

# Residual Market Overview

This section describes the evolution of the residual market, the various types of residual market mechanisms in use today, and the size and characteristics of the residual market populations. Also included is a listing of the residual market mechanisms employed in each state, and an overview of AIPSO and its services.

## What is the Auto Residual Market?

The residual market (also known as the shared market) consists of those consumers who are unable to purchase automobile insurance through the voluntary market due to a variety of factors, such as their driving history or status as first-time drivers. Due to these factors, insurers expect that these drivers' future loss experience will be more costly than the predictions of losses and expenses underlying their voluntary market rates.

In most of the United States, this business is shared among insurance companies in two ways: (1) applications in the residual market are divided equitably through direct company assignment of the applicants, or (2) results of various pooling mechanisms are allocated equitably among participating member companies.

## Why is there an Automobile Residual Market?

In the early days of the automobile, there were no requirements for motorists to buy insurance, and insurance companies were free to insure only those who met their underwriting criteria.

The financial consequences of the increasing number of automobile accidents became apparent as car ownership grew. States began passing laws making the possession of automobile liability insurance a practical necessity for most motorists. Under financial responsibility laws, those who didn't have coverage faced the loss of their right to drive if they were unable to pay for damages resulting from an accident they caused. The dilemma facing the insurance companies then was how to satisfy the legal, social, and economic needs for automobile insurance in an equitable manner.

The insurance industry's solution was to establish a mechanism in each state to provide coverage for those

drivers who were unable to obtain insurance in the voluntary market. However, each applicant must meet eligibility requirements.

## How large is the Residual Market?

In 2010, nearly \$1.43 billion of premium was written in the automobile insurance residual market, representing 0.8% of the total direct written premium for the automobile insurance market in the United States for that year.

The number of private passenger autos insured through residual market mechanisms is not distributed evenly among all states. Depending upon such factors as government regulations and industry competition, the size of the residual market can vary dramatically from one state to another.

For example, the residual market mechanisms in such states as Arkansas, Minnesota, and Washington reported fewer than five private passenger written car years in 2009. In contrast, more than 70,000 private passenger written car years were reported for the residual market in each of the four largest states during the same year.

## What are State Residual Market Mechanisms?

The first residual market mechanism was established in New Hampshire in 1938. By 1959, all states had programs for sharing applicants. Today, there are several different types of mechanisms for servicing the residual market, including:

### Automobile Insurance Plans (AIPs) Direct Assignment

In 45 jurisdictions, applicants who cannot obtain insurance in the voluntary market are shared equitably among all insurers licensed to write automobile insurance. The applicants are distributed to insurance companies in proportion to the amount of business each insurer writes voluntarily in the state. Each insurer then services these policyholders as it services its other customers, and absorbs the profit or loss.

This procedure is applicable generally to private passenger and miscellaneous nonfleet risks. Except for relatively few jurisdictions, risks applicable to

# Types of Auto Residual Market Mechanisms

## According to State

as of January 1, 2012

### Home Office

Johnston, Rhode Island

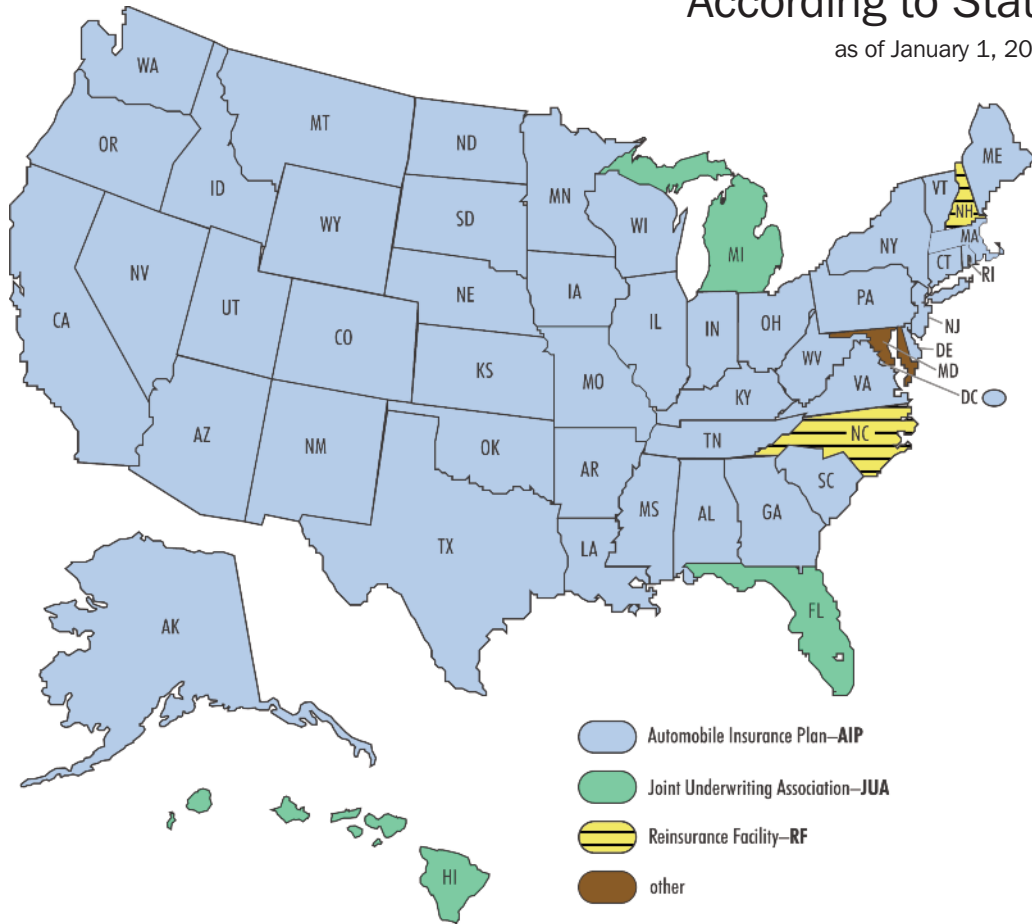
### Regional Offices

Birmingham, Alabama  
 Glen Allen, Virginia  
 Johnston, Rhode Island  
 Mt. Laurel, New Jersey  
 New York, New York  
 San Francisco, California

### Types of Automobile Residual Market Mechanisms

- 45 – Automobile Insurance Plans (AIP)\*
- 5 – Joint Underwriting Associations (JUA)
- 2 – Reinsurance Facilities (RF)
- 2 – other: MD–State Fund  
 MA–MMVRF/CAR

\*includes the Massachusetts Automobile Insurance Plan, effective 4/1/2008 and the Missouri Automobile Insurance Plan, effective 9/1/2008.



other classes of business are shared in accordance with the commercial programs described in the following pages.

In some jurisdictions, there is within the framework of the Automobile Insurance Plan a provision for modification of the risk distribution procedure—the Limited Assignment Distribution (LAD). Under this program, companies that wish to be relieved from servicing private passenger and miscellaneous nonfleet direct assignments may do so by executing agreements with the Plan (or, in some states, with the servicing companies) and by payment of “buy-out” fees. The servicing companies process assignments of buy-out companies in addition to their own. The objective of this program is to relieve companies from servicing their share of assignments, as well as to improve service and reduce costs.

In several jurisdictions with direct assignment of commercial risks, a similar provision for modification of the risk distribution procedure is the Commercial Limited Assignment Distribution Procedure (CLAD). As with the LAD, companies that wish to be relieved from servicing commercial direct assignments have the opportunity to negotiate with CLAD servicing

companies to buy out of their quota of such risks.

### Automobile Insurance Plans (AIPs) Commercial Programs

The AIP mechanism originally was conceived to service private passenger risks. Assigned risk programs provided coverage to meet minimum requirements of financial responsibility laws in a given jurisdiction. Commercial exposures were included in this coverage as they did not generate more than a minimal amount of premium and included few large risks. Special Risks Distribution Programs (SRDPs) and a Servicing Carrier Program (SCP) were introduced in nine jurisdictions in the mid-1970s to provide a special program to deal with the larger commercial risks.

At the same time, insurers were experiencing a sharp increase in the number and size of commercial risks. This trend accelerated with passage of the Motor Carrier Act of 1980 and the Bus Regulatory Reform Act of 1982. These two legislative acts required greater minimum financial responsibility limits of liability and coverage than previously provided by the Plans.

Methods to handle the expected increase in commercial risks were studied. This review encompassed

- the anticipated growth of commercial automobile business;
- capacity of companies and Plans;
- skills necessary to handle the business;
- limited commercial writers who would be unable to service all commercial applicants;
- the cost of implementing and operating a residual market mechanism;
- quota distribution;
- coverages including limits required by statute or regulation;
- the ability of the Plans, companies, and producers to provide the expertise to assure proper handling of the business.

The result of the study was the creation of a pooling mechanism known as the Commercial Automobile Insurance Procedure (CAIP). The first CAIPs were introduced in 1982.

In CAIP, a limited number of companies act as servicing carriers for eligible risks on behalf of all insurers writing commercial automobile business in the voluntary market. These carriers record CAIP experience as direct business and then cede 100% to the appropriate state Plan. The Plan subscriber companies assume their proportionate share of the pool's operating results.

New York introduced an SRDP in 1986. A special program for handling that state's taxis and limousines—the Taxi and Limousine Pool—was also introduced. This program was later redefined as the Public Automobile Pool (PAP) to include all vehicles classified as a public automobile. Participation in the New York SRDP and PAP is voluntary; a company may elect to receive direct assignment of SRDP and PAP-type risks, or to share in the results of the programs.

A modified approach to the CAIP, known as the Commercial Assignment Procedure (CAP), was developed in Pennsylvania in 1991. Risks eligible for this program are similar to those of the early SRDPs. Under this program, eligibility for application of the pooling concept is restricted to specific classifications

requiring specialized expertise (e.g., truckers, taxis, buses) and to risks requiring higher limits of coverage than those generally available through the state Plan.

## Joint Underwriting Associations (JUAs)

A JUA is a pooling mechanism under which a limited number of companies act as servicing carriers. Producers generally submit applications directly to the servicing carriers, which issue and service the policies. JUA operating results are shared among member companies in proportion to their share of the voluntary market.

An exception to this procedure is found in the Michigan Automobile Insurance Placement Facility, in which agents submit applications to the Facility office. The Facility office then distributes the applications to the servicing carriers.

## Reinsurance Facilities (RFs)

Under this pooling system, each auto insurer is required to provide coverage and service the claims for any applicant, but is permitted to cede a percentage of its policies to the Reinsurance Facility. The profits or losses on Facility business are shared equitably among all auto insurance companies licensed in the state in proportion to their share of the market.

## State Fund (SF)

Maryland has established a state fund mechanism to provide automobile insurance to applicants who cannot obtain coverage in the voluntary market. While private insurers do not participate directly in the Maryland Automobile Insurance Fund, they are required by law to subsidize any losses resulting from the Maryland operation and are permitted to recover these losses by surcharging their own policyholders.

### NOTES ON JUA MECHANISMS and REINSURANCE FACILITIES

Due to legislative action, the following mechanisms operate in these states:

#### MASSACHUSETTS

Commonwealth Automobile Reinsurers (CAR) [previously Massachusetts Motor Vehicle Reinsurance Facility (MMVRF)]

*Note: the Massachusetts Automobile Insurance Plan was implemented in 2008 to replace the CAR mechanism*

#### NEW JERSEY

##### Personal Auto

*For policies effective through December 31, 1983:*  
New Jersey Automobile Insurance Plan (NJAIIP)

*For policies effective between January 1, 1984 and September 30, 1990:*  
New Jersey Automobile Full Insurance Underwriting Association (NJAFIUA)

*For policies effective between October 1, 1990 and September 30, 1992:*  
New Jersey Market Transition Facility (NJMTF)

*For policies effective on or after October 1, 1992:*  
New Jersey Personal Automobile Insurance Plan (NJPAIP)

##### Commercial Auto

*All years:*  
New Jersey Automobile Insurance Plan (NJAIIP)

#### SOUTH CAROLINA

*For new policies effective on or after March 1, 2003:*  
Associated Auto Insurers Plan of South Carolina (AAIPSC)

# Residual Market Mechanisms by Jurisdiction

This chart shows the residual market mechanism(s) presently in effect in each jurisdiction.

State or Jurisdiction	AIP	LAD <sup>6</sup>	CAIP/CAP SRDP	CLAD	JUA	SF	RF	Other
Alabama	✓#		✓					
Alaska	✓#		✓					
Arizona	✓	N	✓					
Arkansas	✓	A	✓					
California <sup>1</sup>	✓	N	✓					
Colorado	✓	N	✓					
Connecticut	✓	N	✓					
Delaware	✓	N	✓					
District of Columbia	✓	N	✓					
Florida					✓			
Georgia	✓#		✓					
Hawaii					✓			
Idaho	✓	N	✓					
Illinois	✓	A	✓					
Indiana	✓	A	✓					
Iowa	✓	A	✓					
Kansas	✓	A	✓					
Kentucky	✓	A	✓					
Louisiana	✓	A <sup>7</sup>	✓					
Maine	✓	N	✓					
Maryland						✓		
Massachusetts	✓ <sup>5</sup>							
Michigan					✓			
Minnesota	✓	A	✓					
Mississippi	✓#		✓					
Missouri <sup>2</sup>	✓	A	✓		✓			
Montana	✓	N	✓					
Nebraska	✓	A	✓					
Nevada	✓	N	✓					
New Hampshire			✓				✓	
New Jersey <sup>3</sup>	✓	N	✓					
New Mexico	✓	N	✓					
New York	✓	N	✓	N	✓ <sup>8</sup>			N <sup>9</sup>
North Carolina							✓	
North Dakota	✓	A	✓					
Ohio	✓		✓					
Oklahoma	✓	A	✓					
Oregon	✓	N	✓					
Pennsylvania	✓	N	✓	N				
Rhode Island	✓#		✓					
South Carolina <sup>4</sup>	✓	N	✓	N				
South Dakota	✓	A	✓					
Tennessee	✓#		✓					
Texas	✓	N	✓	N				
Utah	✓	N	✓					
Vermont	✓	N	✓					
Virginia	✓	A	✓					
Washington	✓	N	✓					
West Virginia	✓	N	✓					
Wisconsin	✓	A	✓					
Wyoming	✓	N	✓					
TOTALS	45	37	44	4	5	1	2	1

## Notes

#-Service Center

<sup>1</sup>The California AARP also administers the California Low Cost Automobile Insurance Program.

<sup>2</sup>The Missouri Automobile Insurance Plan (AIP) began operations on September 1, 2008. The Missouri Joint Underwriting Association (JUA) entered run-off on September 1, 2008.

<sup>3</sup>The New Jersey Personal Automobile Insurance Plan (NJPAIP) effective 10/1/92. Refer to page 8 for further explanations.

The Special Automobile Insurance Plan (SAIP) and Low-Speed Vehicle Program are administered from AIPSO's regional office in Mt. Laurel, NJ. New Jersey's Urban Zone Assigned Risk Plan (UZAR) was terminated effective 4/1/09.

<sup>4</sup>The Associated Auto Insurers Plan of South Carolina (an AIP) began operations 3/1/03. The South Carolina CAIP is a separate mechanism.

<sup>5</sup>Massachusetts transitioned to an Automobile Insurance Plan in 2008. Commonwealth Auto Reinsurers (CAR) will process run-off business until 2018.

## <sup>6</sup>LAD

A—AIPSO—Administered LAD:  
The LAD buy-out fee is a governing committee-approved servicing company fee supplemented by an adjustment based on the mechanism's private passenger rate adequacy.

N—Negotiated LAD:  
The LAD buy-out fee is negotiated between the servicing company and the buy-out company.

<sup>7</sup>Louisiana LAD effective 1/1/10 but is inactive due to lack of a servicing company.

<sup>8</sup>New York Public Automobile Pool (PAP).

<sup>9</sup>PAP CLAD is a buy-out alternative to the New York Public Automobile Pool (PAP).

## What AIPSO Does

AIPSO is a management organization and service provider for various insurance industry groups responsible for administering the residual market. Being a nonprofit organization, the revenues AIPSO receives from automobile insurers generally cover only its operating costs. These costs are shared among the insurers on a market share basis for each of 49 states (as well as District of Columbia) in which AIPSO provides services. Many AIPSO services are provided directly to or on behalf of Governing Committees representing residual market mechanisms in each state. Service components are frequently subject to the prior approval of the respective state insurance regulators.

AIPSO is a national organization of more than 310 employees that serves local customer needs. Centralization and standardization are key to many AIPSO services because of the inherent economies of scale and other efficiencies. However, the organization is based on customer focus and recognizes the need for flexibility in serving customer groups with diverse interests. Services are tailored to meet local state residual market needs where appropriate. AIPSO's

staff from its eight home office departments and seven regional offices work together to serve the industry. While the home office is organized functionally, teams share responsibility for providing all services to AIPSO customers throughout the country.

Our customers—the many and varied segments of the insurance industry—are the reason why AIPSO exists. This customer base is continually challenging our organization to provide services at higher levels of excellence. In accepting these challenges, AIPSO's philosophy of serving the insurance industry is to respond to our customers' requests, while simultaneously focusing on efficient management and cost containment.

The services that AIPSO provides to the auto insurance residual market will be offered to industry-supported residual market mechanisms for lines of insurance other than automobile, but only when there is an opportunity to add economies of scale through avoidance of redundancies and costs borne by the same industry segments that are assessed by AIPSO. AIPSO services are customer-focused and detailed below.

## AIPSO Services

AIPSO provides a wide variety of services that support the residual market efforts of many different customer groups within the insurance industry. Our services are provided through a team management approach.

### Plan Management Services

AIPSO provides all necessary services for the effective and efficient administration of any residual market mechanism. A governing committee can rely on AIPSO as Plan Manager to provide any and all support, services, or products that are needed in the administration of any AIP, JUA, or RF. AIPSO is the organization Plan Manager of residual market mechanisms in 37 states and the District of Columbia. As Plan Manager, AIPSO

- includes all the services delineated below plus management of a local support office. Packaging all the services enables AIPSO to provide economies of scale and other efficiencies attained through team management.

- employs experienced professionals as individual Plan Managers to work closely with the governing committees. These Plan Managers and support staff are knowledgeable with regard to the local state market and residual market requirements. They enhance our ability to be flexible in serving customer groups with diverse interests.
- assigns an officer to each mechanism as team leader to facilitate and coordinate all communication and delivery of services. This ensures that the expectations and needs of the customer governing committee will be understood and satisfied with maximum quality.
- provides the same level and kind of support for the local office as it does for the AIPSO home office. This includes all employee-related necessities, such as compensation programs, training, and benefits, as well as legal compliance and internal audit. It also includes all information and building support, such as office design, lease management, and budget/plan



programs. The local offices, some of which are small, have all the benefits of a large organization and all the knowledge of a local operation with close proximity to policyholders for optimal customer service.

- provides complete administrative support for all industry meetings. This enables the meetings to proceed efficiently with maximum decision-making ability.

### **Rating Services**

AIPSO is a licensed rating organization in more than 40 states and the District of Columbia. We

- collect, evaluate, and edit insurance premium and expense data received from statistical organizations that collect the data from insurance companies
- develop rates, rating rules, and supporting policy forms designed specifically for the residual market
- develop individual rates for unique risks not specifically rated from the rating manuals
- present rate indications to Governing Committees
- file rates, rules, and policy forms with regulators on behalf of state residual market organizations
- provide rates, rules, and policy forms in both print and Web-based formats

### **Quota Sharing and Members Participation Services**

AIPSO develops and adjusts ratios for insurers to maintain equitable sharing of insurance applications and participation in operating results. We

- prepare and distribute AIPSO's statistical call for residual market participation, quota determination, and fulfillment data
- distribute applications to insurers through a random assignment system
- collect, verify, and consolidate servicing carrier premium and loss data
- settle cash balances due to/from servicing carriers
- prepare and distribute member participation reports
- process adjustments to application processing system, including LAD/CLAD participation and company groupings

- collect insurance companies' data and apply it to quota distribution calculations for those Automobile Insurance Plans with depopulation mechanisms (i.e. territorial credits, voluntary premium credits, and take-out programs)
- analyze effect of proposed changes to the calculation of quota ratios or members participation, as requested

### **Policy Forms Services**

AIPSO develops automobile insurance policies designed specifically for the residual market. We

- develop and maintain policy forms, endorsements, applications, technical manuals, and related policy writing forms
- monitor and analyze law changes to assure legally sufficient contract language
- provide policy forms, applications, and related policy writing forms in web-based formats, in addition to bulk supplies for producers

### **Uniform Operating Rules Services**

AIPSO develops uniform operating rules for the residual market. We

- present and interpret uniform rules to Governing Committees
- draft final rules as adopted
- file rules with regulators

### **Legal Counsel Services**

AIPSO provides legal counsel for residual market organizations. Legal support, coordination, and outside counsel supervision is provided when counsel is performed by non-AIPSO attorneys.

### **Application Processing Services**

AIPSO is able to process insurance applications and provides customer support for any residual market mechanism. We

- review applications received from producers for completeness and eligibility
- collect key information for creating data bases
- assign and deliver applications to insurance companies or servicing carriers
- provide an electronic binding system
- offer customer service for answering inquiries from insureds, producers, and insurance companies
- provide electronic coverage verification

## **Servicing Carrier Audit Services**

AIPSO provides on-site audits of servicing carriers for any residual market mechanism.

## **Automated Information Systems Services**

AIPSO provides and supports information systems for any residual market mechanism. We

- provide systems planning and design
- coordinate telecommunications, networking, and data transmission
- offer programming expertise
- provide and maintain software, systems, and equipment

## **Regulatory Affairs Services**

AIPSO communicates with state insurance regulatory agencies on various filings. The involvement of both home office and regional office personnel enhances the filing approval process. We

- act as liaison with regulators on behalf of Governing Committees
- monitor and follow-up the filing process
- clarify intent and need for various filings

## **Producer Certification Services**

AIPSO provides support for producer licensing and certification for residual market organizations. We

- maintain an automated system for tracking producer compliance
- support Peer Review Panels
- maintain producer licensing

## **Management Consulting Services**

AIPSO team leaders, managers, and other professional employees provide management expertise on a consulting basis to residual market mechanisms that are supported, but not managed, by our organization. This includes employee/team management, information management, facilities management, and any other expertise or program associated with managing an office.

## **Commercial Automobile Safety Program (CASP) Services**

AIPSO provides processing support for loss prevention programs. AIPSO acts as the liaison with companies that inspect commercial vehicles for safety hazards.

## **Pool Operations Support Services**

AIPSO provides analysis and administrative support for residual market organizations (e.g., CAIPs, JUAs). AIPSO also functions as a liaison for servicing carriers, residual market organizations, and member companies. We

- analyze insurance data and operating results, and identify issues that influence the results
- develop Uniform Plan of Operation rule changes
- develop and maintain uniform accounting and statistical rules
- prepare and distribute management information reports

## **Financial Services**

AIPSO provides accounting and investment services for any residual market organization. We

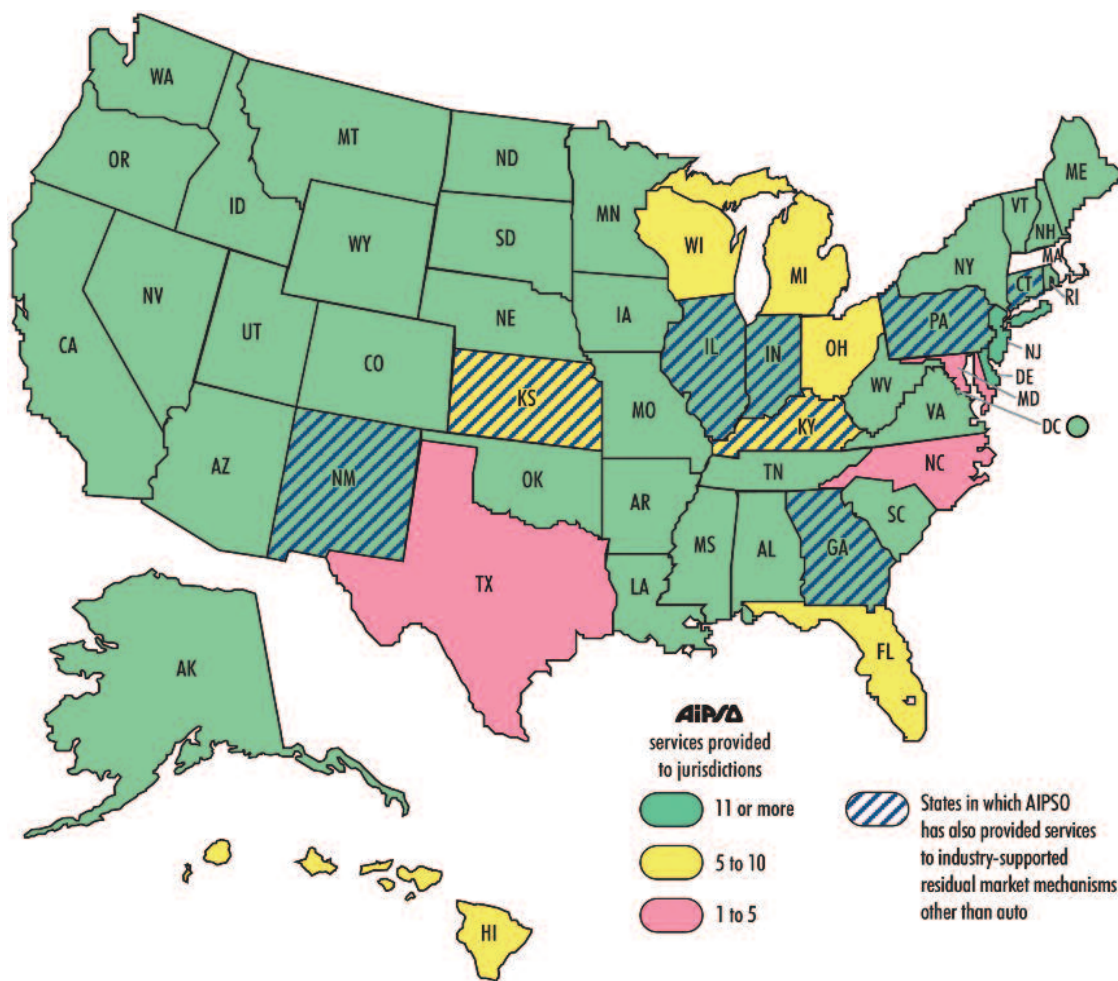
- process account receivables/payables
- maintain general ledgers
- prepare financial statements, reports, and tax filings
- maintain and reconcile bank accounts
- prepare, distribute, and collect assessments
- oversee mechanisms' investments on a centralized basis

## **Fraud Containment Services**

AIPSO takes measures on both a national and state level to identify and combat premium diversion and claims fraud in connection with insurance coverage provided through auto insurance residual market mechanisms. We

- enhance industry's awareness of auto insurance residual market fraud through seminars
- pursue fraud cases through aggressive legal action
- implement measures to deter premium diversion fraud in state assignment mechanisms, i.e. edit systems, 15-day delays, etc.
- investigate complex claims and other policy activity, including application and premium transactions, as requested
- encourage the sharing of intelligence gathered from claims investigations among auto insurance residual market mechanisms, insurance companies, and regulatory authorities.

# Range of AIPSO Services by State



## AIPSO Regional Offices

AIPSO provides services to the insurance industry from a network of offices located throughout the country. These offices also administer residual market mechanisms in their areas:

- ◆ Birmingham, Alabama
- ◆ Glen Allen, Virginia
- ◆ Johnston, Rhode Island
- ◆ Mt. Laurel, New Jersey
- ◆ New York, New York
- ◆ San Francisco, California

This chart illustrates the range of AIPSO services delivered to each state and the District of Columbia. Services are defined on pages 5–7.

Notes for certain jurisdictions:

1. MARYLAND  
All services, as indicated, are provided to Maryland Industry Automobile Insurance Association.
2. NEW JERSEY  
New Jersey Personal Automobile Insurance Plan and New Jersey Commercial Automobile Insurance Plan: In addition to the private passenger standard policy applications, NJPAIP also processes applications for the Basic Policy, a limited coverage policy, as well as the Special Automobile Insurance Plan (SAIP), a voluntary policy for low income applicants. NJCAIP was established in the early 1980s to process applications for commercial auto vehicles.
3. SOUTH CAROLINA  
Services provided to the South Carolina CAIP, and the Associated Auto Insurers Plan of South Carolina (effective March 1, 2003).
4. CALIFORNIA  
In 1999, a bill passed by California's state legislature mandated that the AIPSO-managed California Plan office administer the state's Low Cost Auto Insurance Program.
5. MISSOURI  
Effective September 2008, services are provided to the Missouri Automobile Insurance Plan, which replaced the Missouri Joint Underwriting Association.



## **AIPSO's Board of Directors**

AIPSO's Board of Directors traces its origins back to 1947 when it was established under the auspices of the National Association of Insurance Commissioners (NAIC). It was known then as the National Advisory Committee on Automobile Insurance Plans. In 1960, this important industry group reorganized as the National Industry Committee (NIC) and expanded its membership from six to nine members.

To meet the challenge of serving automobile insurance residual market consumers, the NIC established AIPSO in 1972, with operations starting in 1973. It was also in 1972 when the NIC expanded to twelve members. On October 21, 1987, AIPSO's Board of Directors assumed the responsibilities of the NIC.

Thirteen major insurers constitute the Board of Directors. Two insurance industry trade associations — the American Insurance Association and the Property Casualty Insurers Association of America — annually select three of its member companies to sit on the Board. Three companies representing unaffiliated insurers hold seats on the Board following an annual weighted vote conducted by the nation's unaffiliated insurance companies. These nine companies subsequently elect three additional "at large" companies to serve on the Board. The Board's membership is rounded out by the selection of a non-voting insurer member representing the largest residual market mechanism managed by AIPSO.

With this composition, the Board represents companies writing virtually all of the automobile insurance in the United States.

## **AIPSO's Mission**

AIPSO's mission is to provide high quality services for the insurance residual market at the lowest possible cost.

AIPSO will build on its successes as a leader in helping manage the automobile insurance residual market. We will continually rise to the challenge of being a national organization that serves local customer needs. We will remain flexible and will proactively meet the needs of our divergent customer groups at both national and state levels.

## **AIPSO's Values**

AIPSO values and listens to its employees who are guided by our shared values of integrity, honesty, fairness, respect, teamwork, communication, and excellence. The leadership, innovative decision making, flexibility and commitment to customer service of AIPSO employees will continue to enhance our service to Governing Committees and other AIPSO customers.

## **AIPSO's Vision**

AIPSO's vision is to become and remain the service provider of choice for the insurance residual market. We will enhance the quality of the value added management, technical, and support services and we will pursue new opportunities which will benefit the insurance residual market.

# **AIPSO's Strategic Goals**

## **Rate Adequacy**

Strive to contain losses to subscribers by pursuing rate adequacy along with supporting rules and forms in jurisdictions of responsibility.

## **Quality Service**

Provide cost effective quality services that maximize the value to customers in line with the ever changing needs of the residual market.

## **Efficient Operations**

Ensure that the cost of AIPSO services and operations are as low as possible; ensure that operations are streamlined and monitored for effectiveness.

## **Maintenance/Expansion of Services**

Continuously evaluate current services to ensure that they meet the needs of our customers; investigate and pursue opportunities to provide new or additional services to the industry; utilize a proactive approach to the competitive bid process.

## **Employee Development, Recognition, and Team Building**

Continued success rests with the ongoing development of our employees; every employee must be challenged and developed to the greatest extent possible; we shall recognize that our employees are an asset and value their input while enabling them to realize their goals.

## **Comprehensive and Consistent Communication**

Success depends upon our ability to communicate our messages clearly and concisely to our various internal and external audiences.