



Minutes of the 45th Annual Meeting of the
MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY
Held on Thursday, March 10, 2016

MEMBERS PRESENT:

Allstate Insurance Company
 Amerisure Mutual Insurance Company
 Auto Club Insurance Association
 Auto-Owners Insurance Company
 Farm Bureau Mutual Insurance Company
 Citizens Insurance Company of America
 State Farm Mutual Auto Insurance Company
 Producer Representatives
 Public Representative

REPRESENTED BY:

R. Cardin, L. Williams
 K. Gallinger
 L. Maar, P. Scheske
 M. Bockrath
 D. Simon
 D. Warner
 G. Cooper
 L. Bostic & C. Locker
 S. Liddle

OTHERS PRESENT:

Department of Insurance and Financial Services
 Michigan Auto Ins. Placement Facility
 Anselmi & Mierzejewski, P.C.

M. Hilton
 T. Miller, N. Hier, H. LaJoice, D. Barnette K. Spaude & T. Nacy
 J. Ruth

The 45th 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 45th annual meeting was waived.

Reports by the **Chairman of the Board of Governors** and the **Executive Director** of the Facility are attached.

The Chairman asked for any additional nominations for the Board's upcoming term. As no additional nominations were made, 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 2016/2018 term were announced as follows:

Company Name	# of Votes
State Farm Mutual Auto Ins. Co.	23,052,730
Auto Club Insurance Association	15,249,193
Auto-Owners Insurance Company	12,990,110
Allstate Insurance Company	10,260,015
Farm Bureau Mutual Insurance Company	8,381,775
Amerisure Mutual Insurance Company	7,799,953
Citizens Insurance Company of America	5,733,171

The results of the election for changes to the Michigan Automobile Insurance Placement Facility Plan of Operation were announced and the proposed plan changes were approved.

There being no additional business to address, the 45th annual meeting of the Michigan Automobile Insurance Placement Facility was adjourned.

Respectfully submitted,

Terri A. Miller

Terri A. Miller, CPCU
 Executive Director

MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY

CHAIRMAN'S REPORT – ANNUAL MEETING

March 10, 2016

As Board Chairman this past year, it is my privilege to submit this report for the 2016 Annual Meeting on behalf of the Board of Governors, and the staffs of the Michigan Automobile Placement Facility (MAIPF) and Michigan Assigned Claims Plan (MACP) .

Based on fiscal year-end reports, the MAIPF saw another decrease in total applications received, from 20,155 in the prior year to 12,862 in the most recent year. This decrease is attributable to ongoing changes in the primary market, together with changes made in the MAIPF private passenger automobile rating plan which are designed to better mirror the average rates of the top five carriers in the primary market. Commercial application count remained strong, increasing by more than 8% over the prior year. Despite the decrease in applications received, the number of policies in force increased 12.9% to 5,780.

The Michigan Assigned Claims Plan, guided by MAIPF leadership, continues to improve and increase efficiency in the day to day activities, making sure benefits are paid only to eligible recipients. These improvements are reflected in another relatively small increase (4.8%) in the assessment paid by carriers to pay for these benefits. In comparison, the average increase in the MACP assessment over the past 10 years has exceeded 12%.

The HEAT Program had another successful year in 2015, which marked the 30th anniversary of the program. HEAT awarded \$90,255 in tip rewards and aided in the recovery of 85 vehicles and other stolen property, valued at \$1,746,540. The HEAT Program continues to be featured in multiple media outlets.

The General Manager's report will provide more detail on these and other matters. I would like to express my thanks and appreciation to the members of the Board of Governors and the various committees for their dedicated service and leadership. I would also like to thank the staff of the MAIPF and the MACP for their commitment and hard work in serving agencies, policyholders, claimants, and the State of Michigan.

Respectfully submitted,



Jeff Tagsold, Chairman – Board of Governors

MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY
Summary of Operations

	2014	2015	% Change
Applications Received	20,155	12,862	-36.18%
Policies in Force	5,118	5,780	12.93%
Combined Direct Written Premium	\$ 35,065,447	\$ 34,634,832	-1.23%
Combined Direct Earned Premium	\$ 32,055,212	\$ 32,274,428	0.68%
Combined Direct Incurred Losses	\$ 185,242,371	\$ 96,251,712	-48.04%
Combined Direct Ratio	577.89%	298.23%	-48.39%
Combined Net Earned Premium	\$ 29,703,757	30,340,788	2.14%
Combined Net Incurred Losses	\$ 28,452,546	26,402,932	-7.20%
Combined Net Ratio	137.52%	127.78%	-7.08%
Private Passenger Direct Incurred Loss Ratio	888.55%	586.58%	-33.98%
Private Passenger Net Incurred Loss Ratio	89.83%	108.70%	21.01%
Commercial Direct Incurred Loss Ratio	104.81%	72.65%	-30.69%
Commercial Net Incurred Loss Ratio	104.07%	71.52%	-31.28%
Combined Net Result of Operations	\$ (16,471,856)	\$ (11,585,055)	29.67%

Servicing Carrier Fees

	<i>Non Claim</i>		<i>Claim</i>	
	Liability	Physical Damage	Liability	Physical Damage
Private Passenger - 2015	14.7%	14.3%	13.7%	10.0%
Private Passenger - 2014	14.7%	14.6%	13.6%	9.8%
Commercial - 2015	15.5%	17.3%	12.4%	10.2%
Commercial - 2014	16.0%	18.4%	12.3%	9.6%

OPERATIONS REPORT

For a second year, the volume of private passenger applications declined. Applications in 2015 were down 25% from 2014 levels; however, that still equated to over 12,300 total applications. Commercial application volume remained strong, increasing by over 8%. We attribute the reduced volume in private passenger to market factors, as well as our efforts to further refine our rate development process to more closely reflect average rates of the top five carriers. We continue to receive a large percentage of our private passenger applications from producers associated with captive insurers. We were able to reduce staffing for MAIPF operations as a result of the decrease in application volume.

In 2015 we also worked closely with our commercial servicing carrier to refine our manual rules and rating factors, with special attention to risk types that represent a large percentage of our applicants such as long-haul trucking.

The Michigan Assigned Claims Plan (MACP) continued its progress toward goals to increase efficiency and ensure that benefits are paid only to eligible recipients. The MACP assessment for 2014 was only 4.8% higher than the previous year. This compares very favorably to an average increase for each of the previous ten years of over 12% when the Plan was managed by the Michigan Secretary of State. Detailed reviews of servicing insurer claim files continue, as do meetings to discuss best practices in claims administration. The report on MACP operations was submitted to the Department of Insurance and Financial Services (DIFS) Director as required by statute and is available to member companies upon request.

The HEAT® Program also had a very successful year in 2015, which was also the 30th anniversary of the program. We awarded \$90,255 in tip rewards, and aided in the recovery of 85 vehicles and other stolen property valued at over \$1,746,540. We also reached a milestone of \$60 million in total recoveries of vehicles and other stolen property since the program was founded in 1985. Matt Cullen, president and chief executive officer of Detroit's Rock Ventures, was the keynote speaker at the 30th Anniversary Breakfast, which focused on a theme of Building a Better Community. The HEAT tip line continued to operate 24/7 thanks to our partnership with AAA Michigan. Social media was employed to reach out to citizens and to print, radio and television media to encourage them to include our tip line information in auto theft-related stories. HEAT was featured in a number of media outlets, including Detroit television stations WXYZ-7 and FOX-2, WWJ radio and *The Detroit News/Detroit Free Press*.

I would like to thank the Board of Governors, the committees and the DIFS representatives 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 Donna Barnette, Karyn Spaude, Tina Nacy, Holli LaJoice and Nina Hier deserve recognition for their hard work and dedication as we continue to improve Facility operations.

In conclusion, 2015 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