

CENTRAL REGIONAL OFFICE

Managed by AIPSO

Nancy E. Banaczuk, AIM, API, AIS, Director & Field Operations Team Leader
PO Box 6530, Providence, RI 02940-6530
(888) 706-6100 • Fax (800) 827-6260
<https://www.aipso.com/plansites>

October 30, 2018

SUBRES (NE AIP) 18-02

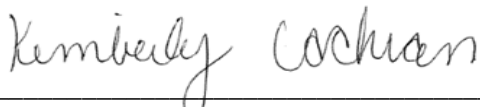
**Subscriber Mail Vote: Reporting of Voluntary Base Data for Low Speed Vehicles
Proposed Amendments to Sections 42. Determination and Fulfillment of Quotas and 44.
Commercial Automobile Insurance Procedure Participation Provisions**

Attached for your consideration and approval are proposed amendments to Plan Sections 42 and 44. The Nebraska Automobile Insurance Plan Governing Committee approved the amendments at its October 23, 2018 meeting.

The proposed amendments introduce expansion of voluntary miscellaneous nonfleet personal vehicles to include low speed vehicles for data reporting purposes. However, calculated car years for low speed vehicles will be excluded from the calculated car years used for quota determination because low speed vehicles are not written in the Plan. Without such clarification, low speed vehicles written in the voluntary market would be reported to AIPSO as private passenger nonfleet car years, which may not be appropriate.

Accordingly, subscribers are requested to vote on the proposed amendments to Plan Sections 42 and 44. If you do not respond by November 16, 2018, it will be assumed that you approve of the proposed amendments and your vote will be so recorded.

Attachment(s) Amendment Proposal
Subscriber Ballot



Kimberly Cochran, Sr. Insurance Coordinator
(888) 706-6100 ext. 1500

Affiliated States

Illinois • Iowa • Minnesota • Missouri • Nebraska • North Dakota • South Dakota

REPORTING OF VOLUNTARY BASE DATA FOR LOW SPEED VEHICLES**Defining the Issue**

Plan rules must be updated to provide guidance for company reporting of voluntary base data for low speed vehicles written in the voluntary market.

Action Needed

Please review this proposal and, if appropriate, approve the amendment provided.

Proposal

We propose expansion of voluntary miscellaneous nonfleet personal vehicles to include low speed vehicles for data reporting purposes. However, calculated car years for low speed vehicles will be excluded from the calculated car years used for quota determination because low speed vehicles are not written by the Plan. Without such clarification, low speed vehicles written in the voluntary market would be reported to AIPSO as private passenger nonfleet car years, which may not be appropriate.

Impact

Adoption of this amendment will have the following impact:

- How companies should report voluntary base data for low speed vehicles is clarified.
- Calculated car years for low speed vehicles will be excluded from voluntary base data used for quota purposes since low speed vehicles are not an assignable class of Plan risk.
- There is no impact with respect to the assignable classes of miscellaneous nonfleet personal vehicles. Low speed vehicles are currently not an assignable class and will continue to be ineligible for Plan coverage.

AIPSO Systems Impact: This project has no impact on AIPSO systems.

Background

Two Plans countrywide currently assign low speed vehicles under the private passenger quota distribution. A third Plan has a low speed vehicle program. Voluntary base data for low speed vehicles for these two Plans is classified as miscellaneous nonfleet personal vehicle data according to the Plan rules and the AIPSO Statistical Program for Residual Market Participation, Quota Determination, and Fulfillment Data. The voluntary premium reported as miscellaneous nonfleet personal vehicle data is converted to car years for quota determination.

The majority of Plans, however, do not write low speed vehicles. Companies writing low speed vehicles in the voluntary market and statistical agents need guidance as to how they should report their voluntary base data for low speed vehicles. The AIPSO Statistical Program for Residual Market Participation, Quota Determination, and Fulfillment Data does not specify how voluntary base data for low speed vehicles should be reported, with the exception of two Plans where such risks are direct assigned. Generally, voluntary data for low speed vehicles is being reported as voluntary private passenger nonfleet automobile data.

For consistency in company data reporting, low speed vehicle data should be included in the miscellaneous nonfleet personal vehicle category. Each company's reported voluntary premium data for miscellaneous nonfleet personal vehicles and named nonowner is converted to car years for

quota determination using an average statewide premium. However, calculated car years for low speed vehicles will be excluded from the voluntary base data used for quota purposes because low speed vehicles are not eligible for coverage through the Plan.

We recommend a Plan amendment to clarify the specific data reporting requirement for voluntary low speed data.

Proposed Changes

Sec. 42. Determination and Fulfillment of Quotas

Paragraph A.1 is amended to (1) expand the list of miscellaneous nonfleet personal vehicles for which voluntary base data must be reported to include low speed vehicles, and (2) exclude calculated car years for low speed vehicles from the calculated car years used for quota purposes.

Sec. 44. Commercial Automobile Insurance Procedure Participation Provisions

Paragraph A.2 is amended to clarify a reference to voluntary miscellaneous nonfleet personal vehicle and named nonowner liability premium excluded from Voluntary All Other Automobile Liability Net Direct Written premiums used for CAIP participation.

Implementation

This change will become effective with the reporting of 2019 voluntary base data.

Attachments

Exhibit A—Proposed amendments to Sections 42 and 44

COMMON PROVISIONS

Sec. 42. DETERMINATION AND FULFILLMENT OF QUOTAS

Paragraph A is amended to read as follows:

A. Assignment of Applications

The Plan shall make random assignment of applications which are eligible for coverage based on each company's individual quota. A company's quota shall reflect that company's proportion of Private Passenger Nonfleet Automobile Insurance Plan premiums that its respective Voluntary Private Passenger Nonfleet Liability Net Direct Written Car Years bear to the statewide total of the Voluntary Private Passenger Nonfleet Liability Net Direct Written Car Years of all companies in the state.

$$\text{Company Voluntary PPNF Liability Market} = \frac{\text{Net Direct Written Car Years}}{\text{Statewide Voluntary PPNF Liability Net Direct Written Car Years}}$$

For the purpose of such distribution as described above, (1) Voluntary Private Passenger Nonfleet Liability Net Direct Written Car Years and (2) Private Passenger Nonfleet Automobile Insurance Plan premiums shall be as defined below:

1. "Voluntary Private Passenger Nonfleet Liability Net Direct Written Car Years" shall be the number of private passenger nonfleet automobile bodily injury liability car years written by the company in the state for the calendar year ending December 31 of the second prior year under a personal auto policy of any type, excluding Private Passenger Nonfleet ~~Miscellaneous Nonfleet~~ Automobile Insurance Plan Car Years. Voluntary Private Passenger Nonfleet Liability Net Direct Written Car Years shall include calculated car years for ~~miscellaneous nonfleet and named nonowner applicants (as defined in Section 42.A.3)~~ the following:
 - a. Miscellaneous nonfleet personal vehicles including the following types that are registered:
 - (1) Motor homes, auto homes (self-propelled)
 - (2) Campers and travel trailers
 - (3) Dune buggies
 - (4) All-terrain vehicles

- (5) Antique autos
- (6) Amphibious autos
- (7) Snowmobiles
- (8) Golf carts
- (9) Motorcycles, motorscooters, motorbikes, trail bikes, and mopeds
- (10) Low speed vehicles

b. Named nonowner applicants

Snowmobile and low speed vehicle bodily injury liability calculated car years shall be excluded from the Voluntary Private Passenger Nonfleet Net Direct Written Car Years for the purpose of distribution of applicants.

Each statistical agent will report voluntary data for all ten classes of miscellaneous nonfleet personal vehicles shown in Section 42.A.1 above. AIPSO will make the appropriate adjustments to miscellaneous nonfleet personal vehicle data to comply with Section 42.A.4.

2. "Private Passenger Nonfleet Automobile Insurance Plan premiums" shall mean the total of
 - a. automobile bodily injury liability and property damage liability, medical payments, uninsured motorists, and underinsured motorists premiums, for private passenger nonfleet Automobile Insurance Plan insureds; and,
 - b. the premium credits allowed under this Section.
3. "Private Passenger Nonfleet Automobile Insurance Plan premiums" shall include the total Automobile Insurance Plan premiums written in the state for the following assignable classes:
 - a. Miscellaneous nonfleet personal vehicles including the following types that are registered:
 - (1) Motor homes, auto homes (self-propelled)
 - (2) Campers and travel trailers
 - (3) Dune buggies
 - (4) All-terrain vehicles
 - (5) Antique autos

- (6) Amphibious autos
- (7) Snowmobiles
- (8) Golf carts
- (9) Motorcycles, motorscooters, motorbikes, trail bikes, and mopeds

b. Named nonowner applicants

4. ~~For quota determination purposes,~~ AIPSO will convert each company's reported voluntary liability premium for the calendar year ending December 31 of the second prior year for all ~~nine ten~~ classes of miscellaneous nonfleet personal vehicles and named ~~nonowner applicants~~ nonowners as shown in Section ~~42.A.3~~ 42.A.1 above to car years using the statewide average Voluntary Private Passenger Nonfleet Liability premium per car year for the calendar year ending December 31 of the third prior year. Each company's reported Voluntary Private Passenger Nonfleet Liability Car Year data for the calendar year ending December 31 of the second prior year will be adjusted to include calculated car years for miscellaneous nonfleet personal vehicles and named nonowner applicants to comply with Section 42.A.1.

"Nonfleet" is defined as four or less motor vehicles of any type.

"Fleet" is defined as five or more motor vehicles of any type.

Sec. 44. COMMERCIAL AUTOMOBILE INSURANCE PROCEDURE PARTICIPATION PROVISIONS

Paragraph A is amended as follows:

A. All Other Automobile Liability Writers

For the purpose of participation in the premiums, losses, and expenses of the Commercial Automobile Insurance Procedure as outlined in Section 44.B, Voluntary All Other Automobile Liability Net Direct Written premiums shall be defined as follows:

"Voluntary All Other Automobile Liability Net Direct Written premiums" shall be the automobile liability premium included on the Exhibit of Premiums and Losses of the company's annual statement written by the company in the state for the calendar year ending December 31 of the second prior year minus premium for the following classes:

- 1.. Private passenger nonfleet automobile bodily injury and property damage liability, medical payments, and uninsured motorists voluntary ~~premium~~ premiums
2. Miscellaneous nonfleet personal vehicle and named nonowner ~~applicant~~ liability premiums as defined in Section 42.A.1.a and b
3. Automobile Insurance Plan liability premiums (including CAIP liability net direct written premiums of servicing carriers) written
4. Premiums for death and disability coverage
5. Reinsurance premium assumed

Such ~~premium~~ premiums shall be gross direct premiums, including policy and membership fees less return premium and premiums on policies not taken, without deducting reinsurance ceded, but including premiums for other than private passenger excess of loss policies except in the case of a company which writes no basic limits automobile liability insurance.

NEBRASKA AUTOMOBILE INSURANCE PLAN

FAX/MAIL/E-MAIL BALLOT

Please record my vote as follows:

Amendments to Sections 42 and 44	APPROVE	DISAPPROVE	ABSTAIN
---	---------	------------	---------

Comments:

Name: _____

Company: _____

Please complete this ballot and fax/mail/e-mail by Friday, November 16, 2018 to:

Nebraska Automobile Insurance Plan
302 Central Avenue
Johnston, RI 02919

Or

Fax: 888-827-6260
E-Mail: centralregion@aipso.com

If your reply has not been received by Friday, November 16, 2018, it will be considered as your approval of the above and your vote so recorded.

Attachment to circular SUBRES (NE AIP) 18-02 dated October 30, 2018.