



06

2006 ANNUAL REPORT



MAIF | A DRIVING FORCE.





MAIF EXECUTIVE TEAM

Imagine a multi-million dollar organization that is legally restrained from controlling its top line, yet year after year remains a financial success. That, in a nutshell, is . . .

. . . the amazing story of MAIF

Front L-R: Kent Krabbe, *Executive Director*; John Banghart, *Deputy Executive Director*

Middle L-R: Alex Fernandez, *Director of Actuarial Services*; Cindy Hughes, *Director of Information Technology*; Cheryl Kehoe, *Associate Director of Underwriting*; Tom Dixon, *Associate Director of Human Resources*; Charisse Walker, *Associate Director of Procurement/EEO*

Back L-R: Chris Crawford, *Director of Claims*; Elbert Danquah, *Associate Director of Internal Auditing*

Not Pictured: Betty Kay Hines, *Director of Fiscal*; Mark McCurdy, *Director of Governmental and Policy Administration*; Sandra Dodson, *Associate Director of Governmental Affairs*

FROM THE EXECUTIVE DIRECTOR: Kent Krabbe



As the auto insurer of last resort, MAIF must provide basic liability coverage to all Maryland applicants who have been turned down by the private market. It cannot reject new business when volume outpaces capacity, nor can

it loosen underwriting standards in pursuit of market share. This inability to control our business volumes poses an incredibly unique challenge to maintaining a healthy bottom line. MAIF, however, has met this challenge consistently. It has been nearly two decades since MAIF has been forced to declare an assessment, and as the financial information included in this report makes plain, the idea of a MAIF bailout at the expense of the Maryland driving public is virtually a thing of the past.

This is no accident. Our internet-based binding system “ePolicy,” state of the art document imaging, and electronic funds transfer (EFT) capability are examples of the cutting edge technology that has enabled MAIF to optimize efficiencies and achieve expense ratios well below industry benchmarks. Producers routinely compare our application process favorably to those of some of the largest carriers in the State.

Another point of pride is our view that simply because our policyholders may be with us “involuntarily” they are no less entitled to the same high level customer service that each of us expects. Whether it is participating in community events, lending insurance assistance at Motor Vehicle Administration sites, or significantly expanding our bi-lingual capabilities in policy and claims services, MAIF strives to do all it can to meet the needs of its customers with courtesy and respect. Our recent introduction of fairly priced towing and rental coverage is just one example of our commitment to providing our customers the choices they deserve.

Perhaps the best way to think about MAIF is that it represents government at its absolute best. We are addressing a societal issue – uninsured and underserved drivers – using solid business practices and effective market strategies at no cost to Maryland taxpayers and without imposing regulatory burdens on private insurers. And, it works! Over the last twenty-four months, MAIF’s business volume has declined by over 30%, as our success has led more private companies to offer reasonably priced, competitive insurance products to our customers. When the market hardens, however, as it often does, MAIF will be here providing a fair alternative for those who need us, and a safe harbor for all Marylanders against a rising tide of uninsured motorists.

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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.



About MAIF

MAIF is a unique Maryland resource. Nowhere else in the Country will you find an insurance provider specifically created by government to address the needs of the sub-standard automobile insurance market. MAIF's governing rules are set out by law in Title 20 of the Insurance Article of the Annotated Code of Maryland. However, despite its distinct status, MAIF's daily operations run much like any other automobile insurance company. MAIF receives no State money and funds its operations completely through its premium and investment income.

MAIF serves the citizens of Maryland through its Insured Program and Uninsured Program. The statutory purpose of the Insured Program is to provide automobile

insurance policies to those eligible Maryland residents unable to obtain insurance in the private market.

The Uninsured Program was created to administer and pay claims when no other insurance recovery is available. Only Maryland residents involved in Maryland accidents with uninsured motorists or unidentifiable motorists (hit-and-run incidents) are eligible to collect from the Uninsured Program.

MAIF provides these automobile insurance products and other services through a network of independent insurance producers (insurance agents). More than 1,200 producers are located throughout the State and are licensed to sell MAIF insurance.

2006 MAIF BOARD MEMBERS:

Joseph Tomarchio, Jr., *Chairman of the Board*

Charles C. Baldwin, Jr.

Edward G. Cooper

Martin J. Dippel

Randy C. Garrett

James E. House

S. Gregory Kalinsky

Arthur J. Luzarraga

Jan Peters Richardson

James Rowland



FOCUS ON: Innovation *and* Efficiency

In order for an organization to develop and grow, it constantly needs new, creative ideas. At MAIF we've found that the combination of innovation and efficiency is the secret to our success. We are dedicated to cultivating an environment wherein every employee is valued and encouraged to express their ideas to improve our business.

Use of Credit Cards for Additional Payments

In 2006, MAIF gave its policyholders the option of using credit or debit with a VISA or MasterCard (Discover Card is also accepted) to pay additional premium due to changes on a policy. This convenience saves MAIF policyholder's time, reminds them when an additional payment is due and helps to avoid policy cancellations. Our results show that this fresh idea is helping MAIF reduce additional premium cancellations.

Higher Limits

At the request of its policyholders and producers, MAIF introduced higher private-passenger limits of 25/50/25 in August of 2006. The higher limits provide greater flexibility and choice for MAIF customers.

MAIF at MVA

To better serve MAIF customers and Maryland citizens, MAIF added its presence inside Maryland Motor Vehicle Administration (MVA) sites. MAIF has placed employee representatives at MVA sites in Glen Burnie and Largo to assist customers with inquiries about insurance. These employees are also available to write MAIF policies, accept additional MAIF premium payments, process changes to MAIF policies made by walk-in customers, issue FR19's (proof of insurance form), and process commercial underwriting work.

Maryland Charities Campaign

MAIF employees raised more than \$30,000 in 2006 for the Maryland Charities Campaign (MCC). MCC is a giving campaign run by the Governor's Office wherein employees may allot a certain amount of money from their paycheck each pay period that goes to a charity of their choosing. MAIF employees gave an impressive \$22,000 in contributions and pledges in 2006. What's even more inspiring is the extra \$8,000 in contributions that employees raised on their own through bake sales, silent auctions and raffles.

Towing and Rental

In response to high demand among its policyholders and insurance Producers, MAIF began offering towing and rental coverage. Previously, MAIF's policyholders were forced to purchase this coverage from "add-on" insurance companies who routinely charged as much as \$100 for towing coverage – coverage MAIF now offers for \$15. In early 2006, MAIF successfully defeated an attempt by two Maryland insurance companies to prevent MAIF from selling lower priced towing and rental to its policyholders.

Teleworking

MAIF increased its number of teleworking employees by 23 in 2006. MAIF fully supports and encourages the



In 2006, 1,364 producers out of 1,653 wrote 51,742 new business ePolicies and 25,852 rewrites.

State of Maryland's Teleworking Program, which allows eligible employees to work from a home office. Nearly 25% of MAIF employees telework, thus benefiting the environment by decreasing the number of cars on the road everyday, reducing employees' travel and vehicle maintenance expenses, and easing crowded parking at MAIF's headquarters. MAIF's use of technology provides assurance that there is no loss of productivity resulting from the teleworking option.

E-Policy

Although other carriers offer ePolicy, MAIF has taken the ePolicy product one step further, making the process tremendously efficient. Not only is a MAIF producer able to write new business, rewrites and endorsements via the web, a MAIF producer can instantly print out an insurance declaration with a policy number for a MAIF insured at the inception of a policy. In 2006, 1,364 producers out of 1,653 wrote 51,742 new business ePolicies and 25,852 rewrites.

We are not the only ones who think MAIF's ePolicy is impressive, just read comments from our MAIF producers:

"The MAIF ePolicy system is user friendly. It is easier to process an ePolicy compared to any other policy with any other company."

"With the MAIF ePolicy it only takes about 15 minutes to complete a new business application and only two minutes to complete a rewrite. This includes explaining coverages."

"MAIF's ePolicy program generously provided us with free training classes, as well as large supplies of MAIF folders, vehicle insurance I.D. cardholders, and MAIF's policy jacket at no cost."

Imaging

MAIF has fully integrated imaging into its most mission critical systems, and the results thus far have been extremely positive. Imaging software works with scanner machines that create special, picture-like images of documents. These special images are indexed so that they are filed appropriately and always readily accessible. Workers can use their existing desktop to display the images.

MAIF's imaging environment works in conjunction with our desktop fax software, allowing claims adjusters to send out and/or receive faxes. Imaging has reduced our need to file and store paper. As a result, we have eliminated nearly all of our off-site storage requirements.



We have the ability to translate over 100 different languages and provide most of our informational materials in Spanish and Korean.



FOCUS ON: Customer Service

Give the customer what they want. In this day and age, customers value excellent, get-it-done-service. Customer service is paramount to us at MAIF. Because we too are customers, we know the frustration of waiting or feeling ignored by customer service representatives, which is why we train our employees to provide the best customer service possible. We have the ability to translate over 100 different languages and provide most of our informational materials in Spanish and Korean.

First Call Express Unit

Many insurance companies have separate departments for taking loss calls and initiating the claims process. This inefficient, multi-step process is sometimes unnecessary when dealing with simple claims. It often results in a negative experience for the customers as they are transferred back and forth to various representatives or asked to hold for excessive amounts of time.

That's why an innovative, new department was created this year at MAIF by merging our Loss Report and Claims Service Units. This super efficient group, trained to receive and handle claims from start to finish is called the First Call Express Unit (FCEU).

Each member of FCEU has the ability to take an initial First Notice of Loss and answer inquiries for files being handled in the FCEU. The team also handles claims such as single party losses not requiring investigation, animal claims and glass claims.

With one person able to take the loss report, set up the damage estimate appointment and authorize payment, MAIF has substantially cut down on the number of telephone transfers. Items such as removal of a vehicle

from storage, rental reimbursement and towing and labor inquiries can be handled by a single adjuster in a single call.

Rapport Team

In July 2006, a select group of claim adjusters known for their "outside the box" thinking and problem-solving attitude started the MAIF Rapport Team. As the name suggests, the primary focus of this fast paced group is to work with injured claimants to inform, educate and settle bodily injury claims by establishing a 'rapport' with the customer. These adjusters take the time to care for the customers' concerns and needs, bringing quick resolution, after a full investigation.

MAPS and Damage Assessment Centers

MAIF's Claims Department gave its customers more choices than ever before in 2006. The Maryland Automobile Preferred Shop Program (MAPS) is a program run through local MAIF approved repair shops and MAIF's Damage Assessment Centers (DAC's). With six DAC's and eight MAPS centers throughout the Baltimore-Washington metropolitan area, MAIF has made it easier than ever before for policyholders and claimants to find a convenient location to have their vehicles repaired.

FOCUS ON: Community Education

In 2006 MAIF took an unprecedented step toward fulfilling its mission through Community Outreach. This new initiative allowed MAIF to raise awareness about automobile insurance and vehicle safety among Maryland's communities businesses and elected officials. It also presented MAIF with the opportunity to be more responsive to the needs of its customers and the citizens of Maryland.

Steering Lock Program

In January, MAIF initiated a steering wheel lock program to creatively attack the growing problem of vehicle theft in Prince George's County, Maryland. Prince George's County has the highest rate of vehicle theft in the State - almost two times the rate of Baltimore City and County combined. The Steering Lock Program offered MAIF policyholders a free steering wheel lock for their vehicle when comprehensive and collision coverage was purchased through MAIF. Over a period of ten months MAIF producers gave away 2,000 steering lock devices to policyholders in Prince George's County.

Producer Appreciation Event

For the first time in its nearly 35-year history, MAIF's underwriting department hosted a fabulous evening in downtown Baltimore to acknowledge its top 30 MAIF producers. MAIF producers from all over Maryland were invited to attend MAIF's first ever Producer Appreciation Event at the Baltimore Museum of Industry in the world famous Inner Harbor. Producers met and networked with each other and MAIF staff. All were treated to dinner and to a special guest speaker, Baseball Hall of Famer, Frank Robinson. Mr. Robinson imparted upon the group the importance of teamwork, leadership and

setting goals. MAIF's top eight producers were recognized with a "Commitment to Excellence" Award in *Recognition of Their Commitment to Superior Customer Service in Support of MAIF's Mission*. The recognition of "Outstanding Business Partner" was bestowed upon two MAIF producers as their high production matched the number of policies written.

VIN-Etching

According to the National Insurance Crime Bureau, a car is stolen every 30 seconds in the United States. Vehicle Identification Number (VIN) etching is a security technique used to deter vehicle theft. During VIN-etching, a vehicle's identification number is permanently etched into all of the glass on the vehicle. VIN-etching marks the vehicle with its own unique set of "fingerprints" that can be useful in recovery if the vehicle is stolen.

MAIF worked aggressively to combat vehicle theft in 2006 by educating and enabling Maryland citizens. Through its partnership with Maryland/Washington D.C. Anti-Theft Committee, MAIF provided FREE VIN-etching services for more than 150 motorists at our free public events.



MAIF's Commitment to Excellence Awardees

Fidencio Gonzalez
Pablo Yapur
General Insurance
Wilgus Insurance Agency
Clinton Insurance Agency
Mike Masri
Marty Medina
Anthony Tipton



MAIF's Outstanding Business

Partner Awardees

Keystone Insurance
Giovanni Ramirez



MAIF's Community Outreach Program seeks to raise awareness about automobile insurance and vehicle safety among Maryland communities, businesses and elected officials.



Sponsorships

In an effort to support the communities that MAIF serves, over 150 MAIF employees donated their evenings and weekends in 2006 to provide insurance information at various events in the Baltimore-Washington area including:

- The Maryland Hispanic Workforce Council
- Laurel Main Street Festival
- Bowie Fest 2006
- Latino Fest 2006
- Artscape
- MACO
- Maryland State Fair
- Korean-American Festival
- Legislative Black Caucus



MAIF - educating Marylanders on insurance issues, automobile safety and vehicle theft.



FOCUS ON: Partnerships

MAIF is committed to partnering with local elected leaders, businesses and community groups to develop innovative and cost effective ways to educate Marylanders on insurance issues, automobile safety and vehicle theft.

Uninsured Motorists Project

The Insurance Research Council estimates that 14% of Maryland motorists are driving without insurance. Uninsured driving costs insured motorists their safety and money. In 2006, MAIF partnered with the Maryland Motor Vehicle Administration (MVA) and identify over 7,600 uninsured motorists in Maryland by comparing MVA records against individuals who claimed to be insured with MAIF.

Move It

MAIF, along with the Maryland State Police, the Maryland State Highway Administration, the Maryland Motor Vehicle Administration, and local police jurisdictions in Prince George's and Montgomery County worked together in summer 2006 to encourage motorists to "Move It". The campaign encourages motorists to move a vehicle after a property collision where police services are not needed. This can prevent injury, ensure your safety and the safety of other motorists, as well as prevent traffic backups.

Maryland-District of Columbia

Anti-Car Theft Committee

MAIF is proud to be a founding member of the MD-DC ACT, a non-profit organization dedicated to reducing auto theft in Maryland and the District of Columbia. The organization was formed in 1997 based on the need for cooperation between the public sector and the insurance industry. ACT is funded exclusively with dollars from private companies. In 2006, our involvement became even greater when MAIF's Special Investigation's Unit Manager was named President of the MD-DC ACT.

FOCUS ON: The MAIF Family

At MAIF we work hard, but we know how to have fun while we're doing it. We have casual days, employee picnics and award recognition to let our employees know just how much they are appreciated. We ensure all employees are given every opportunity to succeed, that's why we hold numerous training sessions throughout the year and take part in various employee programs such as tuition reimbursement and the e-learning program.

Employee Appreciation

In 2006 our Human Resources Department let all employees know just how much they're appreciated by hosting various employee luncheons from the Superbowl XLI party to the annual pit beef cookout. Another special event is our end of the year holiday dinner, served to all employees by the MAIF Directors and Managers.

Our family network also extends to employees and their own families. The annual MAIF night at the Bowie Baysox baseball park gives directors, managers, employees and their families time to enjoy each other, eat lots of delicious food and catch a baseball game all in one evening!

Training and Development

During 2006, the Human Resources Department provided training and development in the areas of customer service - telephone skills, management skills, and industry certifications. The training was provided through traditional classroom, e-learning, brown bag lunch sessions, audio conference attendance and individual coaching.

To assist in meeting our customer service goal, more than 230 employees attended telephone skills classes, including all managers and supervisors. This training covered telephone etiquette, courtesy, active listening, dealing with foreign accents, controlling the call and handling angry callers with empathy and professionalism.

Four new supervisors each completed 69 hours of e-learning training that provided basic management skills of delegation, coaching, performance management and conflict resolution. In addition, the monthly brown bag sessions and audio conferences on improving employee performance, management and leadership skills were offered to all members of the management team.

The Class of 2007, consisting of ten employees, completed two of the four classes required for the highly recognized professional designation of "Associates in Claims" from the American Institute for CPCU and the Insurance Institute of America.



Through training and various employee programs such as tuition reimbursement and the e-learning program, all employees are given every opportunity to succeed.



At MAIF we work hard . . . and we have fun doing it!



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, 2006.

In forming my opinion on the loss and loss adjustment expense reserves, I relied upon data prepared by Alex Fernandez, 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 (3 through 8) in Exhibit B.

Exhibit A: SCOPE

Loss Reserves:

A. Reserve for Unpaid Losses (Liabilities, Surplus, and Other Funds page, Line 1).....	\$80,129,104
B. Reserve for Unpaid Loss Adjustment Expenses (Liabilities, Surplus and Other Funds page, Line 3)	\$25,895,437
C. Reserve for Unpaid Losses–Direct and Assumed (Schedule P, Part 1, Totals from Cols. 13 and 15).....	\$81,080,000
D. Reserve for Unpaid Loss Adjustment Expense–Direct and Assumed (Schedule P, Part 1, Totals from Cols. 17, 19 and 21)	\$25,964,000
E. The Page 3 write-in item reserve, “Retroactive Reinsurance Reserve Assumed”	\$ 0
F. Other Loss Reserve items on which the Appointed Actuary is expressing an Opinion (list separately)	\$0

Premium Reserves

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

Exhibit B: DISCLOSURES

1. Materiality Standard expressed in \$US.....	\$10,600,000
2. Statutory Surplus.....	\$178,308,502
3. Anticipated net salvage and subrogation included as a reduction to loss reserves as reported in Schedule P	\$0
4. Discount included as a reduction to loss and loss expense reserves as reported in Schedule P	
4 (a) Non-tabular Discount.....	\$0
4 (b) Tabular Discount.....	\$0
5. 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 the reserves shown on the Liabilities, Surplus and Other Funds page, Losses and Loss Adjustment Expenses lines.....	\$0
6. The net reserves for losses and expenses that the company carries for the following liabilities included on the Liabilities, Surplus and Other Funds page, Losses and Loss Adjustment Expense lines	
6 (a) Asbestos, as disclosed in the Notes to Financial Statements	\$ 0
6 (b) Environmental, as disclosed in the Notes to Financial Statements.....	\$0
7. The total claims made extended loss and expense reserve (Schedule P Interrogatories).	
7 (a) amount reported as loss reserves.....	\$0
7 (b) amount reported as unearned premium reserves.....	\$0
8. Other items on which the Appointed Actuary is providing Relevant Comment (list separately)	\$0

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.

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, 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, 2006. Based upon our review of these considerations, I selected a materiality standard of \$10,600,000, 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 non-tabular 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, however, an amount of \$23,253 has been identified as a reinsurance receivable which is more than 90 days overdue. This amount 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 second 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.

Kay Kufera, FCAS, MAAA*

Kufer Consulting, Inc.

1 Grace Ridge Ct., Monkton, MD 21111

(410) 329-6672

February 23, 2007

**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, 2006

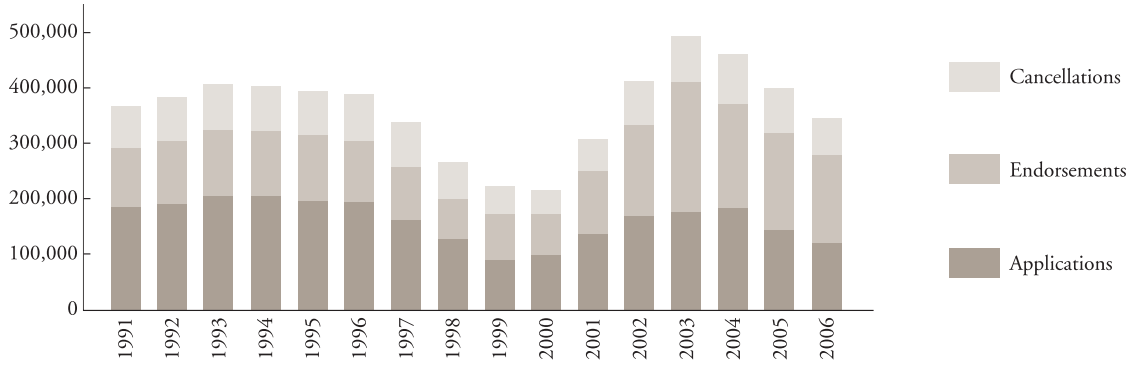
	2006	2005
REVENUES		
Net Premium Earned	\$ 173,155,367	\$ 217,325,526
Investment Income	23,671,923	18,830,230
Other Income	(391,143)	112,977
Total Revenues	\$196,436,147	\$236,268,733
EXPENSES		
Claims Expenses	\$ 135,806,880	\$ 157,583,394
Net Operating Expenses	32,778,491	38,015,325
Total Expenses	\$168,585,371	\$195,598,719
Net Income	\$ 27,850,777	\$ 40,670,014

INSURED DIVISION: Statutory Balance Sheet

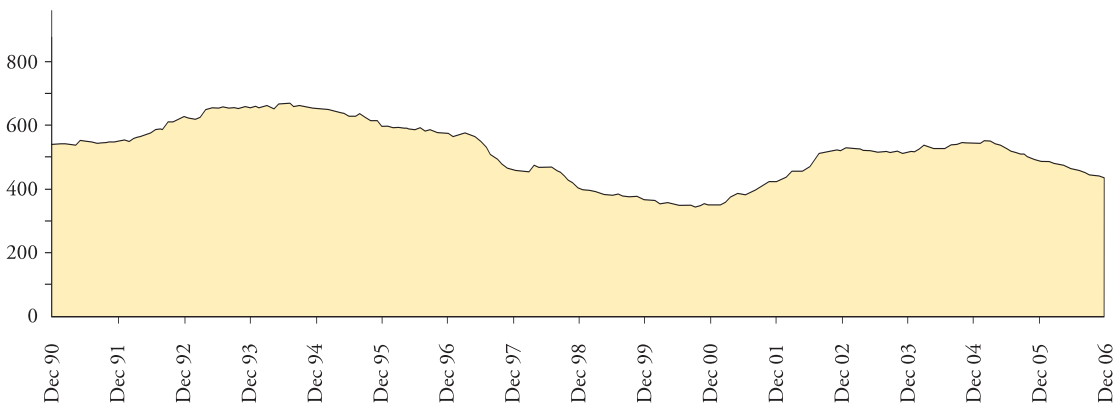
Year Ended December 31, 2006

ASSETS	2006	2005
Cash	\$ (1,056,678)	\$ (1,229,198)
Investments	379,248,462	382,410,039
Real Estate	4,520,069	5,506,581
Receivables	5,168,718	7,307,455
Electronic DP Equipment	879,963	857,681
Other	1,260,000	1,260,000
Total Assets	\$390,020,535	\$396,112,558
LIABILITIES AND FUND EQUITY:		
Liabilities		
Loss & Loss Expense Reserves	\$ 106,024,540	\$ 119,058,734
Unearned Premium Reserve	79,936,915	100,147,660
Outstanding Draft Reserve	8,481,462	9,783,728
Other	17,269,116	17,124,022
Total Liabilities	\$211,712,033	\$246,114,144
Fund Equity	\$178,308,502	\$149,998,414
Total Liabilities & Fund Equity	\$390,020,535	\$396,112,558

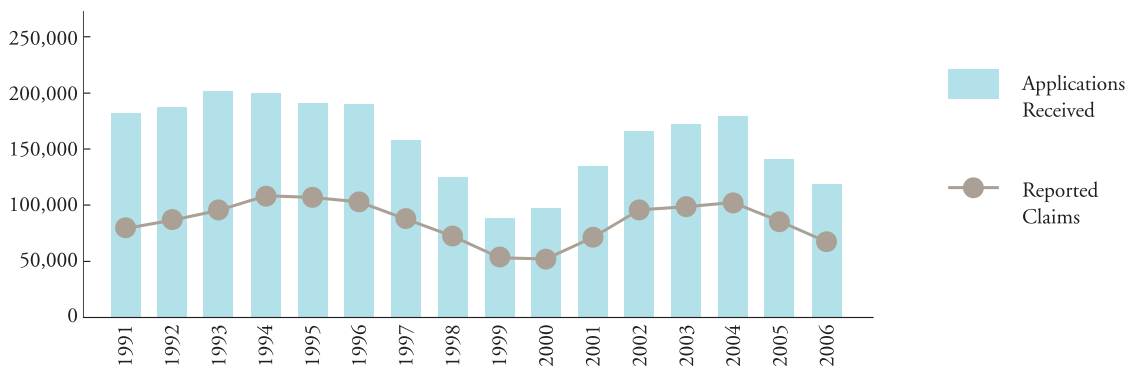
Underwriting Activity



MAIF Employee Count



Policy/Claims Activity



MAIF | A DRIVING FORCE.



MARYLAND AUTOMOBILE INSURANCE FUND

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