.

On the operations side, activities to improve the ease of doing business for both servicing carriers and producers continued. The MAIPF application received several significant changes, not the least of which was the removal of carbon paper. The Quick Quote product was unveiled, which allows producers who do not want to go through the entire EARS rating process to get an estimated premium.

The first servicing carrier Webinar was conducted in September by AIPSO and the Facility staff, with 17 servicing carrier representatives in attendance. Feedback was so positive it will likely be repeated this year.

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. I'd like to thank Donna Barnette, Christine Grabowski, Nina Hier, Cindy Pirie, and all the Facility staff for their dedication and commitment to the success of this organization. Thanks, too, to Sandy Liddle of the Office of Financial and Insurance Regulation, for her input and participation.

And special thanks goes to Terri Miller, who continues to provide exemplary leadership in handling the issues that continue to arise in this challenging marketplace.

Teri Morante, Chair
Board of Governors

**MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY
GENERAL MANAGER'S REPORT
ANNUAL MEETING – March 22, 2010**

FACILITY VOLUME AND ACTIVITY - FISCAL YEAR 2009

	<u>2009</u>	<u>2008</u>	2009 v 2008
			<u>% Change</u>
Combined Direct Written Premium (FY)	9,227,092	11,973,144	-22.9%
Combined Direct Earned Premium (FY)	10,310,418	14,907,019	-30.8%
Combined Direct Incurred Losses(FY)	13,331,772	14,222,838	-6.3%
Private Passenger Direct Loss Ratio(FY)	172.60	219.97	
Commercial Direct Loss Ratio(FY)	132.46	61.14	
Premium Charge-Offs (fiscal year)	90,240	221,055	
	0.98%	1.76%	
Combined App Count (calendar year)	2,593	4,245	-38.9%
Policies In Force (calendar year)	1,702	2,403	-29.2%
Combined net results of operations	(4,191,009)	3,230,043	
	<u>2010</u>	<u>2009</u>	
Servicing Carrier Fee – PP			
Non-claims	18.809%	14.2%	
Claims	29.090%	17.8%	
Servicing Carrier Fee – Commercial			
Non-claims	8.892%	7.2%	
Claims	15.448%	13.4%	

**MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY
GENERAL MANAGER'S REPORT
ANNUAL MEETING – March 22, 2010**

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 our statutory rating methodology, economic factors and improved availability in the voluntary market. However, there were several significant projects and issues addressed during the year.

We have continued to enhance our on-line commercial auto application and rating process for the Hired & Non-Owned line of business and are in final testing to expand the system to all commercial vehicles. We also introduced a "Quick Quote" feature for private passenger auto to allow producers to get a premium estimate without completing an entire application. Facility staff worked with AIPSO and various Facility committees to research and implement 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 simplifying the producer log-in process. The Facility web site continues to improve as we add more information and tools for producers and insurers.

Further cost reduction opportunities were researched and implemented in our employee benefits plans, and staff continues to pursue education and training on potential changes in health care and other employment law statutes.

The HEAT® Program also had a very successful year in 2009. We awarded \$89,940 in tip rewards, and aided in the recovery of 102 vehicles and other stolen property valued at nearly \$1.2 million. Oakland County Executive L. Brooks Patterson was the keynote speaker at the 24th 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 OFIR 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, 2009 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