



TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

ADMINISTRATION

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TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION (TAIPA)

SIXTEENTH REPORT

FOR THE PERIOD

JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

AND

MINUTES OF ANNUAL MEETING

AUSTIN, TX

FEBRUARY 12, 2010

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
SIXTEENTH REPORT
FOR THE PERIOD FROM
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009
ANNUAL MEMBERSHIP MEETING
Austin, Texas
February 12, 2010

The Sixteenth Annual Meeting of the Members of the Texas Automobile Insurance Plan Association was held at the Omni Austin Hotel Southpark, beginning at 8:30 AM, Friday, February 12, 2010.

The meeting was called to order by Governing Committee Chair, Corise Morrison. Ms. Morrison asked the Association Manager if a quorum was present. Once confirmed, the Chair requested that the Anti-Trust Statement be read. Association Manager Cathleen Beavers read the statement.

The Association Manager was asked to report on the selection of the trade association representatives, as prescribed in Section 36.B.1. of the TAIPA Plan of Operation. The trade association representatives selected were: American Insurance Association (AIA)-AutoOne Insurance Company, Property & Casualty Insurers Association (PCI)-Government Employees Insurance Company, and Association of Fire & Casualty Companies in Texas (AFACT)-Texas Farm Bureau Casualty Insurance Company.

In keeping with Section 36.B.3, Chair Morrison announced that seven companies had requested to serve in one of the at-large positions on the committee. Those companies were: Allstate Insurance Company, Chartis/AIG, Farmers Insurance Group of Companies, Liberty Mutual Insurance Company, Nationwide Mutual Insurance Company and United Services Automobile Association (USAA). A ballot vote at the meeting determined the four at-large companies.

The following companies will serve on the 2010-2011 Governing Committee:

American Insurance Association:

AutoOne Insurance Company
Peter Treutlein, Murfreesboro TN

Association of Fire and Casualty Companies in Texas:

Texas Farm Bureau Casualty Insurance Company
Mike Gerik, Waco TX

Property and Casualty Insurers Association:

Government Employees Insurance Company
Carol Berthold, Woodbury NY

Non Affiliated Companies:

State Farm Insurance Company
George Cooper, Bloomington IL

At-Large Members:

Allstate Insurance Company
Fred Strauss, Northbrook IL

Farmers Insurance Group of Companies
Thomas J. Rolling, Austin TX

Liberty Mutual Insurance Company
Peter Kelly, Boston MA

United Services Automobile Association (USAA)
Corise Morrison, San Antonio TX

The Chair asked the Association Manager to give the Manager's Report. The report was read. Chair Corise Morrison then gave the Chairperson's Report.

The Chair inquired if there was any new or unfinished business to be laid before the members. There being no further business, the meeting was adjourned.

The Governing Committee convened at 9:00 AM and elected Mr. Bill Jeter, III as Chair, Mr. Fred Strauss as Vice-Chair, Mr. Peter Kelly as Second Vice-Chair and Mr. Mike Gerik as Secretary.

Annual Meeting Attendees:

Committee Members:

Mary Carol Awalt, Public Member
Carol Berthold, Government Employees Insurance Company (GEICO)
George Cooper, State Farm Insurance Company
Mike Gerik, Texas Farm Bureau Casualty Insurance Company
Olivia Guerra, Alternate Public Member
Pete Hamel, Producer Member
Carmelita Hogan, Public Member
Bill Jeter III, Public Member
Peter Kelly, Liberty Mutual Insurance Company
Richard R. Lonquist, Public Member
Kit Morris, Producer Member
Corise Morrison, United Services Automobile Association (USAA)
Thomas Rolling, Farmers Insurance Group of Companies
Fred Strauss, Allstate Insurance Company
Peter Treutlein, AutoOne Insurance Company

Counsel:

Albert Betts, Thompson, Coe, Cousins & Irons

TAIPA Staff:

Cathleen Beavers, Susan Epperson, Mimi Leece, Stacy Midkiff, and Nicole Peterson

Other Attendees:

Bill Brooks, Texas Farm Bureau Casualty Insurance Company
R. J. Cowan, Ambit IT
Marty Gohr, Old American County Mutual
Marion Grant, TDI
Sandra Helin, SIIS
Leslie Hurley, TDI
Jerry Johns, SIIS
Richard Liber, Travelers
John Lusardi, Universal Casualty Insurance Company
Dan Shaner, Lockart, Atchley & Associates

The following member companies were represented by proxy:

21st Century Casualty Company
21st Century Insurance Company
21st Century Insurance Company of the SW
Ace American Insurance Company
Ace Fire Underwriters
Ace Indemnity Company
Ace Property & Casualty
Aioi Insurance Company of America
All America Insurance Company
Allianz Global Risks US Insurance Company
Allied Property & Casualty Insurance Company
AMCO Insurance Company
American Agri-Business Insurance Company
American Alternative Insurance Corporation
American Guarantee and Liability Insurance Company
American Hardware Mutual Insurance Company
American National County Mutual Insurance Company
American National General Insurance Company
American Sentinel Insurance Company
American Zurich Insurance
Ameriprise Insurance Company
Amerisure Insurance Company
Amerisure Mutual Insurance Company
Amerisure Partners Insurance Company
Anchor General Insurance
Assurance Company of America
Balboa Insurance Company

Bancinsure Inc.
Bankers Standard Fire & Marine
Bankers Standard Insurance Company
Bituminous Casualty Corporation
Bituminous Fire & Marine Insurance Company
Brotherhood Mutual Insurance Company
Carolina Casualty Insurance Company
Central Mutual Insurance Company
Chubb Indemnity Insurance Company
Chubb Lloyd's Insurance Company of Texas
Chubb National Insurance Company
Church Mutual Insurance Company
Cincinnati Casualty Company, The
Cincinnati Insurance Company, The
CMI Lloyds
Colonial American Casualty and Surety Company
Colonial County Mutual Insurance Company
Continental Indemnity Company
Country Casualty Insurance Company
Country Preferred Insurance Company
Crum & Forster Indemnity Company
Depositors Insurance Company
Empire Fire & Marine Insurance Company
Employers Mutual Casualty Company
Executive Risk Indemnity Inc.
Factory Mutual Insurance Company
Farmers Alliance Mutual Insurance Company
Farmland Mutual Insurance Company
Federal Insurance Company
Federated Mutual Insurance Company
Federated Rural Electric Insurance Exchange
Federated Service Insurance Company
Fidelity & Deposit Company of Maryland
Fidelity & Guaranty Insurance Underwriters Inc.
Foremost County Mutual Insurance Company
Foremost Insurance Company
Foremost Lloyds of Texas
Germania Fire & Casualty Company
Germania Insurance Company
Germania Select Insurance Company
Gramercy Insurance Company
Great Northern Insurance Company
Guideone Elite Insurance Company
Guideone Specialty Mutual Insurance Company
Harbor Point Reinsurance US Inc.
Hartford Accident & Indemnity Company

Hartford Casualty Insurance Company
Hartford Fire Insurance Company
Hartford Insurance Company of the Midwest
Hartford Lloyds Insurance Company
Hartford Underwriters Insurance Company
HDI-Gerling America Insurance Company
IDS Property Casualty Insurance Company
Indemnity Insurance Company of North America
Indiana Lumbermen's Mutual Insurance Company
Insurance Company of North America
Lone Star National Insurance Company
Manufacturers Alliance Insurance Company
Maryland Casualty Company
Meritplan Insurance Company
Millers First Insurance Company
National American Insurance Company
National Building Material Assurance Company
Nationwide Affinity Insurance Company of America
Nationwide Agribusiness Insurance Company
Nationwide General Insurance Company
Nationwide Insurance Company of America
Nationwide Lloyds
Nationwide Mutual Fire Insurance Company
Nationwide Mutual Insurance Company
Nationwide Property & Casualty Insurance Company
New England Reinsurance Corporation
Newport E & S Insurance Company
NGM Insurance Company
North American Elite Insurance Company
North American Specialty Insurance Company
North River Insurance Company, The
Northern Insurance Company of New York
Northwestern Pacific Indemnity Company
Oak Brook County Mutual Insurance Company
Ohio Farmers Insurance Company
Pacific Employers Insurance Company
Pacific Indemnity Company
Pennsylvania Manufacturers Association Insurance Company
Pennsylvania Manufacturers Indemnity Company
Pharmacists Mutual Insurance Company
Property & Casualty Insurance Company of Hartford
Rampart Insurance Company
Safety National Casualty Corporation
Safeway Insurance Company
Sentinel Insurance Company LTD.
Starr Indemnity & Liability Company

Stratford Insurance Company
Texas Heritage Insurance
Texas Pacific Indemnity Company
Titan Indemnity Company
Toyota Motor Insurance Company
Trumbull Insurance Company
Twin City Fire Insurance Company
UAIC Insurance Company
Union Insurance of Providence
United States Fire Insurance Company
United States Liability Insurance Company
Universal Insurance Company of North America
Universal North America Insurance Company
Universal Underwriters Insurance Company
Universal Underwriters of Texas Insurance Company
Victoria Fire & Casualty Company
Vigilant Insurance Company
Westchester Fire Insurance
Westfield Insurance Company
Westfield National Insurance
Zurich American Insurance Company
Zurich American Insurance Company of Illinois

Association Manager's Report

As we approach 2011, our Association will be preparing for the change in limits, from \$25/50/25 to \$30/60/25, that are to be effective January 1, 2011. As well, TAIPA is continuing to prepare for a potential increase in applications due to the statewide rollout of TexasSure which is a database that is used by law enforcement, TxDOT, and DPS which can identify if a registered vehicle has automobile insurance coverage. Preparation included an internal project to secure our procedures were efficient and effective, cross training employees for cross functional positions, making sure we had adequate equipment and supplies, etc. Although TAIPA has received a small increase in phone volume during the 2009 timeframe, if we experience an increased number of applicants in the upcoming year, TAIPA will be prepared to insure that service to our insureds, agents, and our member companies is not impacted.

In 2009, TAIPA issued eleven bulletins to our member carriers which included a bulletin on our rate change effective November 1, 2009, a bulletin advising a change in our organizations removal of the ESP (Electronic Submission of immediate binding through the phone key pad) process of submitting applications to TAIPA. Agents can continue to utilize the applications system on-line to bind coverage as well as submitting an application through the mail. TAIPA assigned \$1.9 million in quoted Commercial premiums and \$5.4 million in quoted Private Passenger premiums.

TAIPA assessed member carriers for our operational expenses in 2009 in the amount of \$1,600,000 with an operational budget of \$1,719,000. TAIPA performed 14% below budgeted expenses for which I commend TAIPA staff. This was especially important to point out because we've had additional committees formed for TAIPA in 2009, which meant additional staff support for the additional meetings, the research and preparation for the meetings needed, etc. Some of the new projects supported by staff were the implementation of a TAIPA Conflict of Interest policy, working through an RFP for attorney firm services, an RFP for a new application submission system, and dissecting the quota formula for analysis for the new TAIPA Quota Committee to name a few. TAIPA staff successfully supported these new committees while continuing to find more efficient and more cost effective ways to administer this program while preparing and successfully implementing the changes to our organization's processes due to the rate change and the elimination of the ESP process.

In conclusion, I want to take this time to formally thank the Governing Committee, TDI, and our vendors for their time, commitment and contributions to our organization, as well as for the support provided to myself, and to staff.

Cathleen Beavers, CPCU
TAIPA Association Manager

TAIPA Chairperson's Annual Report

Welcome to the 2009 Texas Automobile Insurance Plan Association (TAIPA) Annual Meeting. Hello, my name is Corise Morrison. I represent USAA as an at-large member of the TAIPA Governing Committee, having served as Governing Committee Chair for 2008 and 2009.

Since our last Annual Meeting in February 2009, the application volume continues to decline. The total applications received in 2009 for commercial and private passenger risks were 10,299; as compared to 12,896 in 2008; a 2,597 or 20% reduction in incoming applications. TexasSure, the state's new vehicle insurance verification program, began mailing letters to owners of registered vehicles not found in their verification database. A small volume of calls have come to TAIPA from individuals that received this letter. These additional calls have been handled with minimal disruption through the focused attention of TAIPA staff members and Manager Cathleen Beavers.

There were many important TAIPA matters attended to in 2009. As a result, several subcommittees were in place to focus on these critical issues. I thank the Operations Subcommittee, Producer Review Panel Committee, Quota Task Force Committee, Systems RFP Committee, Finance Committee and Attorney RFP Committee. I sincerely appreciate each member for volunteering to participate. I especially thank those that put in extra effort to chair these committees; Carol Berthold, Dick Lonquist, Kit Morris, Bill Jeter and Mary Carol Awalt. It is worth noting that Carol Berthold stepped down as Operations Subcommittee Chair after many years leading this group and I thank her for her dedication to the Operations Subcommittee.

I also want to thank the associates that provided valuable services to TAIPA in 2009. Dick Geiger, Mike Jones, Ted Smith, Mike Miller, Jerry Johns and the members of the Texas Department of Insurance (TDI) notably Leslie Hurley, and AIPSO all provided critical services to our organization.

As Chair, I sincerely appreciate the efforts of the 2009 Governing Committee. Every Governing Committee member is very valuable to the overall effectiveness of TAIPA and I'm glad to have had the opportunity to serve as your Chair over these two years. Thanks to my fellow officers Bill Jeter, Peter Kelly and Fred Strauss. I'm particularly grateful for their assistance.

Most importantly, I want to recognize the efforts of the TAIPA Manager, Cathleen Beavers, and each and every member of the TAIPA staff. There were many initiatives this year and the dedication shown by the Staff allowed the Governing Committee to implement the Conflict of Interest Policy, update the Employee Manual, complete the Attorney RFP process, perform in-depth analysis of the quota system, gather the requirements and deliver the System RFP, and move our accounts to Frost Bank to name a critical few.

Thank you for attending today's meeting.

Corise Morrison
TAIPA Governing Committee Chair
USAA