

PLAN LETTER 742—MAY 29, 2012

TO: MEMBERS OF THE PLAN:

FROM: Donna Knepper

RE: WAIP Voting Process

At the June 20, 2012 Annual Meeting of the Wisconsin Automobile Insurance Plan the current WAIP voting process will be discussed. WAIP membership annually elects two carrier representatives from the following groups:

Property Casualty Insurers Association of America
American Insurance Association
At Large Insurance Companies
Non-Affiliated Insurance Companies

The membership will discuss a proposed change from electing the representatives from the four groups to electing an eight-member Governing Committee with equal representation of stock and non-stock carriers.

Attached is a red-line draft version of the proposed amendments to Section 39 in the WAIP Manual. The membership will vote on this item prior to the election of the Committee.

Sec. 39. ADMINISTRATION

A. Governing Committee Composition

The Plan shall be administered by a Governing Committee and a Manager. The Governing Committee (hereinafter referred to as "the Committee") shall consist of eight Plan subscriber companies, two from each of the following classes of companies:

American Insurance Association (AIA)
Nonaffiliated Insurance Companies
Property Casualty Insurers Association of America (PCI)

Once the original six subscriber companies are determined by the trade groups and nonaffiliated companies, two at-large representatives will be elected. The Plan subscribers of this Committee shall consist of an equal number of stock insurers and non-stock insurers.

In addition, one company acting as a representative of all servicing carriers, as defined in Section 47.A, and who is not otherwise representing any of the four classes of companies, may also be appointed by the Committee to be a member of the Governing Committee.

Each company serving on the Committee shall designate a representative to act on its behalf.

Not more than one company in a group under the same management shall serve on the Committee at the same time. A company leaving its class of companies shall resign its seat at the next meeting of the Governing Committee.

B. Annual Plan Meeting

At each annual meeting, the Committee Annually, on a date fixed by the Committee, each respective class of companies heretofore described shall elect its representatives to the Committee to serve for a period of one year or until a successor is elected. A servicing carrier is appointed annually at the option of the Committee and is not subject to election. Forty-five calendar days' notice of such meeting shall be given in writing to all companies which are subscribers to the Plan.

A majority of such subscriber companies shall constitute a quorum and voting by proxy shall be permitted. A company may not appoint more than one company in its class of companies to exercise its proxy.

The notice of each annual meeting shall be accompanied by an agenda for such meeting. At the annual meeting, a company must cast one vote for each vacant seat on the Governing Committee for its class of companies and it may not cast two votes for one seat.

C. Vacant Seats

A vacancy on the Committee shall be filled by the respective organization (American Insurance Association or Property Casualty Insurers Association of America) who shall appoint a successor to serve until the next annual meeting. If a nonaffiliated company vacancy occurs, a successor to serve until the next annual meeting shall be filled by a Plan subscriber selected by the remaining members of the Committee which have been chosen from the same class of membership (stock or non-stock), to serve until the next annual meeting.

Sec. 40. COST OF ADMINISTRATION

A. Subscriber Fee

Each insurer licensed to write automobile insurance in Wisconsin is a member of the Wisconsin Automobile Insurance Plan and shall pay a separate minimum annual fee of \$10 in addition to any other charges levied.

B. Assessment

Each subscriber's ratio of Voluntary Other than Private Passenger Net Direct Written premiums to the statewide industry total written car years and premiums shall be used as the basis of apportionment of all Plan expenses incurred in excess of the minimum fees.

If at the time of the initial assessment for any given calendar year, data for the second prior year is not available, the assessment shall be based upon the latest available year's data. In such event the assessment shall be adjusted subsequently using the data for the second prior year.

C. Companies Not Writing

No assessments other than the minimum annual fee shall be levied against a company which has written no automobile liability insurance other than for Automobile Insurance Plan insureds during the period for which the quotas are based.

Sec. 41. DUTIES OF THE GOVERNING