

**WISCONSIN  
AUTOMOBILE  
INSURANCE  
PLAN**

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PLAN LETTER 706—JANUARY 29, 2008

TO: Members of the Plan

FROM: Cheryl Korth

RE: Limited Assignment Distribution (LAD)

A Limited Assignment Distribution Program (LAD) has been approved for use in the Wisconsin Automobile Insurance Plan (WAIP) since February 1, 2002. State Farm Insurance Company is the LAD carrier for Wisconsin.

Companies interested in participating in the LAD as an excused company must complete the Agreement With Excused Companies (which can be found on the WAIP Web site under Forms) and submit it to WAIP for processing. Agreements must be received by WAIP by the 1<sup>st</sup> of the month prior to the quota quarter to allow sufficient time for processing. The quota dates are February 1, May 1, August 1, and November 1. The expiration date of the Agreements will be December 31, 2008.

Under the LAD program, a company that writes less than 5% of its respective Wisconsin voluntary private passenger non-fleet liability car years or all other automobile liability net direct written premiums may buy-out from their quota. The Governing Committee has the option to consider a buy-out arrangement for a company writing 5% or greater, is subject to review on a biennial basis.

Each calendar year, AIPSO, on behalf of WAIP, shall calculate, collect, and distribute the estimated fees in accordance with the provisions of the program. The minimum buy-out fee for Wisconsin for 2008 is 30% or \$500.00, whichever is greater, and is paid annually.

**Wisconsin (48)**  
 Limited Assignment Distribution  
 Private Passenger Nonfleet  
 Calendar Year 2008  
Based on Latest Available Experience

*Buy-Out' ##*  
*Percentage*  
*Formula*

$$= \frac{\text{Incentive Fee} \times \left[ \frac{\text{Statewide Indicated Average Rate} - \text{Statewide Current Average Rate}}{\text{Statewide Current Average Rate}} \right]}{(1.0 + \text{Percentage})}$$

Liability 'Buy-Out' Percent:  $\frac{(1.15 \times \$ \text{N/A}^*) - (\$ \text{N/A}^*)}{\text{N/A}^*} = 15.0\%$

Physical Damage 'Buy-Out' Percent:  $\frac{(1.15 \times \$ \text{N/A}^*) - (\$ \text{N/A}^*)}{\text{N/A}^*} = 15.0\%$

Aggregate 'Buy-Out' Percent #:  $\frac{(\text{N/A}^* \times 15.0\%) + (\text{N/A}^* \times 15.0\%)}{100.0\%} = 15.0\%$

'Buy-Out' Percent ##: **30.0%**

# Aggregate 'Buy-Out' Percent is based on the amount of AIP premiums estimated for Calendar Year 2006 as follows:

LIABILITY AIP PREMIUM:	\$0	0.0%
PHYSICAL DAMAGE AIP PREMIUM:	\$0	0.0%

## Per Plan Manual Appendix 5.B.6, the minimum 'Buy-Out' Percentage is 30.0% or \$500.00 whichever is greater.

\* There were no liability or physical damage exposures or premium reported in Wisconsin for Calendar/Accident year 2006