

07

2007 ANNUAL REPORT

# REAL PEOPLE REAL PROGRESS



**MAIF**  
MARYLAND AUTOMOBILE INSURANCE FUND



## Our Mission

To provide the best service and most affordable automobile insurance possible to those Maryland residents unable to obtain it through private market means.

## Our Vision

To be a leader in Maryland's effort to minimize the number of uninsured motorists on its highways.

### MAIF EXECUTIVE TEAM

#### Seated L-R:

Charisse Walker, *Associate Director of Procurement/EEO*  
John Banghart, *Deputy Executive Director*  
Kent Krabbe, *Executive Director*  
Mark McCurdy, *Director of Governmental and Policy Affairs*  
Betty Kay Hines, *Director of Fiscal*

#### Standing L-R:

Alex Fernandez, *Director of Actuarial Services*  
Chris Crawford, *Director of Claims*  
Cindy Hughes, *Director of Information Technology*  
Sandra Dodson, *Associate Director of Governmental Affairs*  
Cheryl Kehoe, *Associate Director of Underwriting*  
Elbert Danquah, *Director of Internal Auditing*  
Tom Dixon, *Associate Director of Human Resources*

## MESSAGE FROM THE EXECUTIVE DIRECTOR:



## Kent Krabbe

It's not always easy to maintain the proper "public/private" balance in a quasi-governmental agency that runs much more like a private company, but at MAIF, we do just that.

MAIF was designed to provide automobile insurance to Maryland citizens who cannot obtain it through the private market. For many years, MAIF has fulfilled this mission with great success, but as the company has grown, we have challenged our employees and management to do more than just exist. We want to be a leader in the field of automobile insurance; we want to be on the cutting edge of technology; we want to be a role model for environmentally friendly businesses; and we want to provide our customers with the highest level of service available anywhere.

As you read through this report, you will notice the constant theme of customer service. Through technology, MAIF's green initiative, our community outreach, and accomplishments, we are constantly striving to make the entire MAIF process easier, more efficient, and friendlier for the customer. "Customer" means many things at MAIF. Our primary responsibility, of course, is to our policyholders and the citizens of Maryland. However, we also have a responsibility to provide excellent customer service to our Producers, the Maryland General Assembly, and our employees. We do not take this mission lightly.

Our title, *Real People. Real Progress.* features exactly that; real people – customers, citizens and employees, and their experiences with MAIF. I hope you find this report informative and enjoyable.

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### MAIF 2007 - MAIF Board Members

Damian C. O'Doherty, Chair  
 Charles C. Baldwin, Jr.  
 Derrick L. Davis  
 Martin J. Dippel  
 Michael Larkin  
 Arthur J. Luzarraga  
 R. Lee Morton, Jr.  
 Nancy Pierce  
 Jan Peters Richardson  
 James Rowland  
 Y. Maria Welch



# REAL PROGRESS: TECHNOLOGY

In 2007, MAIF made it easier than ever before for customers to find a price quote, an insurance agent, and begin coverage, all without leaving the comfort of home. Three key technologies have been introduced to MAIF's policyholders, producers, and employees in 2007 that have reduced the time it takes to conduct business. These processes have improved business efficiency and given our policyholders the same technology capabilities that private carriers offer.

## Quick Quote

Potential MAIF consumers looking for an insurance quote can now log onto MAIF's home page at [www.emaif.com](http://www.emaif.com) to receive an immediate price quote for a policy. The new "quick quote" option is designed to provide consumers with a fast and efficient way to obtain a MAIF quote. Consumers are asked eligibility questions, driver and vehicle information. The new quick quote option also provides the "Find a Producer" button, and suggests contacting a local agency to bind and secure insurance coverage. The quick quote provides an estimated down payment of 10 percent with 10 monthly payments approximated. It can be printed, as well as e-mailed to the agency of choice.

## Remote Binding

Remote binding is a program that allows MAIF Producers to bind new business automobile policies (insurance coverage) over the phone, via fax or e-mail. Prior to implementing the remote binding program, producers had to meet face to face in order to bind coverage for a policy with the applicant.

MAIF Producers have found the remote binding process allows them to write policies for applicants they may have otherwise been unable to reach due to schedules or the distance between the two parties.

## Electronic Signature

Electronic signature has enhanced the binding of remote policies and eliminated the need for a client to be present to sign their policy. Electronic signatures are a broad category of processes, methods, and technologies designed to replace handwritten signatures.

In 2007, MAIF partnered with EchoSign, to offer electronic signature capability. With remote binding and electronic signature, MAIF Producers now have the ability to issue a policy in their office and send the policy documents to the applicant via e-mail for signature.

# REAL PEOPLE: THE FRENCH CONNECTION

*Our new technology is working for everyone. Below is a story from a MAIF insurance agent and his client.*

An interesting encounter happened yesterday with a client who is now with MAIF thanks in large part to the remote binding process. The client, Jessica Darby had faxed us her Maryland registration a few days earlier as she was interested in getting a MAIF policy, but unable to come into my office.



*Jessica enjoys her visit to Paris, knowing that MAIF has her covered.*

When I called to finalize her policy she informed me that she was in Paris, and therefore unable to come into the office and complete the process. I was pleased to inform Ms. Darby that along with her credit card down payment I could still finalize her policy, but she would need access to her e-mail to acknowledge the policy through electronic signature. I suggested she visit a local Internet café, access her e-mail, acknowledge the policy and e-mail me back. Sure enough, she did just that. In no time, the policy was acknowledged by all and her coverage was in effect.

I believe this would be MAIF's first "overseas" remote binding. It felt really good to help a client overcome obstacles to have the coverage she needed by the time she returned. Using technology is borderless and really helps solve the traditional "face to face" issues.

## REAL PROGRESS: GREEN

In 2007, MAIF made the bold decision to make being green our business. Everyday we are striving to become a leader in environmental stewardship to not only meet statewide energy efficiency goals, but because it is the right thing to do.

We are succeeding by taking a long hard look at the way we operate. We recognize how vital it is to incorporate environmental stewardship into our business and encourage all MAIF employees to implement strategies aimed at improving operational efficiency, energy conservation, and the preservation of natural resources. Through our actions, we are making eco-friendly solutions a routine part of our business and encouraging others to do the same. Innovation takes time, but we are fully committed to finding new ways to reduce our carbon footprint.

In 2007, MAIF formed a team of employees from throughout the organization - the "Green Committee" - to research and develop environmentally-conscious methods to reduce, reuse, and recycle. We began benchmarking energy and water consumption, associated costs, and monitoring our progress. Currently, we are documenting our electric, natural gas, and water consumption.

Every deed, no matter how simple, has made an impact on our daily operations. For instance, we have expanded our recycling program of paper and computer equipment to include cardboard, plastic, aluminum, glass, steel cans, batteries, toner cartridges, and cell phones, and have designated areas throughout the building as collection stations. Employees are encouraged to turn off the lights when leaving a room and to power down their PC's nightly. We have found ways to use technology to reduce the amount of paper we consume by scanning and e-mailing or posting items to the Internet. If we must use paper for business purposes, we incorporate eco-friendly components whenever feasible.

C.



D.



F.



On a larger scale, MAIF has purchased its first hybrid car, a diesel truck and has plans to add additional hybrids, biofuel, and diesel vehicles to our fleet.

We are also making greener purchases by working with vendors who share MAIF's vision of a cleaner world. We are purchasing products made from recycled materials including paper towels, toilet tissue, pencils, folders, stationery items, and envelopes.

Finally, none of this work would be possible without the commitment of our employees. Nearly a quarter of MAIF's workforce was eligible to telework in 2007. We have also continued to encourage carpooling whenever possible. To let all employees know their opinions matter, the Green Committee set up an e-mail address for staff to send their green ideas for company improvements. We continue to reward innovation and praise action. It seems that "going green" has instilled a renewed sense of pride in our company, accountability to each other and to our earth.

A.



B.



E.



**B. Gerald St. Amant** – MAIF “going green” is not only better for the environment, but also better for business. I am proud to work for a company that recognizes everyone can make a difference.

**C. Joanne Daum** – MAIF “going green” is an extension of the green life that I have lived for the past 10 years. I live on a boat so I live small, which in and of itself is a contribution to a green existence. It’s been rewarding to share my personal green experiences with my group and apply what I’ve already been doing at home to my work life.

**D. John Richards** – By recycling the paper products we use and receive at MAIF, we are making an impact. I don’t think many companies out there are aware of the big picture yet, and it’s up to MAIF to lead by example. It feels good to know we are trying our best to preserve the environment for our children to enjoy.

**E. Michael Vukovan** – Being “green” at MAIF has really impacted my work life. I am driving the first hybrid vehicle that MAIF has added to its fleet.

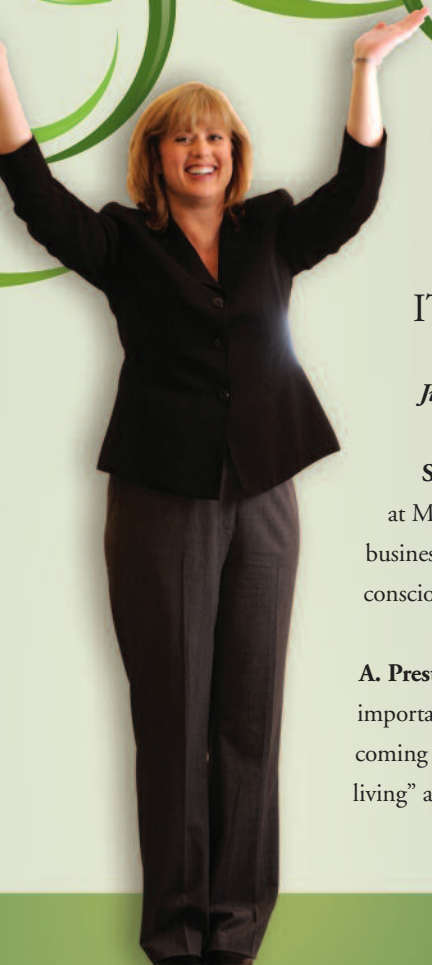
**F. Deanne Ford** – Green means looking for ways to better our processes. Since becoming more aware of paper waste, our group has found a way to eliminate the need to print a payment history on every file – now we’re saving anywhere from five to 50 pages or more!

## REAL PEOPLE: IT’S EASY BEING GREEN.

*Just ask our employees...*

**Susie Allen**, Green Coordinator – “Green” at MAIF means a change in attitude; instead of business as usual, becoming environmentally conscious and responsible in our words and deeds.

**A. Preston Keller** – I think “going green” is a very important MAIF initiative. It’s nice to see everyone coming together to do their part and make “green living” a way of life.





## REAL PROGRESS: OUTREACH

MAIF has been a proud partner of the Maryland Charities Campaign - a giving campaign run by the Governor's Office – since the early 1990's. According to

MCC – one out of every three persons in Maryland benefit from the services provided as a result of donations to an MCC charity.

In 2007, MAIF surpassed all of its previous fundraising efforts collecting more than \$40,000 for the MCC. Thanks in part to the dedicated team members and the creative genius of MAIF employees – fundraising was “fun” for employees and lucrative for the campaign. The Executive department, Fiscal, IT, HR, and many other departments, all worked together to come up with a fundraising idea; coordinate and compete against each other to see who could raise the most money with their event. Through bake sales, lunch-time carnivals, silent auctions and more, the fundraising competitions contributed \$9,000 to the overall MCC total for 2007. MAIF was also proud to have 12 employees donate \$500 or more, thus earning the title of MCC Leadership Giver. Other monies were donated through paycheck deductions, sales of old MAIF PC's and other fundraising events.

Also, for the first time in its partnership with the MCC, MAIF proudly provided a corporate match to its yearly employee fundraising totals, thus solidifying its connection with MCC and recognizing the efforts of MAIF employees.

### Outreach Events

- YMCA of Central Maryland Healthy Kids Day
- Pennoyer Insurance VIN-Etching
- Annapolis Police Department VIN-Etching
- African American Heritage Festival
- MACO
- Prince George's County Hispanic Festival
- Latino Fest 2007
- YMCA VIN-Etching

### Sponsorships

- The Y of Central Maryland's 32nd Annual MLK Breakfast
- Maryland Council on Economic Education Golf Tournament
- Hispanic Legislative Reception
- Hispanic Business Association's Cinco de Mayo Festival
- Baltimore Hispanic Chamber of Commerce Golf Tournament
- United States Hispanic Youth Entrepreneur Education Youth Symposium
- Legislative Black Caucus of Maryland Annual Meeting

## REAL PEOPLE: MAIF EXTENDS GREEN THUMB

On a sunny, warm day in October in a children's park not far from its headquarters, MAIF partnered with City of Annapolis Mayor Ellen Moyer and the Annapolis City Council to plant the first of 240 trees donated by MAIF to the City of Annapolis.



In addition to replacing 120 trees at MAIF headquarters, our company donated an additional 240 trees to the City of Annapolis to be used for its reforestation projects in the communities surrounding MAIF.

“MAIF is committed to working toward a greener, more environmentally-friendly business model,” said M. Kent Krabbe, MAIF's Executive Director. “This partnership has provided us with an opportunity to demonstrate our commitment to reducing MAIF's carbon footprint.”





## REAL PROGRESS: LEGISLATION

At MAIF's creation, nearly 35 years ago, lawmakers' enacted legislation designed to help MAIF build financial reserves. The law stated that MAIF would collect its entire premium at the inception of the policy to ensure the growth and financial stability of the young company. Many things have changed since 1972 – the price of gas, the music on the radio, yet, this restriction still exists and is desperately in need of reform.

MAIF drivers represent a cross-section of communities from all over Maryland. Urban and suburban, from new drivers to seasoned drivers and everything in-between, our drivers have unique issues, backgrounds and stories. We have heard from countless former and current policyholders, as well as many insurance producers, that a change in the law would be of great benefit to MAIF clientele.

The legislative affairs team at MAIF has been working to change this through legislation. The requirement of premium "up-front" can be burden on Maryland citizens. Since many of our policyholders cannot afford to pay for an entire yearly policy at once, they must make a choice: drive uninsured or find a company to finance their MAIF policy – a choice that can be very costly – up to 26% APR in many cases.

MAIF is looking to give these drivers yet another choice. We support reforms prepared by General Assembly leaders and backed by Governor O'Malley and the Maryland Insurance Commissioner that would give MAIF's policyholders an installment payment option. If enacted, this legislation would allow our customers to pay their MAIF policies on a monthly basis. MAIF's policyholders would still have the option to pay at the beginning of the policy or choose a MAIF installment option.

## REAL PEOPLE: JEANNE BALL: ALL-MARYLAND GIRL

Jeanne Ball, a senior at Magruder High School in Montgomery County is an example of a citizen that would benefit from a MAIF installment option. Jeanne is a Division I athlete who plans to attend Towson University next fall. Since Jeanne is a new driver with no prior experience, her parents were unable to add her to their own insurance policy. As a result, this honor roll student will be sent to MAIF and required to pay for the full amount of her automobile insurance policy upfront.



Jeanne is a prime example of how a change in MAIF legislation will assist all Marylanders. An installment option for Jeanne would give her an affordable way to pay for insurance, thus allowing her to drive to and from school next year. It would allow Jeanne's parents to avoid the burden of paying for lump sum items like college tuition, books and automobile insurance fees for their daughter.

# REAL PROGRESS, REAL PEOPLE: ACCOMPLISHMENTS

## **For MAIF Policyholders**

To better serve the large concentration of policyholders in the Washington Metropolitan area, MAIF has created the Prince George's County House Counsel office in Laurel, Maryland. The legal office will service Prince George's and Montgomery Counties and Southern Maryland.



*MAIF's Prince George's House Counsel.*

In the fall of 2007, MAIF opened a new Damage Assessment Center office facility in Beltsville. The new facility has a garaged space that enables our Material Damage staff to inspect vehicles indoors, unlike the prior office.

The new space is better for our customers and employees as it supports a more comfortable working environment in the event of inclement weather conditions.



At MAIF, we are constantly striving to improve our

customer service. We do that by knowing our customer. Nearly one third of our customers use Spanish as a first or second language. In 2007, MAIF added six more bilingual employees to our company to communicate effectively with our growing Hispanic customer base.

## **MAIF Producers**

MAIF hosted its second annual Producer Event in September at the Historic Oakland Mansion in Columbia, Maryland. MAIF Producers were treated to dinner and live music. In keeping with the historic theme of the evening, special guest speaker, Benjamin Franklin engaged the audience with his thoughts on life, business and insurance. MAIF Producers who consistently go above and beyond to serve their customers were recognized.

## **MAIF's Outstanding Business Partner Awardees**

Findencio Gonzalez  
Masri's Insurance Agency, Inc.

## **MAIF's Commitment to Excellence Awardees**

Insurance USA Corporation  
Wilgus Insurance Agency  
Silvia M. Caceres-Diaz  
Irma Lopez  
Rosa M. Guzman  
Barry E. Winstead

### For MAIF Employees

Six MAIF employees completed the AIC (Associate in Claims) from the Insurance Institute of America. The AIC program is offered by The American Institute for CPCU and Insurance Institute of America and is widely respected in the insurance industry. Earning the AIC designation improves our adjusters' technical claim handling abilities, as well as, communication and negotiation skills.

A group of 18 claims employees completed the I-CAR Training. I-CAR is an international, not-for-profit training organization. All I-CAR activities and resources focus on helping the industry achieve a high level of technical training. I-CAR develops and delivers technical training programs to professionals in all areas of the collision industry. I-CAR aims to teach the necessary skills to achieve a complete and safe repair.

As with many organizations, this is the first time four generations are in the workplace. To ensure our employees have the tools to deal with the large age variances and the subsequent issues, our training department provided every employee with the knowledge to address generation related differences in the workplace. The class titled "Generations: M.E.E.T. with Respect in the Workplace" was required for all employees at all levels.



**Above: AIC group** (Top row L-R: Gabriel Barcelo, Bernadette Dukes, April Holmes, Mary Nims *Training Coordinator*. Seated L-R: Diane Lewis, Alesia Ruiz, Kathy Buckley.)

**Left: I-CAR group** (Top row L-R: Joan Smith-Sharps, Sandra Cromwell, Mike Vukovan, John Richards, Jamie Castle. Seated L-R: Julie Lamp, Paul Cascio, Yadira Keen, Anne Butterworth, Shenise Eldridge.)



# STATEMENT OF: Actuarial Opinion

## IDENTIFICATION

I, Kay Kufera, am associated with the firm of Kufera Consulting, Inc. I am a member of the American Academy of Actuaries and meet its qualification standards, and I am a Fellow of the Casualty Actuarial Society. I was appointed by the Board of Directors of the Maryland Automobile Insurance Fund (MAIF or the Company) on July 1, 2005, to render this opinion.

## SCOPE

I have examined the reserves listed in Exhibit A, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials, as of December 31, 2007.

In forming my opinion on the loss and loss adjustment expense reserves, I relied upon data prepared by Alex Fernandez, Jr., Director of Actuarial Services of the Company. I evaluated the data for reasonableness and consistency. I also reconciled that data to Schedule P - Part 1 of the company's current annual statement, and evidence of that reconciliation is contained in the report supporting this Opinion. In other respects, my examination included the use of standard actuarial assumptions and methods and an independent calculation of appropriate reserves.

The items listed in Exhibit A, on which I am expressing an opinion, reflect the Loss Reserve Disclosure items (8 through 13) in Exhibit B.

## OPINION

In my opinion, the amounts carried separately for losses and expenses in Exhibit A on account of the items identified:

- A. Meet the requirements of the insurance laws of the State of Maryland.
- B. Are consistent with reserves computed in accordance with accepted actuarial standards and principles.
- C. Make a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its contracts and agreements.

## Exhibit A: SCOPE

### Loss Reserves:

1. Reserve for Unpaid Losses (Liabilities, Surplus and Other Funds page, Line 1) .....	\$72,973,627
2. Reserve for Unpaid Loss Adjustment Expenses (Liabilities, Surplus and Other Funds page, Line 3) .....	\$25,241,776
3. Reserve of Unpaid Losses - Direct and Assumed (Schedule P, Part 1, Totals from Cols. 13 and 15) .....	\$73,304,000
4. Reserve of Unpaid Loss adjustment Expenses - Direct and Assumed (Schedule P, Part 1, Totals from Cols. 17, 19 and 21) .....	\$25,322,000
5. The Page 3 write-in item reserve, <i>Retroactive Reinsurance Reserve Assumed</i> .....	\$ 0
6. Other Loss Reserve items on which the Appointed Actuary is expressing an Opinion (list separately) .....	\$0

### Premium Reserves


7. Reserve for Direct and Assumed Unearned Premiums for Long Duration Contracts .....	\$0
8. Reserve for Net Unearned Premiums for Long Duration Contract .....	\$0
9. Other Premium Reserve items on which the Appointed Actuary is expressing an Opinion (list separately).....	\$0



**Exhibit B: DISCLOSURES**

1. Name of the Appointed Actuary .....	Kay Ellen Kufera
2. The Appointed Actuary's Relationship to the Company. Enter E or C based upon the following: E if an Employee or C if a Consultant .....	C
3. The Appointed Actuary is a Qualified Actuary based upon what qualification? Enter F, A, M, or O based upon the following: F if a Fellow of the Casualty Actuarial Society (FCAS), A if an Associate of the Casualty Actuarial Society (ACAS), M if not a member of the Casualty Actuarial Society, but a member of the American Academy of Actuaries (MAAA) approved by the Casualty Practice Council, as documented with the attached approval letter, O for Other .....	F
4. Type of Opinion, as identified in the OPINION paragraph. Enter R, I, E, Q, or N based upon the following: R if Reasonable, I if Inadequate or Deficient Provision, E if Excessive or Redundant Provision, Q if Qualified (use Q when part of the Opinion is Qualified), N if No Opinion .....	R
5. Materiality Standard expressed in US dollars (Used to Answer Question #6) .....	\$9,800,000
6. Is there a Significant Risk of Material Adverse Deviation? .....	No
7. Statutory Surplus .....	\$184,753,525
8. Anticipated net salvage and subrogation included as a reduction to loss reserves as reported in Schedule P .....	\$0
9. Discount included as a reduction to loss reserves and loss expense reserves as reported in Schedule P	
9.1 Nontabular Discount .....	\$0
9.2 Tabular Discount .....	\$0
10. The net reserves for losses and expenses for the company's share of voluntary and involuntary underwriting pools' and associations' unpaid losses and expenses that are included in reserves shown on the Liabilities, Surplus and Other Funds page, Losses and Loss Adjustment Expenses lines .....	\$0
11. The net reserves for losses and loss adjustment expenses that the company carries for the following liabilities included on the Liabilities, Surplus and Other Funds page, Losses and Loss Adjustment Expenses lines. *	
11.1 Asbestos, as disclosed in the Notes to Financial Statements .....	\$0
11.2. Environmental, as disclosed in the Notes to Financial Statements .....	\$0
12. The total claims made extended loss and expense reserve (Schedule P Interrogatories).	
12.1 Amount reported as loss reserves .....	\$0
12.2 Amount reported as unearned premium reserves .....	\$0
13. Other items on which the Appointed Actuary is providing Relevant Comment (list separately) .....	\$0

*\* The reserves disclosed in item 11 above, should exclude amounts relating to contracts specifically written to cover asbestos and environmental exposures. Contracts specifically written to cover these exposures include Environmental Impairment Liability, (post 1986), Asbestos Abatement, Pollution Legal Liability, Contractor's Pollution Liability, Consultant's Environmental Liability, and Pollution and Remediation Legal Liability.*



# Relevant Comments



## **RISK OF MATERIAL ADVERSE DEVIATION**

I have identified the major risk factor for this company as the risk of being selected against and the risk of being susceptible to the economic cycle. However, I believe that the risk of material adverse deviation does not exist for the Company both because of the strong surplus position of the Company and because of the size of the book of business. The risk factor and its mitigating elements are described in more detail in the following paragraph and in the report supporting this Opinion. The absence of other risk factors from this listing does not imply that additional factors will not be identified in the future as having been a significant influence on the Company's reserves.

The Company writes non-standard automobile liability insurance and non-standard auto physical damage insurance. The Company is the insurer of last resort for drivers in the state of Maryland and as such, experiences the risk of being selected against. In economic downturns as well as times of economic uncertainty, there is a moral hazard risk as well because fraud and theft losses tend to increase. Nevertheless, the size of the Company's book of business is such that the law of large numbers takes effect and the data is relatively smooth and predictable. Furthermore, the Company carries healthy reserves and maintains a strong surplus position. I believe it is unlikely that the reserves could deteriorate enough to jeopardize the surplus of the company to any significant degree.

In developing the threshold for the risk of material adverse deviation, I considered the company's loss and LAE reserves, statutory surplus, and Risk-Based Capital position as of December 31, 2007. Based upon our review of these considerations, I selected a materiality standard of \$9,800,000, which is about 10% of carried net loss and loss adjustment expense reserves.

## **OTHER DISCLOSURES IN EXHIBIT B**

- The reserves shown in Exhibit A, on which I am expressing an Opinion, have not been explicitly reduced due to the anticipation of receiving any Salvage or Subrogation.
- Reserves are not discounted for the time value of money, either on a tabular or nontabular basis.
- The Company does not participate in any voluntary or non-voluntary pools or associations.
- I have reviewed the Company's exposure to asbestos and environmental claims. In my opinion, there is a remote chance of material liability, since reported claim activity is zero and the Company writes only Automobile Liability and Physical Damage insurance.
- The Company does not carry reserves for extended loss and expenses.



## REINSURANCE

Based on discussions with Company management and its description of the Company's ceded reinsurance, I am not aware of any reinsurance contract that either has been or should have been accounted for as retroactive reinsurance or financial reinsurance. Use of ceded reinsurance is minimal; it is not material relative to reserves or surplus carried.

## NAIC IRIS TESTS

The loss and loss adjustment reserves identified in Exhibit A did not create any exceptional values for the NAIC One Year Reserve Development to Surplus test, the Two Year Reserve Development to Surplus test or the Estimated Current Reserve Deficiency to Surplus test.

## METHODS AND ASSUMPTIONS

This is the third year I have rendered the opinion for this company. The methods used in calculating the appropriate reserve employ standard and accepted loss reserving standards and are identical to those used last year.

## ACTUARIAL REPORT

An actuarial report, including underlying workpapers supporting the findings expressed in this Statement of Actuarial Opinion, will be provided to the Company to be retained for a period of seven years in the administrative offices of the Company and available for regulatory examination.



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Kay Kufera, FCAS, MAAA\*

Kufera Consulting, Inc.

1 Grace Ridge Ct., Monkton, MD 21111

(410) 329-6672

February 21, 2008

*\*This statement of actuarial opinion has been formatted to fit this report.  
To request the original document please call the Maryland Insurance  
Administration (MIA) at 1-800-492-6116.*



# Underwriting *and* Investment Exhibit

*Year Ended December 31, 2007*

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	2007	2006
<b>REVENUES</b>		
Net Premium Earned	\$ 139,554,443	\$ 173,155,367
Investment Income	28,375,821	23,671,923
Other Income	20,461	(391,143)
<b>Total Revenues</b>	<b>\$167,950,725</b>	<b>\$196,436,147</b>
<b>EXPENSES</b>		
Claims Expenses	\$ 120,009,463	\$ 135,806,880
Net Operating Expenses	30,272,315	32,778,491
<b>Total Expenses</b>	<b>\$150,281,778</b>	<b>\$168,585,371</b>
<b>Net Income</b>	<b>\$ 17,668,947</b>	<b>\$ 27,850,777</b>







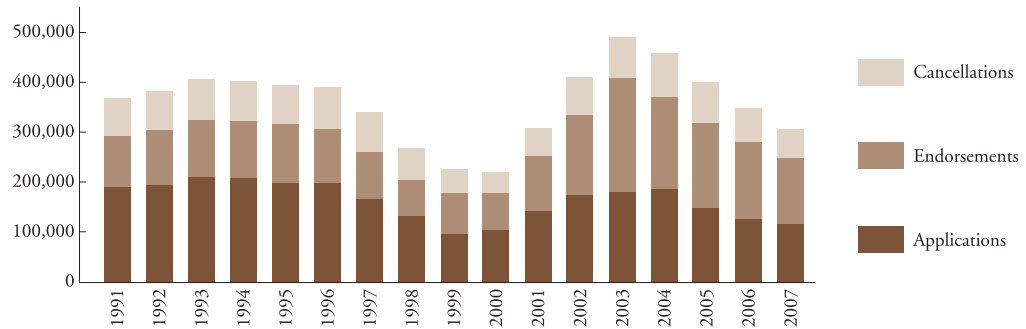
## INSURED DIVISION: Statutory Balance Sheet

*Year Ended December 31, 2007*

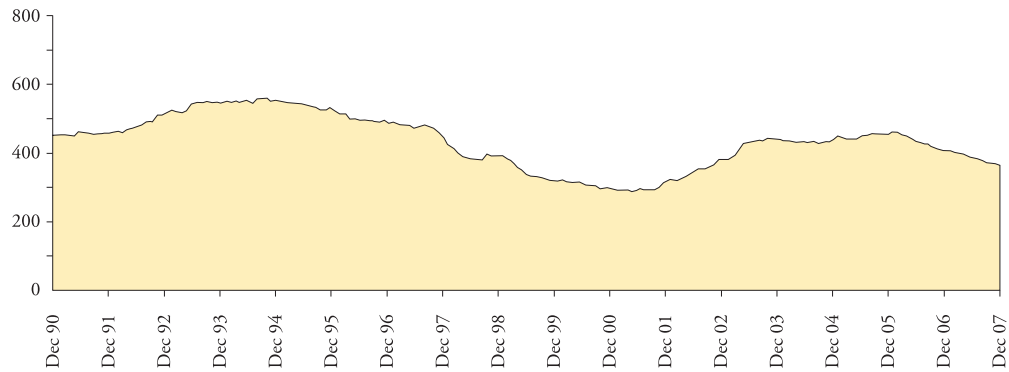
ASSETS	2007	2006
Cash	\$ (1,062,283)	\$ (1,056,678)
Investments	368,815,688	379,248,462
Real Estate	3,566,100	4,520,069
Receivables	4,833,709	5,168,718
Electronic DP Equipment	572,544	879,963
Other	1,260,000	1,260,000
<b>Total Assets</b>	<b>\$377,985,758</b>	<b>\$390,020,535</b>
<b>LIABILITIES AND FUND EQUITY:</b>		
<b>Liabilities</b>		
Loss & Loss Expense Reserves	\$ 98,215,403	\$ 106,024,541
Unearned Premium Reserve	68,918,158	79,936,915
Outstanding Draft Reserve	7,624,677	8,481,462
Other	18,473,996	17,269,116
<b>Total Liabilities</b>	<b>\$193,232,234</b>	<b>\$211,712,034</b>
<b>Fund Equity</b>	<b>\$184,753,525</b>	<b>\$178,308,501</b>
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$377,985,758</b>	<b>\$390,020,535</b>



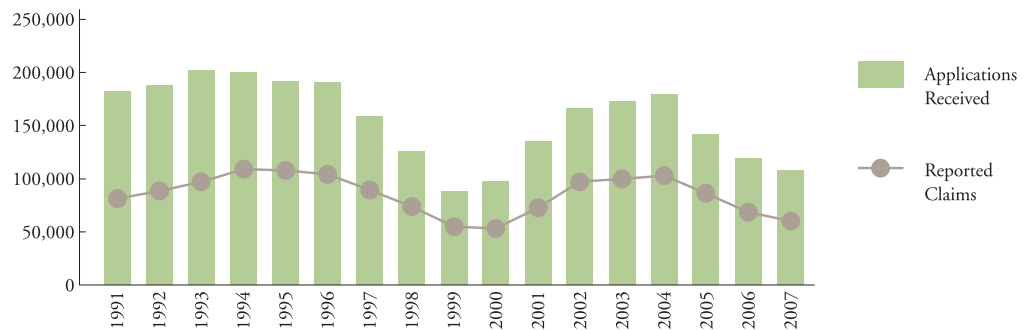
## Underwriting Activity



## MAIF Employee Count



## Policy/Claims Activity



# REAL PEOPLE REAL PROGRESS



*Special thanks to Integrated Designs, Inc., Dean Ray Photography Studio, and Richard Charnley Photography.*

**MARYLAND AUTOMOBILE INSURANCE FUND**

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Annapolis, Maryland 21401

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[www.emaif.com](http://www.emaif.com)



**PLEASE RECYCLE**