



"Serving the Insurance Industry"

THE COUNTRYWIDE COMMITTEE
FOR SOLICITATION AND RECOMMENDATION OF
COMMERCIAL AUTOMOBILE RESIDUAL MARKET SERVICING CARRIERS

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GCB (CW) 17-01
MBC (IN) 17-02
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COUNTRYWIDE CAIP SERVICING CARRIER SOLICITATION FOR COMMERCIAL
AUTOMOBILE POOLING MECHANISMS

State(s)

Countrywide

Distribution

All Subscribers

Contents

This circular is sent on behalf of the 44 automobile insurance plans as identified on Exhibit A, and shall hereinafter be collectively referred to as the "Plans".

We are notifying you, as a subscriber to one or more of the Plans, of the opportunity for your company to act as the countrywide servicing carrier for the participating Plans' commercial automobile pooling mechanisms. The term "Plans' commercial automobile pooling mechanisms" include: Commercial Automobile Insurance Procedure (CAIP), Special Risk Distribution Procedure (SRDP), Pooled Commercial Assignment Procedure (Pooled CAP) and All Other Risk Distribution Procedure (AORDP). The CAIP, SRDP, Pooled CAP, and AORDP are collectively referred to as "CAIP".

In the alternative, if your company wishes to submit a proposal to act as the servicing carrier for only the top 15 CAIPs, as determined by the most recently available premium volume (as shown on Exhibit A-1), you are invited to do so. However, your company must still be authorized or otherwise have the ability to service the top 15 CAIP business in all 50 states and the District of Columbia. Except for the foregoing limitation on the CAIPs to be serviced, all other terms and conditions of this solicitation would remain in effect.

The CAIP servicing carrier's duties would commence as of September 1, 2018 and continue for a five-year term. The compensation paid to the CAIP Servicing Carrier will be based upon an annual minimum countrywide fee agreed to by the Plans and the servicing carrier. For the last three CAIP Fiscal Years, the Plans' total CAIP premium volume was as follows: 2014 -- \$53,159,583, 2015 -- \$77,862,196 and 2016 -- \$98,872,969. Also, it should be noted that AIPSO's Automobile Insurance Operation (AIO) has been established to be a back-up service provider to the industry. The amount of premium to be written by the backup carrier will be determined at a later date.

Companies are advised that the policy processing system in use by AIO (the "AIO System") may be available for use by the CAIP Servicing Carrier for a fee to be negotiated by the parties. If your company is interested in the AIO System, please indicate that in your application package.

For a company to be considered as the CAIP Servicing Carrier, there are specific, minimum eligibility requirements outlined in the Plans which must be met (see attached summary Exhibit B). Interested companies must complete an application package for review by the Countrywide Committee, which comprises regional representatives from the Plans. The final decision regarding the application rests with each individual Plan's governing body.

If you are not the proper person to evaluate this solicitation, please forward this circular to the appropriate individual(s) in your company.

Interested companies should contact Thomas J. Assad, Director and Team Leader, (Thomas.Assad@aipso.com or 401-528-1311) with any questions and/or to request an application package. **All requests for application packages must be received no later than February 10, 2017.**

Douglas Beck, Chair

EXHIBIT A

Alabama Automobile Insurance Plan
Alaska Automobile Insurance Plan
Arizona Automobile Insurance Plan
Arkansas Automobile Insurance Plan
California Automobile Assigned Risk Plan
Colorado Motor Vehicle Insurance Plan
Connecticut Automobile Insurance Assigned Risk Plan
Delaware Automobile Insurance Plan
District of Columbia Automobile Insurance Plan
Georgia Automobile Insurance Plan
Idaho Automobile Insurance Plan
Illinois Automobile Insurance Plan
Indiana Automobile Insurance Plan
Iowa Automobile Insurance Plan
Kansas Automobile Insurance Plan
Kentucky Automobile Insurance Plan
Louisiana Automobile Insurance Plan
Maine Automobile Insurance Plan
Minnesota Automobile Insurance Plan
Mississippi Automobile Insurance Plan
Missouri Automobile Insurance Plan
Montana Automobile Insurance Plan
Nebraska Automobile Insurance Plan
Nevada Automobile Insurance Plan
New Hampshire Automobile Insurance Plan
New Jersey Commercial Automobile Insurance Plan
New Mexico Motor Vehicle Insurance Plan
New York Automobile Insurance Plan
North Dakota Automobile Insurance Plan
Ohio Automobile Insurance Plan
Oklahoma Automobile Insurance Plan
Automobile Insurance Plan of Oregon
Pennsylvania Assigned Risk Plan
Rhode Island Automobile Insurance Plan
South Carolina Commercial Automobile Insurance Plan
South Dakota Automobile Insurance Plan
Tennessee Automobile Insurance Plan
Utah Automobile Insurance Plan
Vermont Automobile Insurance Plan
Virginia Automobile Insurance Plan
Washington Automobile Insurance Plan
West Virginia Automobile Insurance Plan
Wisconsin Automobile Insurance Plan
Wyoming Automobile Insurance Plan

EXHIBIT A-1

PLAN	CAIP PREMIUM VOLUME FISCAL YEAR ENDING:		
	2014	2015	2016
California Automobile Assigned Risk Plan	14,017,674	22,461,285	25,993,949
New Jersey Commercial Automobile Insurance Plan	6,514,034	16,325,921	19,167,450
Illinois Automobile Insurance Plan	3,080,170	6,304,504	17,174,312
New York Automobile Insurance Plan (SRDP)	11,642,832	12,722,807	13,288,971
Rhode Island Automobile Insurance Plan	2,115,865	2,997,100	2,377,377
Virginia Automobile Insurance Plan	2,190,857	2,320,630	2,289,443
Pennsylvania Assigned Risk Plan (CAP)	1,310,743	1,585,630	1,866,332
Kansas Automobile Insurance Plan	1,008,085	1,501,445	1,852,664
Connecticut Automobile Insurance Assigned Risk Plan	1,300,036	970,001	1,458,793
Ohio Automobile Insurance Plan	804,757	903,459	1,445,205
Minnesota Automobile Insurance Plan	873,943	1,164,926	1,331,705
New Hampshire Automobile Insurance Plan	839,665	855,733	1,082,576
Tennessee Automobile Insurance Plan	536,286	624,047	1,075,985
Washington Automobile Insurance Plan	328,912	330,489	999,483
Delaware Automobile Insurance Plan	217,816	654,282	679,624
TOTAL	46,781,675	71,722,259	92,083,869

Requirements for Countrywide CAIP Servicing Carrier Appointment

Minimum Eligibility Requirements

In order to be eligible as a Countrywide CAIP servicing carrier, an insurer must:

1. Be a multiline automobile insurer that is a subscriber to each Plan participating in the countrywide process.
2. Have a statutory capital and surplus of not less than \$25,000,000¹
3. Be licensed to write automobile liability and physical damage insurance for all classes of business, other than private passenger non-fleet business, without restriction. Additionally, the company must have been writing other than private passenger non-fleet automobile business in the United States for a minimum period of five years in the voluntary market and for a minimum of three years in the voluntary market in each participating state.
4. Have maintained an A.M. Best's financial rating not less than A for a continuous three-year period from the most current publication date of an applicant's rating. An applicant not rated by A.M. Best's within the period necessary to comply with this eligibility requirement may demonstrate financial strength through alternative financial rating services at the discretion and satisfaction of the Committee. (Note: The Countrywide Committee, in its discretion, may accept the group's Best rating if the applying carrier does not have a rating.)
5. Be able to comply with the CAIP performance standards and financial reporting requirements (as specified in the Plan Manuals and the Accounting and Statistical Requirements Manuals) from the date appointed until such time as all the CAIP business is nonrenewed and all claims settled.
6. Be willing and able to execute the Servicing Carrier Agreements and comply with the provisions of these agreements. An agreement will be executed for each Plan participating in the countrywide process for a five-year term.

Additional Requirements

A chart listing Plans with additional requirements of a CAIP servicing carrier is attached (Exhibit B1).

Application Process

Companies interested in serving as the single Countrywide CAIP servicing carrier must:

- ✓ Submit a completed Application for Appointment as a Countrywide Servicing Carrier
- ✓ Include the annual minimum fee requested in the Application for Appointment as a Countrywide CAIP Servicing Carrier
- ✓ Submit a comprehensive company business plan
- ✓ Complete and submit the Release of Premium and Commission Charge-off information and CAIP Audit Reports
- ✓ Complete and submit the Meeting Attendance Form
- ✓ Make a presentation to the Countrywide Committee and answer questions the Committee may have
- ✓ Execute Servicing Carrier Agreements for a five-year term for each participating Plan in the countrywide process.

¹ Refer to [Exhibit B-1](#) for those CAIPs which may require a statutory capital and surplus in excess of \$25,000,000.

Requirements for Countrywide CAIP Servicing Carrier Appointment

An applicant may be required to submit additional information as deemed necessary by the Countrywide Committee.

Reservation Of Rights

The Countrywide Committee reserves the right to reject, in its sole discretion, any servicing carrier application that meets the minimum eligibility requirements but fails to satisfy any of the other requirements as outlined in this application package.

Furthermore, the governing body of each of the individual Plans reserves the right to accept or reject the servicing carrier recommendation of the Countrywide Committee for any reason that the governing body deems appropriate within its sole discretion.

10/17/2016

State Plans Having Additional CAIP Servicing Carrier Requirements

Exhibit B1

State or Jurisdiction	Ad-Hoc Report(s)	Classification Report	Large Claim Review Report 1	Large Claim Review Report 2	Operations Report	Requires Attendance at Governing Body Meetings	Requires Claim & Underwriting Office	Requires Continuing Education for Claims Personnel	Statutory Capital & Surplus in Excess of \$50 mil	Statutory Capital & Surplus in Excess of \$100 mil	Uncollected Premium/Charge-Off Report
Alabama			X								X
California						X	X				
Georgia			X								X
Illinois			X								
Iowa				X					X		
Minnesota										X	
Mississippi			X		X						X
Nebraska									X		
New Jersey		X			X						X
North Dakota										X	
South Dakota										X	
Tennessee			X								
Wisconsin	X										X

Ad-Hoc Report(s) – CAIP related report(s) as requested by Plan Manager

Attendance at Governing Body meetings - Attendance required at Governing Committee/Board of Governors/Advisory meetings

Classification Report – A report listing the types of risks insured by a particular Plan

Large Claim Review Report 1 – A report listing Loss Reserves and an Allocated Loss Adjustment Expense (ALAE) when the loss is expected to exceed \$ 100,000

Large Claim Review Report 2 - A report listing Loss Reserves in excess of \$100,000 and an Allocated Loss Adjustment Expense (ALAE), which is expected to exceed \$ 10,000

Operations Report – A status report reflecting the servicing of the Plan’s commercial assignments

Statutory Capital and Surplus – States which require a statutory capital and surplus in excess of the standard \$25 million

Uncollected Premium/Charge-Off Report – A report containing information on uncollected premium/charge-offs on a per policy basis