

PLAN LETTER 781—AUGUST 4, 2017

TO: Members of the Plan

Minutes of the Wisconsin Automobile Insurance Plan Governing Committee meeting held in the office of the Wisconsin Automobile Insurance Plan, 20700 Swenson Drive, Waukesha, WI 53186, on Wednesday, July 26, 2017. The meeting was called to order immediately upon adjournment of the Annual Meeting.

ORGANIZATION

American Family Mutual Insurance Company
EMC Insurance Companies
Hanover Insurance Company
National Continental Insurance Company
State Farm Mutual Auto Insurance Company

Wisconsin Automobile Insurance Plan

REPRESENTATIVE

Jann Samarzja
Dave Young
John Vose
Michael Donovan
George Cooper
Todd Feltman
Bernie Rosauer
Cheryl Korth
Jaclyn de Medici
Nancy Kierzek
Donna Knepper

Present by Teleconference:

General Casualty Company of WI
Office of the Commissioner of Insurance

Phil Haddad
Drew Hunkins

Members Absent or Excused:

Liberty Mutual Insurance Company
Sentry Insurance A Mutual Company
Travelers Insurance Company

Also Present:

Allstate Insurance Company
Secura Insurance A Mutual Company
Society Insurance

Jim Rowland
Jill Uitenbroek
Ken Stephani

Also Present for Part of Meeting

Reilly, Penner & Benton

Brian Mechenich

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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.”

UNFINISHED BUSINESS

ITEM NUMBER 789 CAIP COUNTRYWIDE SELECTION PROCESS

National Continental Insurance Company was the only applicant that applied to the Countrywide CAIP Solicitation and Recommendation Committee. The Committee voted to accept the proposed changes and to sign a new four year contract.

National Continental Insurance Company abstained from voting.

ITEM NUMBER 790 LAD AMENDMENTS

The Committee was updated on the status of the countrywide LAD Program. The RMC Committee recommended multiple changes that are being introduced under separate item numbers.

ITEM NUMBER 793 AIPSO PROPOSAL DETERMINATION OF QUOTAS – SECTIONS 44 AND 48

This item was approved by the Office of the Commissioner of Insurance effective 10/31/16. With all business complete, this item is removed from the agenda.

NEW BUSINESS

ITEM NUMBER 796 AIPSO PROPOSAL 2013 COMMERCIAL AUTO COVERAGE PARTS PROGRAM

The Committee reaffirmed their e-mail vote to accept the proposal which was approved by the Office of the Commissioner of Insurance effective 1/17/17. With all business complete, this item is removed from the agenda.

ITEM NUMBER 797 2017 WAIP BUDGET

The Committee reaffirmed their e-mail vote of the 2017 WAIP budget. With all business complete, this item is removed from the agenda.

ITEM NUMBER 798 AIPSO PROPOSAL RIDE-SHARING EXCLUSIONS

The Committee approved to file this proposal with the Office of the Commissioner of Insurance. This proposal introduces language that excludes coverage to private passenger auto policies when the vehicle is used to transport individuals coordinated by a program facilitator.

ITEM NUMBER 799 AIPSO PROPOSAL LIMOUSINE CLARIFICATION

The Committee approved to file this proposal with the Office of the Commissioner of Insurance. This proposal removes the seating restrictions currently in the manual and allows for newer vehicles with a seating capacity greater than eight, to be properly rated.

ITEM NUMBER 800 AIPSO PROPOSAL LAD BUY-OUT PERCENTAGE FORMULA COMPONENTS

The Committee approved to file this proposal with the Office of the Commissioner of Insurance. This proposal introduces a \$500 minimum buy-out fee, which Wisconsin has already adopted and the formula for the buy-out fee being removed from the contracts and inserted in the manual of operations section of the manual. The new language reflects a countrywide uniformity of the rule and is proposed to be effective 1/1/18.

ITEM NUMBER 801 AIPSO PROPOSAL LAD PROCEDURE ALLOCATION OF ASSIGNMENTS AND FEES TO SERVICING COMPANIES

The Committee approved to file this proposal with the Office of the Commissioner of Insurance. This proposal introduces a new method for the allocation of LAD assignments and fees when there is more than one servicing company. The new language may attract smaller companies to become a LAD servicing company. This change is proposed to be effective 1/1/18.

ITEM NUMBER 802 AIPSO PROPOSAL LAD PROCEDURE BUY-OUT ELIGIBILITY REQUIREMENT

The Committee approved to file this proposal with the Office of the Commissioner of Insurance. This proposal introduces a procedure for a waiver of the buy-out eligibility requirements that would allow all companies with quotas to buy-out when the annual estimated Plan private passenger premium is \$1 million or less. This change is proposed to be effective 1/1/18.

ITEM NUMBER 803 AIPSO PROPOSAL LAD PROCEDURE REVISIONS TO EXCUSED COMPANY AND SERVICING COMPANY AGREEMENTS

The Committee approved to file this proposal with the Office of the Commissioner of Insurance. This proposal amends the current language to the excused company and the servicing company contracts. The language reflects changes the Committee previously approved during this meeting. This change is proposed to be effective 1/1/18.

ITEM NUMBER 804 AIPSO PROPOSAL 2017 PRIVATE PASSENGER NON-FLEET AUTOMOBILE RATE REVIEW

The Committee discussed a proposed 1.4% increase in overall rate level for private passenger accounts. Due to the lack of premium volume, the Committee voted not to file the rate change as recommended by AIPSO in the proposal. With all business complete, this item is removed from the agenda.

ITEM NUMBER 805 AIPSO PROPOSAL 2017 COMMERCIAL AUTOMOBILE RATE REVIEW

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The Committee approved a proposed 13.5% overall commercial rate increase for filing with the Office of the Commissioner of Insurance. The rate filing is proposed to be effective January 1, 2018 for new and renewal business.

National Continental Insurance Company abstained from voting.

**ITEM NUMBER 806 WISCONSIN SRDP FINANCIAL STATEMENTS – YEARS ENDED
AUGUST 31, 2016 AND 2015**

Statutory Financial Statements August 31, 2016 and 2015 and Statements of Cash Receipts and Disbursements Accounted for by the Central Processor Years Ended August 31, 2016 and 2015 as prepared by Grant Thornton LLP were distributed to the Committee for review. The statements were accepted and will be filed with the Office of the Commissioner of Insurance for information only. With all business complete, this item is removed from the agenda.

**ITEM NUMBER 807 WAIP AUDITED FINANCIAL STATEMENTS – YEARS ENDED
DECEMBER 31, 2016 AND 2015**

Brian Mechenich from Reilly, Penner & Benton LLP presented the WAIP Audited Financial Statements Years Ended December 31, 2016 and 2015 to the Committee. The statements were accepted and will be filed with the Office of the Commissioner of Insurance for information only. With all business complete, this item is removed from the agenda.

ITEM NUMBER 808 PLAN PROPOSAL WAIP FUTURE MECHANISM DISCUSSION

Plan staff presented a Power Point presentation outlining an idea for a new mechanism for both personal and commercial auto for the WAIP Plan. The Committee voted for Plan staff to research and develop the proposal further for presentation to the Committee at its next meeting.

ITEM NUMBER 809 2017 NATIONAL CONTINENTAL AUDIT RESULTS

Plan staff updated the Committee with the results of a multi-state servicing carrier audit. With all business complete, this item is removed from the agenda.

National Continental Insurance Company abstained from voting.

Jaclyn de Medicci
Plan Administrator