

**WISCONSIN
AUTOMOBILE
INSURANCE
PLAN**

P O BOX 3080
MILWAUKEE, WI 53201-3080
262-796-4599 Fax 262-796-4400

RALPH M. HERRMANN
MANAGER

CHERYL A. KORTH
PLAN ADMINISTRATOR

PLAN LETTER 718—AUGUST 17, 2009

TO: Members of the Plan

Minutes of the Wisconsin Automobile Insurance Plan Governing Committee meeting called to convene in the premises of Grand Geneva Resort, 7036 Grand Geneva Way, Lake Geneva, WI 53147 on Friday, July 31, 2009. The meeting was called to order immediately upon adjournment of the Annual Meeting.

ORGANIZATION

EMC Insurance Companies, Chair
American Family Mutual Insurance Company
Federated Mutual Insurance Company
General Casualty Company of WI

Progressive Casualty Insurance Company
Sentry Insurance Companies
State Farm Insurance Company
Travelers Indemnity Company
Wisconsin Automobile Insurance Plan

REPRESENTATIVE

Jim Pousha
Jim St. Vincent
Dan Powers
John Hagen
Greg Loman
Mike Donovan
Jim Overturf
Mark Gustavson
Vicki Danahey
Ralph Herrmann
Tad Cleveland
Cheryl Korth
Donna Knepper

Also Present:

AIPSO

Tom Assad

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 694 AIPSO PROPOSAL—REFORMAT OF WAIP MANUALS

The reformatted WAIP manual was approved effective May 1, 2009.

A special thank you was extended to AIPSO staff for their extensive work in reformatting the new WAIP manual.

This item is removed from the agenda.

ITEM NUMBER 712 SERVICING CARRIER AGREEMENT

The Committee was furnished with a copy of the proposed revisions to the current Servicing Carrier Agreement. National Continental Insurance will have their legal department review changes and provide final input.

This item is continued.

ITEM NUMBER 720 2009 WAIP BUDGET

Ralph Herrmann provided an update on the Pension Trust and group insurance accounts in the 2009 budget. The Committee accepted the budget.

This item is removed from the agenda.

NEW BUSINESS

ITEM NUMBER 721 AIPSO PROPOSAL - LOSS PAYABLE CLAUSE – MAXIMUM LOSS PAYABLE

This item proposes to specify the maximum loss payable amount on the schedule rather than “Actual Cash Value”.

The Committee requested additional clarification from AIPSO as to the intent of listing a specific limit on the Loss Payable Clause.

This item is continued.

ITEM NUMBER 722 AIPSO PROPOSAL – DELETION OF THE COMMERCIAL UNINSURED MOTORISTS EXHAUSTION CLAUSE

The new mandatory automobile insurance law may impact the proposed changes to the Wisconsin Uninsured Motorists Coverage Endorsement. This item was referred to AIPSO for further review.

This item is removed from the agenda with no action taken.

ITEM NUMBER 723 AIPSO PROPOSAL – EXPANSION OF PRIVATE PASSENGER PHYSICAL DAMAGE RATING SYMBOLS

The Committee accepted AIPSO’s proposal to adopt ISO’s current rating symbol table. The proposal included the following amendments to the WAIP manual:

Rule 3. WHOLE DOLLAR PREMIUM

This Rule is amended to reference “unless noted otherwise” to reflect the revised rating instructions described below.

Rule 21. PREMIUM DEVELOPMENT

Paragraph A.6 is amended to provide comprehensive rating instructions for developing private passenger physical damage premium based on the new Private Passenger Auto Rate Chapter described below.

Rule 28. BASE RATES FOR MODEL YEARS AND SYMBOLS NOT DISPLAYED

This Rule is deleted in its entirety.

Rule 29. DEDUCTIBLE INSURANCE

This Rule is amended to reflect the revised rating procedure.

Rule 31. CUSTOMIZED AUTOS

Paragraph B is amended to provide rating for buying back coverage for customized equipment for 2011 and subsequent model year autos.

PRIVATE PASSENGER AUTO RATE CHAPTER

This new chapter replaces the current Physical Damage Rate Schedules by incorporating the following:

- Amended Private Passenger Auto Rating Worksheet
This worksheet is amended to separate the physical damage rating steps from the liability rating steps.
- Private Passenger Physical Damage Rating Worksheet
- Physical Damage Base Rates Table
- Model Year Factors Table
- Symbol Factors Tables
- Class Factors Table

Plan staff will review and recommend appropriate amendments to the private passenger application to reference separate comprehensive and collision rating symbols.

This item will be filed with the Office of the Commissioner of Insurance for approval to be effective January 1, 2010.

ITEM NUMBER 724 AIPSO PROPOSAL – SRDP ACCOUNTING AND STATISTICAL REQUIREMENTS MANUAL PROPOSED AMENDMENTS TO EXHIBIT B-4

The Committee adopted the amendment to the Servicing Carrier Quarterly Summary Control Report to provide for reporting of payable commission when there is no producer of record. This amendment will be filed with the Office of the Commissioner of Insurance for approval to be effective upon approval, implemented 90 days after approval.

ITEM NUMBER 725 AIPSO PROPOSAL WI AUTOMOBILE INSURANCE PLAN MANUAL
SECTION 41 – DUTIES OF THE GOVERNING COMMITTEE

The Plan has not produced an Annual Report since 2000. Lack of credible data and concerns over sharing proprietary information were obstacles that prevented the release of a report. Plan staff will develop a prototype of an Annual Report for Committee review at the December meeting.

The proposed amendment to Section 41 – Duties of the Governing Committee was not accepted at this time. This item is removed from the agenda.

ITEM NUMBER 726 2008 WISCONSIN SRDP FINANCIAL STATEMENTS

The Committee reviewed and accepted the Statutory Financial Statements August 31, 2008 and 2007 and Statements of Cash Receipts and Disbursements Accounted for by the Central Processor Years Ended August 31, 2008 and 2007 as prepared by KPMG.

ITEM NUMBER 727 WAIP AUDITED FINANCIAL STATEMENTS

The Committee reviewed and accepted the WAIP Audited Financial Statements Years Ended December 31, 2008 and 2007 prepared by Reilly, Penner & Benton LLP.

By the unanimous consent of all members present, these items were added to the agenda:

ITEM NUMBER 728 COMMERCIAL RATE PROPOSAL

The Committee approved a proposed 20.2% overall commercial rate increase for filing with the Office of the Commissioner of Insurance. The rate filing is proposed to be effective January 1, 2010 for new business and March 1, 2010 for renewal business.

ITEM NUMBER 729 2009 WISCONSIN ACT 28 – MANDATORY AUTOMOBILE
INSURANCE

The Committee discussed the impact of the new mandatory automobile insurance law. AIPSO and Plan staff will identify rates, rules and forms that may be affected by the new law. A Governing Committee meeting will be scheduled in September to discuss needed changes.

Tom Assad from AIPSO provided an update on upcoming AIPSO projects.

The current servicing carrier audit program is being reviewed to ensure that the program is adequately measuring performance. There are three components to the program – compliance, operational and financial.

AIPSO is also assessing recent servicing carrier issues and the possible need for servicing carrier replacement. AIPSO is looking at developing a program which would act as a safety net in the event that a servicing carrier need could not be fulfilled. AIPSO would become a servicing agent with no intent to become a competitor to the carriers.

Donna Knepper
Executive Secretary