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REPORT OF THE ANNUAL MEETING

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April 27, 2020

**Insurance Placement Facility of Pennsylvania**

190 N. Independence Mall West  
Philadelphia, PA 19106-1554

**Board of Directors**

2019- 2020

Ms. Nicole Ford, Chairperson .....	Allstate Insurance Company
Ms. Marybeth Baxter .....	Nationwide Insurance Company
Mr. Dan Harrington .....	The Travelers Companies, Inc.
Ms. Jennifer Koebe .....	Erie Insurance Group
Mr. Richard Landers .....	State Farm Insurance Companies
Ms. Patricia Quinn .....	CNA
Ms. Blaine Stanley .....	Chubb Group

Mr. Daniel M. Taylor, Jr., Esq., General Counsel .....	Margolis Edelstein, Pittsburgh
Mr. John M. Ogle, President .....	Insurance Placement Facility of Pennsylvania

AGENDA FOR THE ANNUAL MEETING  
INSURANCE PLACEMENT FACILITY OF PENNSYLVANIA

April 27, 2020 - 1:30 P.M.

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1. Call to Order - 1:30 P.M. - Ms. Nicole Ford, Chairperson, presiding
2. Approval of Minutes of Previous Year Annual Meeting - April 24, 2019
3. Ratification of Board, Officer's and Committee Actions
4. Report of the Chairman
5. Report of the President
6. Treasurer's Report
7. New Business
8. Election of Board of Directors 2020 - 2021

Nominations are:

- 1) Allstate Insurance Company
  - 2) Chubb Group
  - 3) CNA
  - 4) Erie Insurance Group
  - 5) Nationwide Insurance Companies
  - 6) State Farm Insurance Companies
  - 7) The Travelers Companies, Inc.
9. Adjournment of Meeting

Insurance Placement Facility of Pennsylvania  
Minutes of the Annual Meeting  
April 27, 2020  
Teleconference  
1:30 p.m.

The Annual Meeting of the Insurance Placement Facility of Pennsylvania was called to order with Chairperson Nicole Ford presiding. President John M. Ogle served as secretary and reported a quorum was present with 149 companies or 66.86% of the membership represented in person or by proxy.

Upon motion duly made, seconded and carried, the Minutes of the April 24, 2019 Annual Meeting were approved as distributed.

A motion to ratify the actions of the Board of Directors and the Officers for the 2019-2020 term was duly made, seconded and carried.

Motions were made, seconded and carried to waive the reading of the Chairman's report, the President's report and the Treasurer's report, as all three reports were included in pre meeting materials and will be incorporated into the Annual Report. The reports were accepted as presented.

The President noted the 2019 financial audit report provided by the accounting firm of Mazars, accepted by the Audit Committee and as reported to Board of Directors will be made part of the Annual Report.

With no new business, Nominating Committee chairperson Ms. Marybeth Baxter, placed into nomination the following Member Companies to serve on the Board of Directors for the 2020-2021 term.


Allstate Insurance Company  
Chubb  
CNA  
Erie Insurance Group  
Nationwide Insurance Companies  
State Farm Insurance Companies  
The Travelers Company, Inc.

There being no other nominations, it was moved, seconded and carried to close nominations.

Chairperson Ford requested and received confirmation from the secretary that a sufficient amount of ballots had been cast for the nominees. Mr. Ogle reported that 66.51% of the membership representing 143 companies, indicated their intention to cast ballots either in person or by proxy in favor of the nominated slate. Therefore, upon motion duly made seconded and carried, the slate was declared elected.

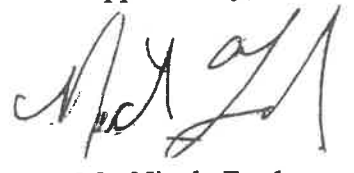
There being no further business and upon motion duly made, seconded and carried, the meeting was adjourned.

Respectfully submitted by,



Mr. John M. Ogle, CPCU  
President

Approved by,



Ms. Nicole Ford  
Chairperson of Board

**PHILADELPHIA- BOARD MEMBERS**

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	<b>Count</b>	<b>Note*</b>	<b>Percentage</b>
<b>Total Board</b>	65		50.4670
Baxter	23		5.3440
Stanley	41		7.6340
Both	14		3.0650
None	6		0.3530
Other	0		0.0000
<b>Subtotal</b>	84		16.3960
<b>TOTAL</b>	<b>149</b>		<b>66.8630</b>

\* (No votes from board members)

**Report of the Chairperson**  
**Ms. Nicole Ford**  
**52nd Annual Meeting**  
**Of the Members of the**  
**Insurance Placement Facility of Pennsylvania**

**April 27, 2020**

Welcome to the 52nd Annual Meeting of the Insurance Placement Facility of Pennsylvania. With now more than 50 years in operation, I am pleased to report that the Facility continues to meet its primary purpose of making basic property insurance available to those property owners who have been unable to secure such coverage in the voluntary marketplace.

There are a wide range of companies doing business in Pennsylvania, which is reflected in the State's viable and very competitive insurance marketplace. With so many companies active in the marketplace, it is not a surprise that the FAIR Plan has continued to see a decline in its volume.

Despite a competitive voluntary market and lower volumes, the Pennsylvania FAIR Plan receives a daily flow of new applications and payments from all corners of the Commonwealth. The FAIR Plan has its greatest volume of business centered around the urban centers especially Philadelphia. Despite its southeastern urban tilt, the Plan still has policies in force in every county and most every small city or borough in the Commonwealth.

Over the past five decades, the Pennsylvania FAIR Plan has recorded years of both high and low loss severity and substantial surplus and deficits. Unfortunately, 2019's Loss Incurred was on the higher end and combined with 13.6% decline in Premiums Earned, produced a Net Result of Operations loss of \$797,910.

In 2019 almost all categories saw a decline including New Business Received, Policies Issued and Premiums Written.

General Expenses however, rose 3.92% from 2018 as the Plan overlapped some salaries as it dealt with retirements including the transition of the senior Underwriting and Accounting Managers retirements.

In closing, I would like to thank the Pennsylvania Insurance Department for all its support to the FAIR Plan operation. We are very fortunate to have such an attentive Department of Insurance staffed with some very dedicated and talented individuals.

In addition, my appreciation also goes out to Mr. John M. Ogle and the members of his Staff. Their dedication to the FAIR Plan is evident in so many ways and I think I speak for all the Board members when I say we take great comfort knowing the operation is in such capable hands.


I would also like to recognize the contributions of our General Counsel Mr. Daniel M. Taylor. Mr. Taylor's timely and well thought out advice has served the Board well over the years and 2019 was no exception.

I would also be remiss if I did not acknowledge all the members of our committees and in particular our Committee Chairman. Your readiness to serve and to offer the Staff guidance on any number of assorted issues goes a long way in making the Pennsylvania FAIR Plan a well-run operation.

Every year it seems the Board of Directors or the FAIR Plan staff loses some very talented individuals to other assignments or retirement. 2019 was no exception. To all of those who have moved on, I would like to offer my personal thanks and gratitude for all the years of service to the FAIR Plan.

Lastly, I would like to thank all my fellow Board members for their support and dedication. I realize that many travel considerable distance and sometimes under less than ideal circumstances. During our meetings, I am constantly amazed at your knowledge and your willingness to take time from your busy schedules to assist in the oversight of the Pennsylvania FAIR Plan. For all your efforts, I am indeed grateful.

Respectively submitted,



Nicole Ford  
Chairperson of the Board

Report of the President  
John M. Ogle

52<sup>nd</sup> Annual Meeting  
Of the Members of the  
Insurance Placement Facility of Pennsylvania  
April 27, 2020

Good afternoon and welcome to the 52<sup>nd</sup> Annual Meeting of the Insurance Placement Facility of Pennsylvania.

For nearly a decade, we have seen a steady decline in FAIR Plan business and 2019 was no exception. In 2019, Policies Issued fell 6.9% and Premiums Written declined by almost 10.9%. The decline is not exclusive to the Pennsylvania FAIR Plan as many residual markets nationwide also saw significant depopulation. While Losses Incurred rose by 5.8%, Losses Reported followed in the same direction as Policies Issued and decreased by 27.3%.

For the year, a 13.6% drop in Premiums Earned, a 5.8% increase in Losses Incurred and a 3.9% increase in Underwriting Expenses yielded an Underwriting Loss of \$882,001. Taking into account Investment Income and Other Income and Expenses, the Pennsylvania FAIR Plan finished 2019 with a Net Result of Operations loss of \$797,910.

Over the decades the Pennsylvania FAIR Plan has remained a small niche market for those unable to secure coverage in the normal marketplace. Annual Premiums Written exceeded \$14,000,000 in only one year and annual policy counts have only once been as high as 110,000. Despite its limited size, the FAIR Plan has still paid out more than \$351,000,000 in Losses.

Change not only impacts business, it also impacts people. Whether it's Board or Committee members, Insurance Department senior staff or the FAIR Plan's own staff, we have seen many friends and colleagues move on to their next challenge. To all, I would like to express my thanks for their years of dedicated service.

In closing, I would like to thank the members of my management team and the employees of Pennsylvania FAIR Plan for their dedicated efforts over these past 12 months. This has certainly been a year of change with retirements of our tenured Accounting and Underwriting Managers and the hiring of their replacements. While institutional knowledge is next to impossible to replace, we were fortunate to be able to promote from

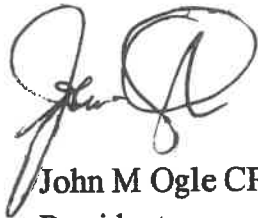
within and to also hire seasoned industry professionals familiar with the FAIR plan.

I would also like to thank General Counsel Daniel Taylor for his timely and sound legal advice throughout the year. Today's working and social environments have changed so drastically from just a few years ago, but Dan has managed to steer the organization clear of the many potential pitfalls.

I also think it is appropriate to thank the Pennsylvania Insurance Department. Time does not permit me to personally thank all those folks inside the Department who have lent us their knowledge and expertise, but suffice it to say, their efforts are greatly appreciated.

Lastly, I would like to thank all the members of the Board and its various Committees. Your interest, support and enthusiasm go a long way in running this organization. Whether it has been an email, a phone conversation or a meeting, members repeatedly go to great lengths to be engaged in the operation of the Plan. Your efforts and support are greatly appreciated.

Respectively Submitted

A handwritten signature in black ink, appearing to read 'John M. Ogle', with a large, stylized flourish at the end.

John M Ogle CPCU  
President

**INSURANCE PLACEMENT FACILITY OF PENNSYLVANIA**

**PENNSYLVANIA FAIR PLAN**

Treasurer's Report

December 31, 2019

**ASSETS**

Cash in Bank	4,972,429.26
Investments, Short term at cost plus accumulated discount	4,407,268.79
Accrued Investment Income	0.00
Due from Participating Members	939,632.41
Premiums Receivable	56,599.40
Other Receivables	122,637.64
Equipment *	0.00
 Total Assets	 <u><u>10,498,567.50</u></u>

**LIABILITIES AND MEMBERS' EQUITY**

Unearned Premiums	2,826,482.00
Unearned Advance Premiums	211,237.20
Outstanding Losses	543,970.00
Outstanding Loss Adjustment Expenses	174,309.00
Accrued Expenses	170,475.00
Unpaid Post Retirement Benefits	3,352,889.00
Unpaid Pension	1,665,710.00
Accounts Payable	96,790.74
Claims Checks Payable	140,163.54
Unpaid Premium Tax	0.00
 Total Liabilities	 <u><u>9,182,026.48</u></u>
Members' Equity (Deficit)	1,316,541.02
 Total Liabilities and Members' Equity	 <u><u>10,498,567.50</u></u>

Respectfully Submitted,



Joseph L. Budka Jr.  
Accounting Manager

\* E. D. P. Equipment