



March 27, 2013
 Minutes of the 42nd Annual Meeting of the
MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY
 Held on March 21, 2013

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.

REPRESENTED BY:

R. Cardin
 K. Gallinger
 L. Maar, D. Saranen & P. Scheske
 M. Brockrath
 D. Warner
 J. DeVries
 G. Cooper

OTHERS PRESENT:

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

L. Bostic & C. Locker
 S. Liddle & L. Quinn
 M. Hilton*
 T. Miller, C. Grabowski, N. Hier, T. Nacy,
 H. LaJoice & D. Barnette
 J. Ruth
 S. Rock

Anselmi & Mierzejewski, P.C.
 Farm Bureau Insurance

* *Indicates Participation via Teleconference*

The 42nd 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 41st annual meeting was waived.

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

The Chairman asked for any additional nominations for the Board's upcoming term. Farm Bureau was entered for nomination. The nomination was seconded. As no additional nominations were made, **a motion was made, seconded, and carried** that the nominations be closed. Farm Bureau submitted their votes for themselves totaling 4,424,893. Ballots were tabulated, and the results of the election for the seven company positions on the Board of Governors for the 2013/2014 term were announced as follows:

Company Name	# of Votes
State Farm Mutual Auto Ins. Co.	27,823,923
Auto-Owners Insurance Company	8,735,658
Auto Club Insurance Association	8,068,741
Citizens Ins. Co. of America	7,492,653
Allstate Insurance Company	6,071,567
Amerisure Mutual Insurance Company	5,938,257
Hastings Mutual Insurance Co.	5,008,121
Total Votes *	73,563,813

* *Includes votes for Farm Bureau*

Farm Bureau requested that they be considered by the nominating committee for the 2014/2015 election.

There being no additional business to address, the 42nd annual meeting of the Michigan Automobile Insurance Placement Facility was adjourned.

Respectfully submitted,

Terri A. Miller

Terri A. Miller, CPCU
 General Manager

MICHIGAN AUTO INSURANCE PLACEMENT FACILITY
CHAIRMAN'S REPORT – ANNUAL MEETING
March 21, 2013

On behalf of the Board of Governors and the staff at the Michigan Automobile Insurance Placement Facility I am submitting this report for the 2013 Annual Meeting. My name is Rocky Cardin and I have served as Chairman for the past year.

Based on year-end reports for 2012, the Facility saw increases in both premium and policies-in-force volumes. The facility ended 2012 with \$6.46 Million in Combined Direct Written Premium for an increase of 6.9% year-over-year while Policies-in-Force ended at 3,619 for an increase of 2,299 from year-end 2011. All of the increase in Policies-in-Force occurred during the last quarter of the year; more to be addressed below.

In October 2012 the facility revised its rates based on requested changes from the OFIR Commissioner. At nearly the same time a major non-standard writer pulled out of Michigan. These changes resulted in an increased volume of application activity in Q4 driving the Policies-in-Force increase seen in 2012. The Facility staff did an exemplary job in handling this increased volume.

Additionally the Facility took over the guidance of the Assigned Claim Plan operation. With the guidance of General Manager Terri Miller and a new team dedicated to this cause, the transition of the operation went smoothly and efficiently. Since assumption a number of opportunity areas have been identified to improve both the handling and the costs of the operation.

More details on these and other matters will be provided in the General Manager's report. I would like to take this time to thank the members of the Board and the various committees for their dedication and leadership. I would also like to thank the entire Facility staff for their expertise and dedication during a year that saw a number of changes and transitions.

Respectfully submitted,

A handwritten signature in black ink that reads "Rocky Cardin" followed by a horizontal line extending to the right.

Rocky Cardin, Chairman
Board of Governors

**MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY
EXECUTIVE DIRECTOR'S REPORT
ANNUAL MEETING – March 21, 2013**

FACILITY VOLUME AND ACTIVITY - FISCAL YEAR 2012	2012	2011	2012 v 2011 % Change
Combined Direct Written Premium (FY)	\$6,463,155	\$6,046,275	6.9%
Combined Direct Earned Premium (FY)	\$6,147,436	\$6,311,880	-2.6%
Combined Direct Incurred Losses (FY)	\$101,418,371	\$85,086,359	19.2%
Private Passenger Direct Loss Ratio (FY)	8,644.43%	6,793.91%	
Commercial Direct Loss Ratio (FY)	-15.79%	50.63%	
Premium Charge-Offs (FY)	\$18,015	\$20,533	
Ratio to Written Premiums	0.28%	0.34%	
Combined App Count (CY)	6,362	1,307	386.8%
Policies in Force (CY)	3,619	1,320	174.2%
Combined Net Results of Operations (FY)	(\$1,516,174)	(\$2,984,633)	

Servicing Carrier Fees

PRIVATE PASSENGER

CYR	NonClaims- Liability	NonClaims- PhysDam	Claims- Liability	Claims- PhysDam
2012	14.20 %	14.30 %	13.50 %	10.00 %
2011	15.54 %	15.54 %	20.09 %	18.96 %

COMMERCIAL

CYR	NonClaims- Liability	NonClaims- PhysDam	Claims- Liability	Claims- PhysDam
2012	15.20 %	16.30 %	12.40 %	8.30 %
2011	10.03 %	10.13 %	13.72 %	12.35 %

FACILITY OPERATIONS

The MAIPF saw a great deal of change in 2012.

OFIR Commissioner Clinton requested that we explore the use of insurance scoring in our rating methodology. Rates were revised effective October 1, 2012 to reflect a neutral insurance score, which was the weighted average of the median insurance score from each of the top five insurers. This change, as well as the exit of a major non-standard insurer from Michigan, caused Private Passenger application volume to increase dramatically in the fourth quarter. Commercial volume remained stable in 2012.

Legislation was enacted in June, 2012 that moved responsibility for the Assigned Claims Facility from the Michigan Department of State to the MAIPF. We went through a brief but intense transition period and began accepting new claims on December 17, 2012. We have already identified a number of operational efficiencies and claims process improvements that should result in significant cost savings to Michigan auto insurers, which will be reflected in the 2013 expense assessment (billed in 2014). In addition, we worked with the Legislature to insert anti-fraud language into the statute which will help MAIPF and servicing insurers combat fraudulent applications for Assigned Claims benefits.

We have continued to address employee benefit costs by making changes to our post-retirement benefits, which will have a large impact on long-term costs to member companies while still providing competitive benefits to employees.

The HEAT® Program also had a very successful year in 2012. We awarded \$107,555 in tip rewards, and aided in the recovery of 84 vehicles and other stolen property valued at over \$1.1 million. Assistant US Attorney Barbara McQuade was the keynote speaker at the 27th 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, including our continued successful television partnership with Detroit's FOX-2.

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, Tina Nacy, Holli LaJoice and Nina Hier deserve recognition for their hard work and dedication as we continue to improve Facility operations.

In conclusion, 2012 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
Executive Director