LIMITED ASSIGNMENT DISTRIBUTION
AGREEMENT WITH EXCUSED COMPANIES

In consideration of the Agreements of other companies to participate in the Limited Assignment Distribution Procedure and to abide by the terms of Section 5 of the Wisconsin Automobile Insurance Plan attached hereto and made a part hereof, it is mutually agreed among the companies executing these agreements that each company's obligations as a subscriber to the Plan are modified as indicated in its agreements, and that AIPSO is authorized to perform the functions herein described.

__________[1]EXCUSED COMPANY SUBSCRIPTION

In lieu of assignments under its normal quota, the Excused Company shall pay a fee based upon its estimated annual quota of private passenger non-fleet AIP premium as determined by AIPSO. AIPSO shall bill the Excused Company for its estimated fee. The Excused Company shall remit the estimated fee to AIPSO in quarterly installments in advance. If the estimated annual fee is less than $10,000 it shall be paid within thirty (30) days of said billing. After the end of each calendar year, the estimated fee shall be adjusted to reflect the Excused Company's actual share of premium written. A late payment interest charge of 0.05 percent per day (1.50 percent per month) will be levied on any unpaid estimated fee installment or final fee. In the event the Excused Company shall fail to pay when due any estimated fee installment or final fee, the Excused Company shall be responsible for all collection costs incurred by the Plan, including reasonable attorney's fees.

Each anniversary thereafter, AIPSO shall bill the Excused Company the exact amount of its fee or refund, as the case may be, which shall be due and payable within thirty (30) days of the billing date. Adjustments in the estimated fee shall be made when the Excused Company's actual quota premium data becomes available.

The Excused Company shall non-renew all policies covering private passenger non-fleet automobiles which expire on and after the effective date of this Agreement (________), assigned to it through the Plan. Not less than forty-five (45) days prior to the expiration date of such policies, the Excused Company shall provide the insured with a letter of non-renewal. Such letter of non-renewal shall be in a form approved by the Governing Body of the Plan.

[1] For this agreement to be properly executed by a company electing to be an Excused Company, the officer of the Company executing the agreement on its behalf must initial this blank.

A. The fee to be paid by the Excused Company Subscribers and distributed among Servicing Company Subscribers shall be a percentage of quota premium calculated in advance for each annual period in accordance with the following formula:

$$\text{Buy-Out Percentage} = \frac{\left[\left(1.0 + \begin{matrix}\text{Service}\\ \text{Fee Percentage}^{*}\end{matrix}\right) X \begin{matrix}\text{Statewide Estimated}\\ \text{Loss and Expense}\\ \text{Per Car (Statewide}\\ \text{Indicated Average}\\ \text{Premium)}\end{matrix}\right] - \begin{matrix}\text{Statewide}\\ \text{Current}\\ \text{Average}\\ \text{Premium}\\ \text{Per Car}\end{matrix}}{\text{Statewide Current Average Premium Per Car}}$$

"Buy-Out Fee"= ["Buy-Out" Percent] X [Excused Company's Quota Premium]. The "Buy-Out Fee" is evaluated annually as of January 1 of each year utilizing the same formula for both liability and physical damage. The two percentages will be weighted to produce the combined final "buy-out" fee.

The service fee percentage factor in the above formula is set at 15% and will not be changed during the term of this LAD agreement. The values of the other components of the formula will be adjusted annually on the basis of the most current experience available.

The minimum buy-out fee is 30% or $500.00, whichever is greater, and is paid annually. In no event shall the buy-out fee be less than 30%. If the buy-out percentage formula results in a buy-out percentage of less than 30%, the buy-out percentage shall be set at 30%, subject to periodic review by the Governing Committee. However, if the buy-out percentage formula results in a buy-out percentage of greater than 30%, the buy-out fee shall be set at the greater amount as determined by the formula.

Definition of Terms:

1. Statewide Estimated Loss and Expense per car:

   This is the indicated average premium per car that should be adequate to cover losses and expenses expected on the policies written during the twelve months beginning with January 1 of each year. This indicated average premium is based on a review of the latest information available.

2. Statewide Current Average Premium:

   This is the premium per car that is paid by the average insured as of January 1 of each year to purchase liability coverage, and where available, the physical damage coverage.

3. Information Used to Develop the Rates:

   a. Liability

The exposures, premiums and losses for up to a 5-year period.

b. Physical Damage

The exposures, premiums, and losses for up to a 5-year period.

c. The rating methodology used to determine the adequacy/inadequacy of rates in the calculation of the LAD fee will be consistent with the rating methodology used to determine the Plan rates.

Example:

The data used to evaluate the January 1, 20___ “Buy-Out Fee” would include up to the latest five years of data available, and if necessary, a review of the current Plan rate relativity to the non-standard market rates.

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*This factor will not be changed during the initial term of this agreement. The values for the other components of the formula will be adjusted annually on the basis of the most current experience available. The minimum buyout percentage is 30% or $500.00, whichever is greater.

B. Nothing in this agreement shall be construed to relieve any company of its obligation to continue in force, to completion of the current annual policy term, policies assigned prior to the effective date of this agreement. Premium for each policy will be credited against assignment quotas in calculating fees.

C. The initial term of this agreement and all other Limited Assignment Distribution agreements shall be from _______________ to December 31, 20___; provided, however, that this agreement may be terminated at any time if the Limited Assignment Distribution Procedure is terminated. In such event, the Excused Company shall be given written notice of such termination by the Plan.

When the “Buy-Out” percent is announced, the Excused Company may within thirty (30) days of such announcement elect to terminate this agreement. The effective date of such termination shall coincide with the August quota distribution. The Excused Company shall be billed at the new annual “Buy-Out” rate pro-rated for the six months coinciding with the February and May quota periods.

The Excused Company may terminate this agreement for any successive term (“calendar year”) by giving written notice to the Plan no later than December 31 prior to the year it elects not to participate in the Limited Assignment Distribution Procedure.

Absent notice of termination as herein provided above, this agreement shall be deemed renewed for successive terms of one year.

This agreement is executed by an officer of the Company this the _____ day of _______________, 20___.

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Subscribing Company (or Group)

By:____
Name Title