



Michigan Automobile Insurance Placement Facility

March 29, 2012

MINUTES OF THE FORTY FIRST ANNUAL MEETING OF THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY HELD ON MARCH 26, 2012

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
T. Olschefski, D. Saranen & P. Scheske
J. Tagsold *
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
R. Parlor & T. Morante
T. Miller, C. Grabowski, N. Hier, T. Nancy & D. Barnette

* Indicates Not Present

The forty first 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 fortieth 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. 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 2012/2013 term were announced as follows:

State Farm Mutual Auto Ins. Co.	19,919,131
Auto-Owners Insurance Company	16,635,328
Auto Club Insurance Association	14,937,633
Hastings Mutual Insurance Co.	11,106,935
Amerisure Mutual Insurance Company	7,949,195
Allstate Insurance Company	6,856,612
Citizens Ins. Co. of America	2,789,058
Total	80,193,892

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

Respectfully submitted,

Terri A. Miller

Terri A. Miller, CPCU
General Manager

MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY
CHAIRMAN'S REPORT ANNUAL MEETING – March 26, 2012

This report is to be delivered at the 2012 Annual Meeting of the Michigan Automobile Insurance Placement Facility. On behalf of Amerisure Mutual Insurance Company, I am submitting this report as Chairman of the MAIPF Board of Governors.

Based on numbers from 2011, Facility policies-in-force continued to decline by approximately 10% from 1,476 to 1,320 year-over-year. The combined app count from calendar '10 to calendar '11 went down by over 36% from 2,032 to 1,307. The Board has continued to discuss the Facility's shrinkage and the impact of its statutory base rate formula on Facility application counts and the number of policies-in-force, and the Commissioner has put forth a proposal to change the method for determining base rates in order to address this shrinkage.

Since the Commissioner's proposal does not require any changes to the applicable statute, and since we have received a positive preliminary review from counsel, it will be my suggestion that we continue to explore the possibility of implementing the Commissioner's proposal.

Over the course of the instant legislative session, the House of Representatives has overwhelmingly passed a bill to reassign the Assigned Claims Facility (ACF) from the Secretary of State to the MAIPF due to the operational similarities and the desire to identify and implement operational efficiencies for the ACF. The MAIPF will continue to provide technical input as this bill progresses.

As a means of bringing additional economy to the Facility's operations, we engaged in preliminary discussions with Facility members and Michigan Basic members in an effort to identify operational synergies. For reasons that were unclear to me, those efforts were abandoned by Michigan Basic. Given the similarity in operations and membership I recommend that we continue to monitor for new opportunities to work together with Michigan Basic to achieve economies.

Other operational details for the Facility during FY '11 will be reflected in the General Manager's report.

Respectfully Submitted,

Kurt D. Gallinger, Chairman
Board of Governors

**MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY
GENERAL MANAGER'S REPORT
ANNUAL MEETING – March 26, 2012**

FACILITY VOLUME AND ACTIVITY - FISCAL YEAR 2010

	2011	2010	2011 v 2010 % Change
Combined Direct Written Premium (FY)	6,046,275	7,108,881	-14.9%
Combined Direct Earned Premium (FY)	6,311,880	7,849,552	-19.6%
Combined Direct Incurred Losses (FY)	85,086,359	54,293,968	56.7%
Private Passenger Direct Loss Ratio (FY)	6,793.91%	2,626.33%	
Commercial Direct Loss Ratio (FY)	50.63%	71.37%	
Premium Charge-Offs (FY)	20,533	71,317	
Ratio to Written Premiums	0.34%	1.00%	
Combined App Count (CY)	1,307	2,032	-35.7%
Policies in Force (CY)	1,320	1,476	-10.6%
Combined Net Results of Operations (FY)	(2,984,633)	(1,509,243)	

Servicing Carrier Fees

PRIVATE PASSENGER

CYR	NonClaims-Liability	NonClaims-PhysDam	Claims-Liability	Claims-PhysDam
2011	0.15536	0.15536	0.20093	0.1896
2010	0.18809	0.18809	0.2908	0.2908

COMMERCIAL

CYR	NonClaims-Liability	NonClaims-PhysDam	Claims-Liability	Claims-PhysDam
2011	0.10031	0.10131	0.13716	0.12349
2010	0.08892	0.08892	0.15448	0.15448

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.

Our Commercial Auto Rating System (CARS) continued to see updates and enhancements, and can now rate all commercial risks and produce completed applications for submissions. We rolled out a requirement for the submission of all applications electronically and are also sending applications to servicing carriers via a secure web portal. To improve cash flow, we implemented a process to assess operating expenses prospectively starting with the December 2011 assessments. We continued to address employee benefit costs by making changes to our medical insurance plan offerings as well as to our post-retirement benefits, which will have a large impact on long-term costs to member companies. Allstate Insurance Company discontinued its role as a voluntary servicing carrier and all active policies were replaced by May, 2011. They join Farmers Insurance and TIG as runoff carriers, servicing claims until they are closed.

The HEAT® Program also had a very successful year in 2011. We awarded \$116,925 in tip rewards, and aided in the recovery of 97 vehicles and other stolen property valued at over \$1.6 million. Michigan State Police Director Col. Kriste Kibbey Etue was the keynote speaker at the 26th 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 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 and Nina Hier deserve recognition for their hard work and dedication as we continue to improve Facility operations.

In conclusion, 2011 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