WISCONSIN
AUTOMOBILE
INSURANCE
PLAN

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

www.waip.org

RALPH M. HERRMANN
PLAN MANAGER

CHERYL A. KORTH
PLAN ADMINISTRATOR

PLAN LETTER 690 – FEBRUARY 8, 2006

TO: Members of the Plan

FROM: Cheryl A. Korth

RE: Limited Assignment Distribution (LAD)

A Limited Assignment Distribution Program (LAD) has been approved for use in the Wisconsin Automobile Insurance Plan (WAIP) since February 1, 2002. State Farm Insurance Company has now contracted to be the LAD carrier for Wisconsin.

Companies interested in participating in the LAD as an excused company must complete the Agreement With Excused Companies (which can be found on the WAIP Web site under Forms) and submit it to WAIP for processing. Agreements must be received by WAIP by the 1st of the month prior to the quota quarter to allow sufficient time for processing. The quota dates are February 1, May 1, August 1, and November 1. The expiration date of the Agreements will be in February 1, 2007. The first year of the Agreement will be short-term and will be continued on an annual basis thereafter. The earliest possible date to participate in the LAD for Wisconsin is May 1, 2006.

Under the LAD program, a company that writes 5% or less of its respective Wisconsin voluntary private passenger non-fleet liability car years or all other automobile liability net direct written premiums may buy-out from their quota. The Governing Committee has the option to consider a buy-out arrangement for a company writing over 5%.

Each calendar year, AIPSO, on behalf of WAIP, shall calculate, collect, and distribute the estimated fees in accordance with the provisions of the program. The minimum buy-out fee for Wisconsin is 30%, which based on the calculation for any agreement incepting in 2006, will be the 2006 buy-out fee.

Wisconsin (48)

Limited Assignment Distribution
Private Passenger Nonfleet

Calendar Year 2006
Based on Latest Available Experience

Buy-Out' ## *Percentage Formula* = $\dfrac{\dfrac{\text{Incentive Fee}}{(1.0 + \text{Percentage})} \times \text{[Statewide Indicated Average Rate]} - \text{[Statewide Current Average Rate]}}{\text{[Statewide Current Average Rate]}}$

Liability 'Buy-Out' Percent: $\dfrac{(\ 1.15\ \ x\ \$\ \ 398.77\ ) - (\ \$\ \ 398.77\ )}{\$398.77}$ = ***15.0%***

Physical Damage 'Buy-Out' Percent: $\dfrac{(\ 1.15\ \ x\ \$\ 1{,}030.00\ ) - (\ \$\ 1{,}030.00\ )}{\$1{,}030.00}$ = ***15.0%***

Aggregate 'Buy-Out' Percent #: $\dfrac{(\ 38.7\%\ \ x\ \ 15.0\%\ ) + (\ 61.3\%\ \ x\ \ 15.0\%\ )}{100.0\%}$ = ***15.0%***

'Buy-Out' Percent ##: ***30.0%***

\# Aggregate 'Buy-Out' Percent is based on the amount of AIP premiums estimated for Calendar Year 2004 as follows:

LIABILITY AIP PREMIUM:	($650)	38.7%
PHYSICAL DAMAGE AIP PREMIUM:	($1,030)	61.3%

\## Per Plan Manual Appendix 5.B.6, the minimum 'Buy-Out' Percentage is 30.0%