



REPORT OF THE ANNUAL MEETING

April 27, 2021

Insurance Placement Facility of Delaware

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

Board of Directors

2020 – 2021

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| Ms. Patricia A. Quinn, Chairperson | CNA |
| Ms. Marybeth Baxter | Nationwide Insurance Company |
| Ms. Virginia Boyles | Chubb |
| Mr. Dan Harrington | The Travelers Companies, Inc. |
| Mr. Vincent Karam | Liberty Mutual Insurance Company |
| Ms. Diana Matalka | American Modern Insurance Group |
| Mr. Bob Messier | State Farm Insurance Companies |
| Mr. Michael Schalk | Allstate Insurance |
| Mr. Dave Sponic | Donegal Insurance Companies |
| Ms. Blaine Stanley | Chubb Group |
| Ms. Jaynine Warner | Farmers Insurance |
| . | |
| Mr. Daniel M. Taylor, Jr., Esq., General Counsel | Margolis Edelstein, Pittsburgh |
| Mr. John M. Ogle, President | Insurance Placement Facility of Delaware |

AGENDA FOR THE ANNUAL MEETING
INSURANCE PLACEMENT FACILITY OF DELAWARE

April 27, 2021 - 8:00 A.M.

1. Call to Order - 8:00 a.m. - Ms. Patricia A. Quinn, Chairperson, presiding
2. Approval of Minutes of Previous Year Annual Meeting - April 28, 2020
3. Ratification of Board, Officer's and Committee Actions
4. Report of the Chairperson
5. Report of the President
6. Treasurer's Report
7. New Business
8. Election of Board of Directors 2021-2022

Nominations are:

- 1) Allstate Insurance Company
 - 2) American Modern Insurance Group
 - 3) Chubb Group
 - 4) CNA
 - 5) Donegal Insurance Companies
 - 6) Farmers Insurance
 - 7) Liberty Mutual Insurance Company
 - 8) Nationwide Insurance Companies
 - 9) State Farm Insurance Companies
 - 10) The Hartford
 - 11) The Travelers Companies, Inc
9. Adjournment of Meeting

Insurance Placement Facility of Delaware
Minutes of the Annual Meeting
April 27, 2021
Teleconference
8:00 a.m.

The Annual Meeting of the Insurance Placement Facility of Delaware was called to order with Chairperson Patricia Quinn presiding. President John M. Ogle served as secretary and reported a quorum was present with 109 companies, representing 72.32% of the membership in person or by proxy.

Upon motion duly made, seconded and carried, the Minutes of the April 28, 2020 Annual Meeting were approved as distributed.

A motion to ratify the actions of the Board of Directors and the Officers for the 2020-2021 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 agenda packet and will be incorporated into the Annual Report. The reports were accepted as presented.

The President noted the 2020 independent 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 2021-2022 term.

Allstate Insurance Company
American Modern Insurance Group
Chubb Group
CNA
Donegal Insurance Group
Farmers Insurance
Liberty Mutual Insurance Company
Nationwide Insurance Companies
State Farm Insurance Companies
The Hartford
The Travelers Companies, Inc.

There being no other nominations, it was moved, seconded and carried to close nominations. Chairperson Quinn requested and received confirmation from the secretary that a sufficient amount of ballots had been cast for the nominees. Mr. Ogle reported that 109 companies representing 72.32% of the membership 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,

Approved by,



Mr. John M. Ogle, CPCU
President



Ms. Patricia Quinn
Chairperson of the Board

Report of the Chairperson

Ms. Patricia Quinn

53rd Annual Meeting

Of the Members of the

Insurance Placement Facility of Delaware

April 27, 2021

Welcome to the 53rd Annual Meeting of the Insurance Placement Facility of Delaware. As we continue in our sixth decade 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.

Despite Delaware's Hurricane exposures created by its proximity to both the Atlantic Ocean and the Delaware Bay, there remains a wide range of companies doing business in the State of Delaware. With many companies active in the marketplace, it is not a surprise that the State's FAIR Plan is a very small player in the overall market. In 2020, the Delaware FAIR Plan issued just 1,326 policies and wrote only \$490,522 in Written Premium.

Despite the small volumes, the Delaware FAIR Plan still receives a routine flow of new applications and renewal payments from all three counties in the State. The FAIR Plan has policies in force in most every part of the state including the Wilmington urban core and the southern coastline. Not unexpected, the Delaware FAIR Plan saw its New Business Applications count decrease by 24.7% in 2020 over the prior year due in part to the Covid pandemic and also due to the unusually higher volume of applications in 2019. New Business Applications appear to have normalized.

Over the past decades, the Delaware FAIR Plan has recorded many surplus years, but as of late, the smallness of the Plan combined with several large fire losses have conspired to provide a string of deficit results. In 2020, several large losses as well as a summer storm contributed to the 277% increase in Losses Incurred over 2019. Despite a 5.4% decline in Loss Adjustment Expense and a 2.2% drop in General Expenses, the four serious losses combined with the 67.7% increase in Losses Reported resulted in a Net Result of Operations 2020 loss of \$550,460.88.

As has been the case since inception, the Delaware FAIR Plan is run with the full support and staffing provided by the Insurance Placement Facility of Pennsylvania. Although that arrangement greatly benefits both organizations, it is the insurance industry itself that reaps the greatest financial benefit.

In closing, I would like to thank the Delaware Insurance Department for all of 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 the Staff at the FAIR Plan. 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 2020 was no exception.

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

I would like to thank all of my fellow Board members for their support and dedication. While this past year had us conducting Board meetings virtually due to the pandemic, 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 Delaware FAIR Plan. For all your efforts, I am indeed grateful.

Every year it seems the Board of Directors or the FAIR Plan staff loses some very talented individuals to other assignments or retirement. 2020 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.

With that said, I would like to both thank and congratulate President John Ogle for his upcoming retirement. During his tenure as President, we have seen accomplishments and advancements in the organization too numerous to mention, but through his leadership, he has always operated the FAIR Plan with the three overriding and primary goals in mind: providing exceptional service to all customers, creating an environment where employees can development and thrive, and operating the organization effectively and efficiently to minimize the financial impact to the member companies. On behalf of all of the board members, we are grateful for Mr. Ogle's service to the operation of the FAIR Plan and we wish him all the very best in his retirement.

Respectively submitted,



Patricia Quinn
Chairperson of the Board

Report of the President
John M. Ogle

53rd Annual Meeting
Of the Members of the
Insurance Placement Facility of Delaware
April 27, 2021

Good morning and welcome to the 53rd Annual Meeting of the Insurance Placement Facility of Delaware.

For the past few years, we have seen a steady decline in FAIR Plan business and 2020 was no exception. With a small premium base, the Delaware FAIR Plan has also always been susceptible to the negative impacts of large fire losses and 2020 was no exception. The Delaware FAIR Plan suffered four such fire losses in 2020 totaling \$352,293 in Loss Incurred payments.

In 2020, the Delaware FAIR Plan issued 3.8% fewer policies than it did in 2019, and it received almost 25% fewer New Applications. This was not unexpected with the Covid pandemic and the unusual uptick in applications received in 2019. It appears New Applications have normalized to years prior to 2019.

The FAIR Plan recorded a 277% increase in Losses Incurred due to several serious losses and several spring and summer weather events. Although Premiums Earned dropped less than 1% from 2019 and underwriting expenses dropped somewhat by 2.2%, this large increase in losses incurred yielded an Underwriting deficit of \$550,340.38. Considering Investment Income and Other Income and Expenses, the Delaware FAIR Plan finished 2020 with a Net Result of Operations deficit of \$550,460.88.

Over decades the Delaware FAIR Plan has remained a small niche writer for those unable to secure coverage in the normal marketplace. Annual Premiums Written have never exceeded \$900,000 and annual policy counts have only once been as high as 6,063. Despite its limited size, the FAIR Plan has still paid out over \$14,400,000 in Losses.

The Delaware FAIR Plan continues to be serviced through a cost sharing arrangement with the Pennsylvania FAIR Plan. That agreement provides the Delaware FAIR Plan with not only access to a modern system software but also experienced and dedicated personnel.

As we approach our 54th year in operation, I can't help but to think of all the Board and Committee members, Insurance Department senior staff and all the FAIR Plan staff, who have moved 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 for their efforts over these past 12 months. This has certainly been a year of unprecedented challenges with the Covid-19 pandemic.

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 Delaware Insurance Department and in particular, Christina Miller. We value the relationship we have with the Department and her efforts to guide us through to appropriate people has been invaluable. Time does not permit me to personally thank all those many individuals inside the Department who have lent us their knowledge and expertise, but suffice it to say, those 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.

I will be retiring on July 30, 2021 ending a long tenure here at the FAIR Plan. As I close my last President's report to the membership, I would like to thank all the Member Companies and their many representatives for their interest in our FAIR Plan. Throughout my time here, I have been blessed to have had the industry's support and I cannot appropriately thank those many individuals and their companies for their unwavering assistance and consistent support.

Thank you.

Respectfully Submitted,



John M Ogle, CPCU
President

INSURANCE PLACEMENT FACILITY OF DELAWARE

DELAWARE FAIR PLAN

Treasurer's Report

December 31, 2020

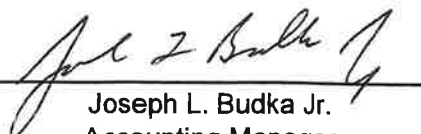
ASSETS

| | |
|--|------------------------------|
| Cash in Bank | 639,782.94 |
| Investments, Short term at cost plus accumulated discount | 286,586.83 |
| Accrued Investment Income | 0.00 |
| Due from Participating Members | 0.00 |
| Premiums Receivable | 2,705.80 |
| Other Receivables | 0.00 |
| Equipment * | 0.00 |
| Total Assets | <u><u>929,075.57</u></u> |

LIABILITIES AND MEMBERS' EQUITY

| | |
|---|------------------------------|
| Unearned Premiums | 249,335.00 |
| Unearned Advance Premiums | 18,283.60 |
| Outstanding Losses | 54,555.00 |
| Outstanding Loss Adjustment Expenses | 8,018.00 |
| Accrued Expenses | 11,928.00 |
| Unpaid Post Retirement Benefits | 370,807.00 |
| Unpaid Pension | 158,490.00 |
| Accounts Payable | 19,169.31 |
| Claims Checks Payable | 178,020.33 |
| Unpaid Premium Tax | 0.00 |
| Total Liabilities | <u>1,068,606.24</u> |
| Members' Equity (Deficit) | (139,530.67) |
| Total Liabilities and Members' Equity | <u><u>929,075.57</u></u> |

Respectfully Submitted,


Joseph L. Budka Jr.
Accounting Manager

* E. D. P. Equipment