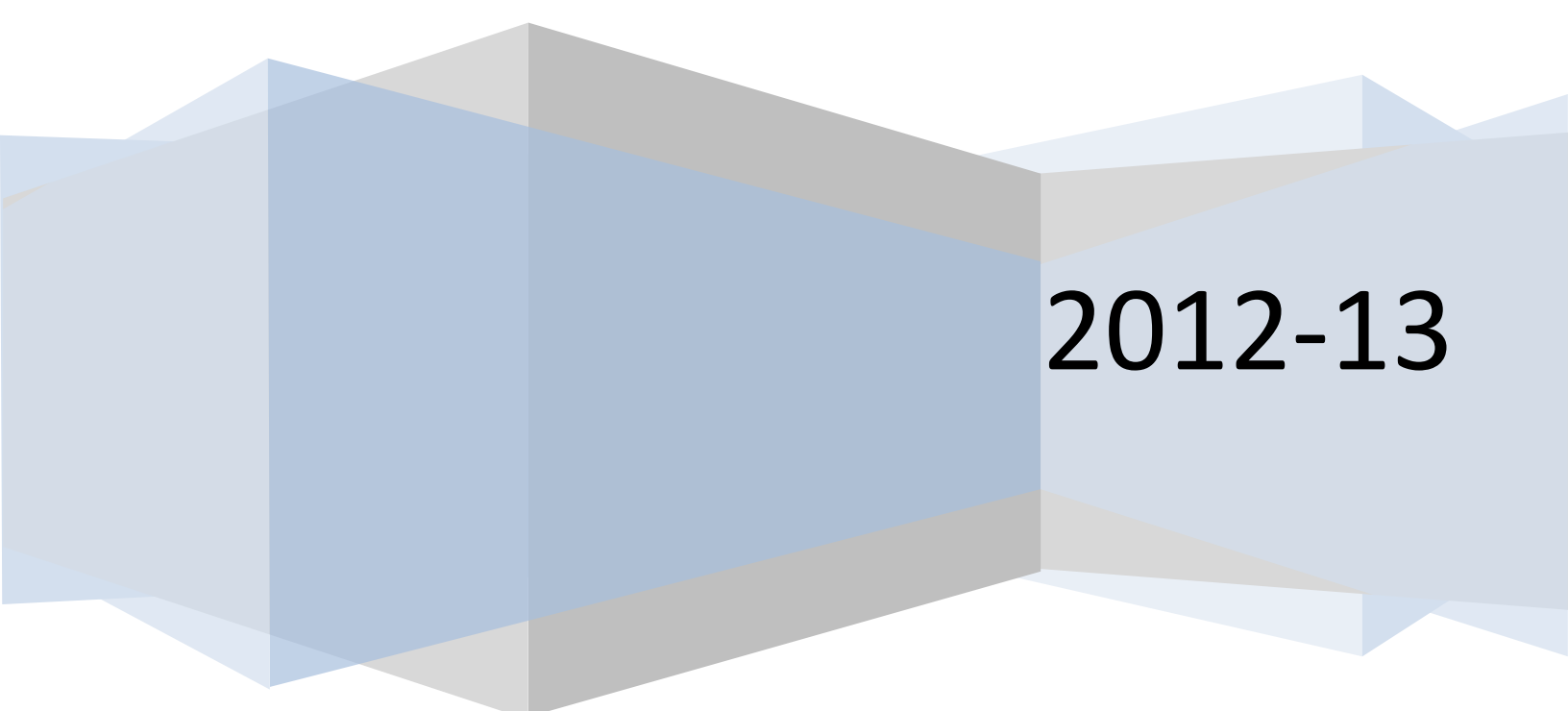


Missouri Joint Underwriting Association
Biennial Report

2012-13

An abstract graphic at the bottom of the page consists of several overlapping, semi-transparent geometric shapes, primarily cubes and rectangular prisms, in shades of light blue and grey. The shapes are arranged in a way that creates a sense of depth and three-dimensional space, with some shapes appearing to be in front of others.

Missouri Joint Underwriting Association Report of Operations

This is the Annual Meeting of the Missouri Joint Underwriting Association (MJUA). The MJUA evolved from the Automobile Insurance Plan and became effective January 1, 1975.

MJUA Status

Effective September 1, 2008, the Missouri Automobile Insurance Plan (MO AIP) replaced the MJUA as the state's automobile insurance residual market mechanism. The MJUA started run-off on September 1, 2008, the date of implementation of the new MO AIP. The MJUA stopped writing new business and all existing MJUA policies were non-renewed during the next year. Effective September 1, 2009, the existing book of MJUA business was non-renewed. The MJUA will remain in run-off until all claims are settled.

During the transition, the MJUA Board of Governors (the Board) agreed that once the reserves reached a small number, they would consider the possibility of terminating the mechanism. At its May 31, 2012 meeting, the Board discussed the possibility of closing out the MJUA earlier than the end of the 11 year runoff period. During this discussion, the Board received a proposal for early closeout from the former MJUA commercial servicing carrier. After discussion and consideration of the proposal, the consensus of the Board was to take no action at this time.

Staffing

The regional staff totals 3; Regional Manager and 2 Insurance Coordinators. Current staff handles all of the operational and administrative tasks for the regional plans: IA, IL, MN, MO, ND, NE, SD, and the Missouri Joint Underwriting Association (in runoff).

Significant Plan Changes/Initiatives Completed

- AIPSO's Central Region East Wacker Drive office in Chicago will close as of December 2013

Composition of Board of Governors (2012-13)

Automobile Club Inter-Insurance Exchange

American Family Insurance Company

Farmers Insurance Group

Travelers Companies, Inc.

Safeco Insurance

Shelter Mutual Insurance Company

State Farm Mutual Automobile Insurance Company

Producer Representative

Division of Insurance (ex officio)

Composition of Board of Governors (2013-15)

Automobile Club Inter-Insurance Exchange

American Family Insurance Company

Farmers Insurance Group

Travelers Companies, Inc.

Safeco Insurance Company

Shelter Mutual Insurance Company

State Farm Mutual Automobile Insurance Company

Missouri Farm Bureau

Producer Representative

Division of Insurance (ex officio)

Annual Plan Financial Statement

MISSOURI JOINT UNDERWRITING ASSOCIATION

Statutory Statements of Admitted Assets, Liabilities and Accountability of Members

September 30, 2012 and 2011

Admitted Assets	2012	2011
Cash and cash equivalents (note 2(b))	\$ 758,203	821,048
Cash – servicing carriers (note 3)	—	30,352
Total admitted assets	<u>\$ 758,203</u>	<u>851,400</u>
Liabilities and Accountability of Members		
Liabilities:		
Loss reserves (note 6)	\$ 63,630	95,480
Outstanding drafts	15,000	—
Accounts payable – other	3,442	5,325
Escheat reserve	943	943
Claim service fee reserve (note 2(g))	295	35,109
Total liabilities	<u>83,310</u>	<u>136,857</u>
Accountability of members	<u>674,893</u>	<u>714,543</u>
Total liabilities and accountability of members	<u>\$ 758,203</u>	<u>851,400</u>

Annual Plan Financial Statement

MISSOURI JOINT UNDERWRITING ASSOCIATION

Statutory Statements of Operations and Changes in Accountability of Members

Years ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Premiums earned	\$ —	—
Net losses and expenses incurred:		
Losses incurred (note 6)	(18,098)	(166,774)
Claim service fee adjustment (note 2(g))	(111)	17
Net losses and expenses incurred	<u>(18,209)</u>	<u>(166,757)</u>
Underwriting gain	18,209	166,757
Investment income	28	903
Central processor expenses	(36,041)	(47,662)
Salaries and benefits expenses	(18,717)	(19,662)
Bad debt expense	(1,875)	(17,519)
Other (expense) income	<u>(1,692)</u>	<u>7,137</u>
(Loss) gain from operations	(40,088)	89,954
Accountability of members, beginning of year	714,543	776,885
Assessment (distribution) (note 1)	<u>438</u>	<u>(152,296)</u>
Accountability of members, end of year	<u>\$ 674,893</u>	<u>714,543</u>