The Motor Vehicle Accident Indemnification Corporation (MVAIC) was created 54 years ago by the New York State Legislature to meet the needs of those New York State residents without automobile insurance, who were injured in an accident caused by an uninsured or unidentified automobile. The insurance companies selling automobile insurance in New York State fund MVAIC in order to provide this public service. The Corporation's fund was created to provide compensation for bodily injury and no fault benefits to these innocent victims who qualify for these benefits under the law.

I am pleased to report that MVAIC continues to meet the claim needs of New York State residents and the Corporation is prepared to carry out its civic and fiduciary responsibilities in 2014.

2013 Activity

For 2013, MVAIC took care of the claims of 2,290 residents and paid a total of both Tort and No Fault claims in the amount of $19.1 Million compared to 2012, when MVAIC handled 1,798 claims and paid a total of $18.5 Million.

In 2013, the number of Notices of Intent (to make a claim) received was 15,666. The number of notices declined was 14,637; the number of notices qualified was 1029 and the total number of claims pending qualification for the year of 2013 and prior years is 2,409. The Corporation closed with a year-end deficit of $5.8 Million.

The Board of MVAIC and the MVAIC employees are proud of the public service that is provided to New York State residents in need. The Corporation's improvements in technology, our website and staff education and training have all contributed to the quality and efficiency of the service MVAIC provides to New York State residents in need when no other automobile insurance options are available to them.

Margaret G. Palermo
Chair
**HISTORY OF THE CORPORATION**

Motor Vehicle Accident Indemnification Corporation (MVAIC) was created by the 1958 Legislature by enactment of Article 17-A (now Article 52) of the New York State Insurance Law to provide compensation for injuries to persons who, through no fault of their own, were involved in accidents with hit-and-run drivers, operators of stolen vehicles or uninsured motorists.

This law became effective on January 1, 1959. MVAIC operates as a non-profit Corporation and, as provided in the New York Insurance Law, is exempt from all taxes imposed by the State of New York or other political subdivisions except those levied on real property.

**NO FAULT**

As a result of the enactment of Section 5221 of the Insurance Law, effective December 1, 1977, the corporation also became involved in the payment of no-fault, first-party benefits as of that date. It should be noted that the Corporation must provide for the payment of such first-party benefits only to qualified persons who have complied with all the applicable requirements of Article 52 of the Insurance Law. Amendment 19 to Regulation 68, effective September 1, 1985, permits MVAIC to arbitrate no-fault cases thus eliminating the necessity of commencing Declaratory Judgment Actions in unresolved coverage questions.

Qualified claimants (persons who are residents of the State of New York or of another state that has a similar program, and who do not own automobiles or are not resident relatives of a household where there in an insured vehicle) receive maximum benefits under the no-fault law.

**NEW REGULATION 68**

Effective April 2002 Regulation 68 was amended as follows:

- Time Frame to file a claim with MVAIC is 30 days from 90 days
- Time frame for health providers to submit medical bills has been reduced from 180 days to 45 days from day of service.

**WRONGFUL DEATH STATUTE**

Chapter 665 of the Laws of 1979 increased MVAIC's coverage in death actions from the former 10,000/20,000 limits to 50,000/100,000 limits.

**RECODIFICATION OF ARTICLE 17-A (MVAIC LAW)**

Bills amending the Insurance Law effectuating the substitution of Article 52 for the old Article 17-A were passed in both the Senate and Assembly, signed by the Governor and became law effective September 1, 1982.
**LEGISLATIVE AMENDMENT**

Effective July 22, 1989, Section 5208 (a)(1) was amended by the legislature and the bill signed by the Governor. This amendment extended the time from 90 to 180 days within which a claimant must file his/her affidavit of “intention to make claim” with this Corporation, only if there is an identified defendant. The 90 day time limit is still applicable to hit and run cases. Further, if the claim was originally against an insured person whose insurance carrier has denied the claim, then the affidavit must be filed within 180 days after the receipt of said disclaimer or denial.

In June 1995, the New York State Legislature amended Section 1 Paragraph 1 of subsection (f) of Section 3420 of the Insurance Law to increase the New York financial responsibility limits from $10,000 per person, $20,000 per accident to $25,000 per person and $50,000 per accident. These limits are equally applicable to uninsured claims submitted to MVAIC. This law took effect January 1, 1996.

**New Legislations Enacted**

The New Legislation enacted in 1999 effective March 1, 2000. Self-Insured 5014 A (Chapter 511 Laws of 1999) this new law increased the Self-Insured assessment per vehicle from $1.50 to $3.50. The DMVB will continue to handle the self-insured fees as previously done.

New Regulation 68 (No Fault)-Repeal February 1, 2000: for accidents on or after February 1, 2000. The major provisions are:

- Notice of PIP claim must be made in 30 days rather than 90 days
- Health Service providers must present their bill to the insurance carrier and/or MVAIC within 45 days after the date of treatment rather than 180 days in current regulations.
- The new regulation authorizes PIP insurers to do an Examination Under Oath (EUO) of PIP claimant.
- Wage Loss Claims must actually be made within 90 days from the date of accident instead of no requirement
- The arbitration rules have been changed with the AAA, now being responsible for administrating all conciliation and administration. Previously, the Insurance Department handled conciliation and more administration including medical fee schedule.
- Also effective February 1, 2000 the monthly interest penalty rate is 2% simple instead of 2% monthly compounded.
**SOURCE OF FUNDS**

The Corporation is funded through levies on insurance companies transacting automobile liability insurance in the State of New York in accordance with Section 5207 of the Insurance Law.

Other sources of funds include fees collected from self-insurers by the New York State Department of Motor Vehicles under Sections 316 and 370-4 of the Vehicle and Traffic Law, investment income and subrogation recoveries.

**INTERNAL ORGANIZATION**

MVAIC is composed of the following units:

- **Core Support Unit** — The Core Support Unit enters all notices and bills received into the claim system.

- **Qualification Unit** — The Qualification unit determines whether a claimant is qualified under Article 52 to present their claim to MVAIC. This unit creates and processes all claims submitted to MVAIC. If an Event qualifies, the processor forwards the files to the managers of the No Fault and Tort Departments.

- **Tort Unit** — This unit processes all liability claims. The maximum recovery for injury to one person is $25,000 and the maximum recovery for injury to two or more persons as the result of one accident is $50,000. In case of death the applicable coverage is $50,000/100,000.

- **No Fault Unit** — This unit processes all No Fault claims. If you are injured as the result of a motor vehicle accident involving a financially irresponsible motorist and you have complied with certain statutory requirements, MVAIC will pay you up to $50,000 for your reasonable and necessary hospital and doctor's bills. The No Fault unit processes these claims.

- **Recovery Unit** — The Recovery unit pursues recovery efforts.

- **Legal Unit** — Frank Cruz & Ann Gangi and Associates, in-house attorney staff, handle all Tort suits

- **Accounting Department** — Provides ongoing fiscal management services to the organization.

- **Special Investigation Unit** — Provides in-house investigation services for questionable claims.
Allocated Expenses
2003-2013
In Millions
Tort Indemnity Payments
2003-2013
In Millions
No-Fault Indemnity Payments
2003-2013
In Millions

<table>
<thead>
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Subrogation Recoveries
2003-2013

In Milli

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</tbody>
</table>
Outstanding Case Reserve End of the Year
Tort and PIP
2003-2013
In Thousands

- 2003: 24,166
- 2004: 19,493
- 2005: 19,831
- 2006: 19,966
- 2007: 19,983
- 2008: 23,077
- 2009: 22,403
- 2010: 23,632
- 2011: 23,686
- 2012: 23,703
- 2013: 25,431
Notices of Intention to Make Claim Received
Number of Claims Opened Tort and PIP Combined
2003-2013


Notices Received
Claims Created
Assessment/Surplus
2003-2013
In Millions
MVAIC BOARD OF DIRECTORS

MARGO PALERMO
Claim Field Director
Allstate Insurance Company

DARRYL RAHN
Aust. VP Director of Liability Claims
Utica National Insurance Group

TIM ROGERS
Chief Financial Officer
Travelers Personal Insurance

V. DANIEL ROBINSON II
Pres. & Chief Executive Officer
N.Y. Central Mutual Fire Ins.

GERARD M. CURRAN
Aust. Vice President Underwriting
GEICO Insurance Company

PATRICK O’MALLEY
New York Product Manager
Progressive Insurance

JANET GLOVER
Public Member

MAURA CLANCY
President
Clancy & Clancy Brokerage Ltd.
FRED FOSSETT
Treasurer & Secretary
MVAIC
MVAIC
BOARD OF DIRECTORS COMMITTEE

Actuarial Committee
Chair - V. Daniel Robinson II NY Central Mutual Fire Ins. Co.
Jay Hieb State Farm Insurance Company
James Rowland Allstate Insurance Company
John E. Holdorf NY Central Mutual Fire Ins. Co.

Administrative Committee
Chair – Margo Palermo Allstate Insurance Company
V. Daniel Robinson II NY Central Mutual Fire Ins. Co.
Maura Clancy Clancy & Clancy Brokerage Ltd.

Audit Committee
Chair – Darryl Rahn Utica National Insurance Group
Tim Rogers Travelers Personal Insurance
V. Daniel Robinson II NY Central Mutual Fire Ins. Co.

Claims Committee
Chair – Janet Glover Public Member
Darryl Rahn Utica National Insurance Group

HR Committee
Chair – Darryl Rahn Utica National Insurance Group
Margo Palermo Allstate Insurance Company

Investment Committee
Chair - V. Daniel Robinson II NY Central Mutual Fire Ins. Co.
Tim Rogers Travelers Personal Insurance
Gerard M. Curran GEICO Insurance Company

Nominating Committee
Chair - Maura Clancy Clancy & Clancy Brokerage Ltd.

Consumer Relations
Chair - Maura Clancy Clancy & Clancy Brokerage Ltd.
Janet Glover Public Member
PART II

AUDITED FINANCIALS