

PLAN LETTER 754—JULY 24, 2013

TO: Members of the Plan

Minutes of the Wisconsin Automobile Insurance Plan Governing Committee called to convene in the premises of the Wisconsin Automobile Insurance Plan, 20700 Swenson Drive, Waukesha, WI 53186, on Wednesday, July 10, 2013. The meeting was called to order upon adjournment of the Annual Meeting with the following members present:

ORGANIZATION

National Continental Insurance Company, Chair
American Family Mutual Insurance Company
EMC Insurance Companies, Acting Chair
Hanover Insurance Company
Liberty Mutual Insurance Company
State Farm Insurance Company
Wisconsin Automobile Insurance Plan

REPRESENTATIVE

Mike Donovan
Jann Samarzja
Dave Young
Todd Bavery
Craig Sanford
Mark Gustafson
Tad Cleveland
Cheryl Korth
Donna Knepper

Members Present by Teleconference:

General Casualty Company of WI
Sentry Insurance A Mutual Company, Chair
Travelers Indemnity Company

Randy Kaminski
Tim Noble
Kevin Curry

Also Present:

AIPSO

Farmers Alliance Insurance
Office of the Commissioner of Insurance (teleconference)

Tom Assad
Dave Amaral
Tim Messier
Andrea Olson
Kim Miller
Karen Becker

Member Absent or Excused:

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.”

The Governing Committee approved the minutes of the December 12, 2013 meeting.

UNFINISHED BUSINESS

ITEM NUMBER 751 OCI MARKET CONDUCT EXAM

WAIP received the Market Conduct Exam final report. The report contained eight recommendations, two of which were already complied with since the exam. The Committee adopted WAIP's response to the recommendations. The following changes will be made and filed with the OCI:

- Amendment to amendatory endorsement AIP 12 98 08 11 to replace “Promptly” with “As soon as reasonably possible” in Part E.
- Amendment to amendatory endorsement AIP 12 98 08 11 to replace the language in Part F addressing “Two or More Auto Policies”.
- Amendment to the Declarations page to allow the insured to indicate underinsured motorists limits desired.
- Correction to form AIP 09 82 09 03 to correct the zip code in the address for the OCI.
- Amendments to the assignment letters to identify the effective date of coverage.
- Amendments to the WAIP Manual to indicate that “days” are calendar days.

ITEM NUMBER 762 2013 COMMERCIAL AUTOMOBILE RATE REVIEW

The Committee discussed a proposed 4.5% decrease in overall rate level for commercial accounts. The indicated change is within a +/- 10% range which would not require adoption. By majority vote, the Committee voted not to file the rate decrease.

State Farm opposed, American Family and National Continental Insurance Company abstained.

This item is removed from the agenda.

ITEM NUMBER 763 2013 PRIVATE PASSENGER NON-FLEET AUTOMOBILE RATE REVIEW

The Committee adopted an overall rate level increase of 13.8% to be effective January 1, 2014.

The last private passenger rate change was a decrease of 1.7% effective June 1, 2010.

ITEM NUMBER 764 REVISED WAIP SERVICING CARRIER AGREEMENT

The Committee reaffirmed their e-mail vote to adopt amendments to the Servicing Carrier Agreement. The revised Agreement was filed with the Office of the Commissioner of Insurance for information only.

This item is removed from the agenda.

ITEM NUMBER 765 AIPSO PROPOSAL – SEC 44.C.2. YOUTHFUL MALE OPERATOR CREDIT

The private passenger quota management system currently gives member carriers credits for writing youthful male operators. AIPSO has proposed that, due to the extremely low or non-existent private passenger application volume, this credit be suspended. Elimination of this credit will base the quota distribution solely on a carrier's market share.

By majority vote, the Committee voted to adopt this proposal.

American Family opposed, State Farm abstained.

ITEM NUMBER 766 AIPSO PROPOSAL – PROVISION FOR COMPANIES DISCONTINUING WRITING OR NO LONGER LICENSED

AIPSO has proposed a minimum buy-out fee for companies no longer licensed in WI. The fee will eliminate the private passenger quota share currently assigned to the carrier. In the future, if the carrier becomes licensed again and begins writing, the private passenger quota would start at zero.

Two buy-out options were proposed. One is a \$500 minimum fee. The second is a minimum determined by the Governing Committee. The Committee voted to adopt the change to WI Plan Manual Sec. 50.D. General Provisions with the minimum fee to be determined by the Governing Committee on a case-by-case basis.

ITEM NUMBER 767 AIPSO PROPOSAL – UNINSURED AND UNDERINSURED MOTORISTS INSURANCE AND MEDICAL PAYMENTS COVERAGE

AIPSO proposed changes to several rules in the WI Automobile Insurance Plan Manual with regard to uninsured and underinsured motorists insurance and medical payments coverage. These changes will bring the Manual into compliance with current WI statutes. The Committee adopted the recommendations for filing with the OCI.

ITEM NUMBER 768 AIPSO PROPOSAL – SEC. 41 DUTIES OF THE GOVERNING COMMITTEE

The Committee adopted AIPSO's recommendation to define a quorum for a meeting to be a majority of the members currently serving on the Committee rather than the majority of positions on the Committee.

ITEM NUMBER 769 PROGRESSIVE INSURANCE CHARGE-OFF REQUEST

National Continental Insurance Company, servicing carrier for WAIP, submitted a charge-off request in the amount of \$33,098. Supporting documentation and explanation was provided and the charge-off was approved. National Continental Insurance Company will provide updates on collection efforts to the Committee.

National Continental Insurance Company abstained.

ITEM NUMBER 770 2012 WISCONSIN SRDP FINANCIAL STATEMENTS

Statutory Financial Statements August 31, 2012 and 2012 and Statements of Cash Receipts and Disbursements Accounted for by the Central Processor Years Ended August 31, 2012 and 2011 as prepared by KPMG. These statements were distributed to the Committee for review and discussion at the next Governing Committee meeting.

ITEM NUMBER 771 WAIP AUDITED FINANCIAL STATEMENTS

WAIP Audited Financial Statements Years Ended December 31, 2012 and 2011 prepared by Reilly, Penner & Benton LLP. These statements were distributed to the Committee for review and discussion at the next Governing Committee meeting.

Donna Knepper
Executive Secretary