

**WISCONSIN
AUTOMOBILE
INSURANCE
PLAN**

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PLAN LETTER 665 – DECEMBER 18, 2001

TO: Members of the Plan

Minutes of the Wisconsin Automobile Insurance Plan meeting held in the office of the Wisconsin Automobile Insurance Plan, 20700 Swenson Drive, Waukesha, WI 53186 on Wednesday, December 12, 2001. The meeting was called to order at 9:30 AM with the following members present:

ORGANIZATION

General Casualty Company, Chair
American Family Insurance Company
Employers Insurance of Wausau, A Mutual Company
Employers Mutual Casualty Company
Granite State Insurance Company
Sentry Insurance A Mutual Company
Wisconsin Automobile Insurance Plan

REPRESENTATIVE

Gary Tribbey
Tim Johnston
Greg Loman
Bob Cascioli
Ken McIntosh
Bob Lindstedt
Ralph Herrmann
Nancy Kierzek
Donna Knepper
Cheryl Korth

Members Absent or Excused:

Hartford Fire Insurance Company
St. Paul Fire & Marine Insurance Company
State Farm Insurance Company

Also Present

Michael Best & Freidrich

Paul Riegel

The Chairperson read the following opening statement before convening the meeting:

“This Committee meeting has been called to discuss the items of mutual interest and concern to the members of the Wisconsin Automobile Insurance Plan. In accordance with both Federal and Wisconsin State Anti-trust Laws, this Committee is prohibited

from any discussion or action which constitutes any form of boycott, coercion or intimidation.”

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UNFINISHED BUSINESS

ITEM NUMBER 619 PROPOSED LAD PROGRAM

At the present time there is no carrier that has expressed interest in becoming a LAD servicing carrier. The Plan will periodically contact the membership to inquire as to any interest in becoming a servicing carrier. This item is continued.

ITEM NUMBER 637 PERSONAL AUTO MANUAL REVISIONS

With all business complete, this item is removed from the agenda.

ITEM NUMBER 639 MVR VIOLATION CODES

The new MVR Violation Codes appear to have no significant impact on WAIP and no changes to the Personal Automobile Insurance Plan are needed. This item is removed from the agenda.

ITEM NUMBER 640 REVISED NEW PERSONAL ASSIGNMENT DISTRIBUTION PROCEDURES

The Committee reviewed several options to the current personal automobile assignment distribution procedures. The Committee voted to take no action at this time. This item is continued.

ITEM NUMBER 641 PROPOSED COMMERCIAL MANUAL REVISIONS

After discussion, the Committee voted to adopt the following rule changes to the Commercial Manual:

F. APPLICATION AND DEPOSIT PREMIUMS

1. The proper application form to submit depends upon whether the vehicles are to be covered under a Truckers Policy or a Business Auto Policy. The application forms are available from:

Wisconsin Automobile Insurance Plan
20700 Swenson Drive, Suite 100
Waukesha, WI 53186
(262) 796-4599

2. No Change

3. ~~The applicant must also submit \$10 for each motor carrier regulatory agency to which the servicing carrier is asked to send liability insurance verification. This additional premium should accompany the deposit premium when the application is submitted.~~

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Rule 11. POLICY CANCELLATIONS

The premium calculation (other than facultative reinsurance) for the cancellation of commercial risks shall be on a pro rata basis and in accordance with applicable Wisconsin Law. Cancellation at insured's request is also subject to the Policy Writing Minimum Premium shown in Rule 8 regardless of term.

NOTE: Facultative reinsurance is fully earned and not subject to any pro rata or short rate adjustment.

Rule 25. PREMIUM DEVELOPMENT – ZONE RATED AUTOS

A. No Change

B. No Change

C. Premium Development

1. No Change

2. No Change

3. Liability

a. Determine the liability base premiums for the zone combination from the zone rate schedules.

b. Multiply the base premium by the long distance rating factor from the primary classification tables in the trucks, tractors, and trailers classifications rule.

~~**Note:** The premium developed is subject to a minimum premium developed by the applicable intermediate radius class.~~

4. No Change

D. Minimum Premium

The premium developed is subject to a minimum premium developed by the applicable intermediate radius class.

⊘. *E.* No Change

⊘. *F.* No Change

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Rule 39. PREMIUM DEVELOPMENT – OTHER THAN ZONE RATED AUTOS

A. No Change

B. No Change

C. Premium computation.

1. No Change

2. Liability ~~and medical payments~~ coverages.

a. Determine the base premiums on the rate pages.

b. Multiply the base premium by the combined rating factor.

3. Uninsured, *underinsured and medical payment coverages*.

a. Primary and secondary rating factors do not apply.

b. Refer to rate paper for rates.

4. No Change

D. No Change

Rule 17. GROSS RECEIPTS OR MILEAGE BASIS

The gross receipts or mileage basis is available for any auto risk. Refer to Rule 42 for the rating provisions.

Rule 42. GROSS RECEIPTS OR MILEAGE BASIS

Bodily Injury and Property Damage Liability Coverage Only

A. *Eligibility*

Any risk may be written on the gross receipts or mileage rating basis if the risk has been in business for at least 15 months immediately preceding the effective date of the policy.

- B. *The policy must cover the insured for all owned and nonowned trucks, tractors, and trailers used in the insured's trucking operations; and for intercity and urban bus risks. The policy must cover the insured for all owned and nonowned public autos, private passenger autos, and trucks, tractors, or trailers used in the insured's public transportation operations. For trucking risks, the policy may also cover either private***

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passenger autos or employers nonownership liability or both; and for intercity and urban bus risks, the policy must also cover the insured's employers nonownership liability.

C. *Definitions*

- 1. *Truckers – Gross receipts means the total amount earned by the insured for shipping or transporting property. It includes***
 - a. *the total amount received from the rental of equipment with or without drivers, to any person or organization not engaged in the business of transporting property for hire by auto; and***
 - b. *.15 of the total amount received from the rental of equipment with or without drivers, to any person or organization engaged in the business of transporting property for hire by auto.***
- 2. *Intercity and urban buses – Gross receipts means the total amount earned by the insured for transporting passengers, mail, and merchandise.***
- 3. *Gross receipts do not include***
 - a. *amounts paid to air, sea, or land carriers operating under their own permits;***
 - b. *taxes collected as a separate item and paid directly to the government;***
 - c. *C.O.D. collections for cost of merchandise including collection fees;***
 - d. *Warehouse storage charges; or***
 - e. *Advertising revenues.***
- 4. *For truckers, these definitions apply whether shipment originates with the insured or some other carrier.***
- 5. *Mileage means the total live and dead mileage of all revenue producing autos during the policy period.***

D. Rates and Premium Development

1. *The rating rules that apply in the headquarters location of the risk shall govern the rating of all operations regardless of location. Headquarters means the address given to the Interstate Commerce Commission or any state administrative authority as the principal business address of the risk.*
2. *Using the current rates, develop the estimated premium by averaging the specified auto premium for all equipment owned and term-leased as of 12 months and as of 3 months prior to the effective date of the policy. Also include the total premium*

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for other coverages, such as nonownership liability and hired auto, if the policy provides such coverages.

3. *Divide the estimated premium by the actual gross receipts or mileage developed during the 12 months period ending 3 months prior to the effective date of the policy.*
4. *Convert this amount into a rate per 100 of gross receipts or mileage by dividing by 100.*
5. *Compute the advance premium by multiplying the rate per 100 of gross receipts by the estimated total gross receipts or mileage for the policy period for all revenue producing autos including those trip-leased.*
6. *Compute the earned premium by multiplying the rate per 100 of gross receipts or mileage by the audited total gross receipts, whether or not collected, developed during the policy period.*
7. *The minimum premium is .20 of the estimated annual premium, but not less than the average specified auto premium multiplied by 3. Express the minimum premium in the policy as a fixed dollar amount. The annual minimum premium is not subject to adjustment upon expiration of the policy.*
8. *Compute the premium for trucks, tractors, and trailers that are rented to any person or organization engaged in the business of transporting property for hire under long term contracts at .15 of the rates that otherwise apply during the period of rental provided the autos are identified and so designated.*

RULE 68. DRIVER TRAINING PROGRAMS (EDUCATION INSTITUTIONS AND COMMERCIAL DRIVING SCHOOLS) AND AUTO REPAIR TRAINING

A. No Change

B. Commercial Driving Schools (Class Code 7927)

1. No Change
2. Premium Computation
 - a. Owned Private Passenger Autos, *Trucks and All Other Types of Owned Autos.*

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- (1) Liability Coverage
 - (a) For autos equipped with dual controls, charge the Private Passenger Type rates. There must be dual brakes to qualify as dual controls.
 - (b) For autos not equipped with dual controls, multiply the Private Passenger Type rates by 2.00.
- (2) Medical Payments Insurance. Charge Private Passenger Type rates.
- (3) Uninsured and Underinsured Motorists Insurance. Charge Private Passenger Type rates.
- b. ~~All Other Types of Owned Autos. Refer to Plan for Rating~~
- e. b. No Change

Rule 69. DRIVE-AWAY CONTRACTORS

A person, firm, or corporation which drives away autos under their own power for factories or auto dealers may be insured for the operation of such autos. *Charge twice the appropriate vehicle rate.*

Rule 91. INDIVIDUAL AS THE NAMED INSURED

Endorse a policy covering an individually owned auto with the appropriate individual named insured endorsement.

Personal auto drive other car coverage is provided at no additional charge if the policy covers:

- A. No change

B. No change

C. *If A or B above do not apply, refer to Rule 88. Drive Other Car Coverage.*

Rule 97. UNINSURED AND UNDERINSURED MOTORISTS INSURANCE

A. Uninsured motorists insurance must be provided in Wisconsin. *Rates for \$50,000 basic bodily injury liability limits are on the rate schedules. Higher limits are not available.*

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B. Underinsured motorists insurance at a \$100,000 bodily injury limit must be offered. Rates are on the rate schedules. *Higher limits are not available.*

C. ~~Rates for \$50,000 basic bodily injury liability limits are on the rate schedules. Higher limits are not available.~~

~~D.~~ C. No Change

~~E.~~ D. No Change

Rule 99. FINANCIAL RESPONSIBILITY LAWS – CERTIFICATION

Delete in its entirety. Servicing carriers are not collecting the SR-22 filing surcharge.

APPENDIX

4. SERVICING CARRIER

A. No change

B. Application for Appointment: The Plan Manager, upon request, will provide any eligible member insurer with the proper application form. (See Supplement A of this Appendix.) To be eligible, the member insurer must have been licensed for at least the last five years in Wisconsin and must be qualified to service all classes of commercial automobile business. *Not more than one insurer in a group under the same management or ownership may be a servicing carrier.* The Plan Governing Committee has the final authority to approve or disapprove any application received.

C. No Change

D. No Change

SUPPLEMENT A

**APPLICATION FOR APPOINTMENT AS A SERVICING CARRIER UNDER THE
SPECIAL RISK DISTRIBUTION PROCEDURE OF THE WISCONSIN
AUTOMOBILE INSURANCE PLAN**

Note: An insurer **must** meet the following criteria before submitting an application for appointment as a servicing carrier in Wisconsin:

1. The insurer must have been licensed to write automobile insurance in Wisconsin for at least the last five years.
2. The insurer must be able to price and service all commercial automobile risks eligible for coverage through the Wisconsin Automobile Insurance Plan.
3. The insurer must have the necessary facilities and staff to provide the same level of service it provides in the voluntary market, including policy, claim, and loss control services.
4. The insurer must have the ability and staff to carry out all procedures and submit all reports required by AIPSO under the appropriate statistical plan.
5. *The insurer must not be under the same management or ownership as the other servicing carriers.*

If your company is able to meet all of these requirements, please complete the application and submit it in duplicate to the

Wisconsin Automobile Insurance Plan
20700 Swenson Drive, Suite 100
Waukesha, WI 53186
(262) 796-4599

ITEM NUMBER 642 2001 COMMERCIAL RATE REVIEW

AIPSO is currently analyzing the rate adequacy of the Commercial rates. A report is anticipated in early 2002.

WAIP staff will also review the adequacy of the rates and rating procedure for Elderly & Handicap transport.

ITEM NUMBER 643 EMPLOYERS INSURANCE OF WAUSAU RESIGNATION

The transition of commercial business from Employers Insurance of Wausau to Liberty Mutual Insurance is complete. This item is removed from the agenda.

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ITEM NUMBER 644 OFFICE OF THE COMMISSIONER OF INSURANCE
MARKET CONDUCT EXAMINATION

The Committee was provided with a preliminary overview of what may be expected on the final report. The final report is not expected until early 2002.

NEW BUSINESS

ITEM NUMBER 646 AIPSO PROPOSAL – REVISED ENDORSEMENTS - CA 21 03 11 01
WI UNINSURED MOTORISTS COVERAGE AND CA 21 45 06 01
WI UNDERINSURED MOTORISTS COVERAGE

The Committee reaffirmed their e-mail vote. These endorsements were filed and approved by the Office of the Commissioner of Insurance effective November 12, 2001. This item is removed.

ITEM NUMBER 647 AIPSO PROPOSAL – PROPOSED ENDORSEMENT AIP 12 89 09 01
UNINSURED MOTORISTS COVERAGE – WI

The Committee reaffirmed their e-mail vote to file these endorsements with the Office of the Commissioner of Insurance. This item is continued pending approval.

(Subsequent to the meeting, this item was approved effective November 30, 2001. This item is removed from the agenda.)

ITEM NUMBER 648 AIPSO PROPOSAL – DISCONTINUATION OF PERFORMANCE
AUTO SURCHARGE PROGRAM

The Committee reaffirmed their e-mail vote to file these endorsements with the Office of the Commissioner of Insurance. This item is continued pending approval.

ITEM NUMBER 649 AIPSO PROPOSAL – PROPOSED NEW ENDORSEMENT
CA 01 37 07 01 WISCONSIN CHANGES

The Committee reaffirmed their e-mail vote. These endorsements were filed and approved by the Office of the Commissioner of Insurance effective November 12, 2001. This item is removed.

ITEM NUMBER 650 AIPSO PROPOSAL – SRDP ACCOUNTING AND
STATISTICAL REQUIREMENTS MANUAL

The Committee reviewed the proposed amendments to reflect the Anticipated Salvage and Subrogation reporting procedures allowing servicing carriers to report reserves with net or gross of Anticipated Salvage and Subrogation. This item was approved for filing with the Office of the Commissioner.

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ITEM NUMBER 651 AIPSO PROPOSAL – SERVICING CARRIER WEB REPORTING

The Committee reviewed AIPSO's proposal to allow servicing carriers to report their statistical data through AIPSO's website. If all AIPSO states participate, a one-time cost to each state would not be greater than \$1,000.

This item was adopted for filing and will be removed from the agenda upon approval.

ITEM NUMBER 652 WAIP 2002 BUDGET

The Committee reviewed and approved the proposed 2002 WAIP Budget.

The next WAIP Governing Committee meeting is tentatively scheduled for Tuesday, March 19, 2002.

Donna Knepper
Executive Secretary