

NORTHEAST REGIONAL OFFICE

Managed by AIPSO

Nancy E. Banaczuk, AIM, API, AIS, Director & Field Operations Team Leader
PO Box 6530, Providence, RI 02940-6530
(401) 946-2800 • (401) 528-1488 • Fax (401) 528-1409
<https://www.aipso.com/plansites>

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SUBRES (NH AIP) 19-01

Subscriber Mail Vote: Proposed Amendments to Section 23. AMENDMENT OF PLAN

Attached for your consideration and approval are proposed amendments to Plan Section 23. The New Hampshire Plan Board of Governors and the New Hampshire Insurance Department have approved the amendments.

The proposed amendments eliminate the subscriber ballot requirement when changes are made to the Plan of Operation. New language is introduced to clarify that all changes to the Plan require the approval of the Board of Governors and the New Hampshire Insurance Department.

An explanatory memorandum is attached which provides additional detail regarding the amendments.

Accordingly, subscribers are requested to vote on the proposed amendments to Plan Section 23. If you do not respond by February 22, 2019, it will be assumed that you approve of the proposed amendments and your vote will be so recorded.

Attachment(s) Explanatory Memorandum
 Proposed Amendments

Response Required February 22, 2019



Victoria Cioffi
Insurance Coordinator
Northeast Region
(401) 946-2310 ext. 3311

Affiliated States

Connecticut • Maine • New Hampshire • New Hampshire Automobile Reinsurance Facility • Vermont

Amendment of Plan AIPSO Filing No. NH 18-04
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Background

Currently, after the New Hampshire Board of Governors and the Insurance Department have approved a proposal to amend the Plan of Operation, the Plan must conduct a subscriber vote giving subscribers at least 20 days to either approve any amendments in the proposal or disapprove them when changes to the Introduction or Sections of the Plan manual are included in the proposal.

When the current subscriber ballot procedure was introduced in the 1970's, its purpose was to allow all subscriber companies to vote on amendments to the Plan of Operation. Application volumes in the automobile residual market were higher and most companies wrote their own assignments. State Plan of Operation amendments approved by the governing bodies were distributed to all subscriber companies for review and approval. Since then the residual market has less impact on companies due to the decline in application volumes.

With advances in technology, subscriber companies may access and review Plan proposals on AIPSO.com. Subscribing companies will have the ability to review all proposals included in the agenda more immediately, and provide comments on the amendment prior to, or during, a meeting/teleconference. Companies that are large writers of Plan business typically are on the state governing boards and review the proposed amendments. Subscriber companies may attend governing committee meetings and/or bring up a topic of discussion at any time if they are interested in doing so.

More than half of the Plans countrywide have eliminated the subscriber company ballot to effect Plan of Operation changes. That authority has been transferred to the governing body which has a fiduciary responsibility to represent the industry in all such matters.

During the September 7, 2018 Board of Governors meeting, the Board members approved a recommendation to eliminate the requirement for subscriber voting. The Board requested a proposal amending the Plan of Operation be presented at the next Board meeting.

Proposed Changes

Sec. 23. Amendment of Plan

The subscriber ballot is eliminated in its entirety. A provision is introduced to clarify that the Board of Governors and the New Hampshire Insurance Department must approve all amendments to the Plan of Operation. In addition, in the last paragraph of Section 23 the reference to a New Hampshire state law has been updated.

Sec. 23. AMENDMENT OF PLAN

~~Subject to approval of the Insurance Commissioner, the Plan may be amended by the subscribers by subscriber vote.~~

~~Notification of Proposed Amendment~~

~~With the introduction of the electronic delivery of notification of proposed amendments subscriber companies shall be given the option to receive notification of proposed amendments electronically or by mail. If the subscriber company elects to receive notification by mail, a Subscriber Vote Registration Form must be completed and submitted to the Plan Office. The Subscriber Vote Registration Form may be obtained from the Plan Office.~~

~~Notice of any proposed amendment shall be transmitted to registered subscriber companies in accordance with the procedures established by the Plan. Such notice shall include a ballot and be transmitted not less than 20 days prior to the final date fixed for voting thereon.~~

~~Subscriber companies electing to receive notification of any proposed amendment by mail shall be mailed a subscriber ballot not less than 20 days prior to the final date fixed for voting thereon.~~

~~Voting on Proposed Amendment~~

~~Subscribers should complete the transmitted or mailed ballot and submit their vote to the Plan Office prior to the final voting date thereon.~~

~~An amendment shall become effective (a) unless disapproved by 10% or more of all the subscribing companies writing direct automobile insurance in the state, provided such dissenting subscribing companies write at least 20% of the net direct automobile bodily injury and physical damage premiums in the state, or (b) unless disapproved by 20% or more of the subscribing companies writing direct automobile insurance in the state irrespective of the amount of such premiums written by such dissenting subscribing companies.~~

All changes in the Plan require the prior approval of the Board of Governors and the New Hampshire Insurance Department. The Plan may be amended by the Insurance Commissioner as provided by RSA Chapter 412, Section 49a RSA 404-C:13 of the Laws of the state of New Hampshire.