



TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

ADMINISTRATION

THE ESCALADE, BLDG. A • 4301 WESTBANK DR., STE. 200 • AUSTIN, TX 78746-4400

P.O. BOX 162890 • AUSTIN, TX 78716-2890

TEL. 512/444-4441 • FAX 512/444-7368

<http://www.taipa.org>

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION (TAIPA)

EIGHTEENTH REPORT

FOR THE PERIOD

JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

AND

MINUTES OF ANNUAL MEETING

AUSTIN, TX

MARCH 23, 2012

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
EIGHTEENTH REPORT
FOR THE PERIOD FROM
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011
ANNUAL MEMBERSHIP MEETING
Austin, Texas
March 23, 2011

The Eighteenth 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, Wednesday, March 23, 2011.

The meeting was called to order by Governing Committee Chair, Bill Jeter. Mr. Jeter asked the Interim Association Manager if a quorum was present. Once confirmed, the Chair requested that the Anti-Trust Statement be read. Interim Association Manager James Langford read the statement.

The Interim 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)-Traveler's 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 Jeter announced that four companies had requested to serve in one of the at-large positions on the committee. Those companies were: Farmers Insurance Group of Companies, Safeco/Liberty Mutual Insurance Company, State Farm 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 2012-2013 Governing Committee:

American Insurance Association:

Traveler's Insurance Company
Kevin Curry, Marlton, NJ

Association of Fire and Casualty Companies in Texas:

Texas Farm Bureau Casualty Insurance Company
Bill Brooks, Waco, TX

Property and Casualty Insurers Association:

Government Employees Insurance Company
Carol Berthold, Woodbury, NY

Non Affiliated Companies:

Allstate Insurance Company
Fred Strauss, Northbrook, IL

At-Large Members:

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

Safeco/Liberty Mutual Insurance Company
Pamela McQuaid, Duluth, GA

State Farm Mutual Insurance Company
George Cooper, Bloomington, IL

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

The Chair asked the Interim Association Manager to give the Manager's Report. The report was read. Chair Bill Jeter then gave the Chair'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.

Annual Meeting Attendees:

Committee Members:

Mary Carol Awalt, Public Member
Carol Berthold, Government Employees Insurance Company (GEICO)
Bill Brooks, Texas Farm Bureau Casualty Insurance Company
George Cooper, State Farm Insurance Company
Kevin Curry, Travelers Insurance Company
Terry Fain, Alternate Public Member
Pete Hamel, Producer Member
Carmelita Hogan, Public Member
Bill Jeter III, Public Member
Richard R. Lonquist, Public Member
Pamela McQuaid, Safeco/Liberty Mutual Insurance Company
Kit Morris, Producer Member
Corise Morrison, United Services Automobile Association (USAA)
Thomas Rolling, Farmers Insurance Group of Companies
Fred Strauss, Allstate Insurance Company

Counsel:

Richard Geiger, Thompson, Coe, Cousins and Irons
Mike Jones, Thompson, Coe, Cousins and Irons

TAIPA Staff:

James Langford, Stacy Midkiff, and Nicole Morgan

Other Attendees:

Doug Beck, 21st Century Centennial
Sandra Helin, SIIS
Ed Holman, State Farm Mutual Automobile Insurance Company
Leslie Hurley, TDI
Becky Jackson, OPIC
Jerry Johns, (Previously with SIIS)
Ron Lawson, Republic Underwriters
John Lusardi, Universal Casualty Insurance Company
Terry Porter, TICO

The following member companies were represented by proxy:

21ST CENTURY ADVANTAGE INS CO
21ST CENTURY ASSURANCE CO
21ST CENTURY CAS CO
21ST CENTURY CENTENNIAL INS CO
21ST CENTURY INS CO
21ST CENTURY INS CO OF THE SW
21ST CENTURY NATIONAL INS CO
21ST CENTURY NORTH AMERICA INS CO
21ST CENTURY PREFERRED INS CO
21ST CENTURY PREMIER INS CO
21ST CENTURY SECURITY INS CO
AGCS MARINE INS CO
ALL AMERICA INS CO
ALLIANZ GLOBAL RISK US INS CO
ALLMERICA FIN ALLIANCE INS CO
ALLMERICA FIN BENEFIT INS CO
ALLSTATE COUNTY MUTUAL INS CO
ALLSTATE FIRE & CAS INS CO
ALLSTATE IND CO
ALLSTATE INS CO
ALLSTATE PROP & CAS INS CO
ALLSTATE TEXAS LLOYD'S
ALLSTATE VEHICLE & PROPERTY INS
ALTERRA REINSURANCE USA INC
AMER AGRI-BUSINESS INS CO
AMER ALTERNATIVE INS CORP
AMER CENTENNIAL INS CO
AMER ECONOMY INS CO
AMER EQUITY SPECIALTY INS CO

AMER FIRE & CAS CO
AMER GUARANTEE & LIAB INS CO
AMER NATIONAL GENERAL INS CO
AMER NATIONAL PROP & CAS CO
AMER STANDARD LLOYDS INS CO
AMER STATES INS CO
AMER STATES INS CO OF TEXAS
AMER STATES LLOYDS INS CO
AMER STATES PREFERRED INS CO
AMER ZURICH INS CO
AMERICA FIRST INS CO
AMERICA FIRST LLOYDS INS CO
AMERIPRISE INS CO
AMEX ASSURANCE
ARGONAUT
ARGONAUT – GREAT CENTRAL INS CO
ARGONAUT – MIDWEST INS CO
ARGONAUT – SOUTHWEST INS CO.
ARMED FORCES INS EXCH
ASSURANCE CO OF AMERICA
ATHENA ASSUR CO
ATLANTA INTERNATIONAL INS CO
AUTO INS CO OF HARTFORD
BERKSHIRE HATHAWAY HOMESTATE
BRISTOL WEST SPECIALTY INS CO
CATASTROPHE REINS CO
CENTRAL MUT INS CO
CENTRAL NAT'L INS CO OF OMAHA
CENTRAL STATES INDEM OF OMAHA
CENTRE INS CO
CHARTER OAK FIRE INS CO
CHUBB IND INS CO
CHUBB LLOYDS OF TX
CHUBB NATIONAL INS CO
CHURCH MUT INS CO
CIM INS CORP
CITADEL INS CO
CMI LLOYDS
COLONIAL AMER CAS & SURETY CO
COLONIAL LLOYDS
COLUMBIA INS CO
CONTINENTAL INDEMNITY COMPANY
CRUM & FORSTER INDEM CO
DARWIN NATIONAL ASSURANCE CO
DISCOVER PROP & CAS INS CO
EMCASCO INS CO

EMPIRE FIRE & MARINE INS CO
ENCOMPASS HOME & AUTO INS CO
ENCOMPASS INDEMN CO
ENCOMPASS INDEPENDENT INS CO
ENCOMPASS INS CO OF AMER
ENCOMPASS PROP & CAS CO
ESURANCE INSURANCE COMPANY
EXECUTIVE RISK INDEM INC
FAIRFIELD INS CO
FARM BUREAU COUNTY MUT INS CO
FARMERS INS EXCH
FARMERS TEXAS COUNTY MUT INS CO
FARMINGTON CAS CO
FEDERAL INS CO
FEDERATED MUT INS CO
FEDERATED RURAL ELECT INS EXCH
FEDERATED SERVICE INS CO
FIDELITY & DEPOSIT CO OF MD
FIDELITY & GUARANTY INS CO
FIDELITY & GUARANTY INS UNDRS
FINIAL REINSURANCE CO
FIREMANS FUND COUNTY MUT INS CO
FIRST LIBERTY INS CORP
FIRST NATIONAL INS CO OF AMERI
FOREMOST COUNTY MUTUAL INS CO
FOREMOST INS CO GRAND RAPIDS
FOREMOST LLOYDS OF TEXAS
FOREMOST PROP & CAS INS CO
FOREMOST SIGNATURE INS CO
GARRISON PROP & CAS INS CO
GEICO CAS INS CO
GEICO GEN INS CO
GEICO IND CO
GEN INS CO OF AMERICA
GEN REINSURANCE CORP
GEN STAR NATIONAL INS CO
GENESIS INS CO
GERMANIA INS CO
GOVERNMENT EMPLOYEES INS CO
GRAMERCY INS CO
GREAT NORTHERN INS CO
HOME INS CO
HORACE MANN INS CO
HORACE MANN LLOYDS
HORACE MANN P & C INS CO
IDS Property Casualty

LAURIER IND CO
LIBERTY COUNTY MUTUAL INS CO
LIBERTY INS CORP
LIBERTY INS UNDERWRITERS INC
LIBERTY LLOYDS OF TX INS CO
LIBERTY MUT FIRE INS CO
LIBERTY MUT INS CO
LM GENERAL INS CO
LM INS CORP
LM PROPERTY & CASUALTY INS CO
MARYLAND CAS CO
MAXUM CASUALTY INSURANCE COMPANY
MID CENTURY INS CO
MID CENTURY INS CO OF TEXAS
MILLERS FIRST INS CO
MITSUI SUMITOMO INS CO OF AMER
MITSUI SUMITOMO INS USA INC
NATIONAL IND CO
NATIONAL INSURANCE ASSOC
NATIONAL LIABILITY & FIRE INS
NETHERLANDS INSURANCE CO
NORTH RIVER INS CO
NORTHBROOK IND CO
NORTHERN INS CO OF NEW YORK
NORTHLAND CAS CO
NORTHLAND INS CO
NORTHWESTERN PACIFIC IND CO
OAK BROOK COUNTY MUTUAL INS CO
OHIO CAS INS CO
OHIO SECURITY INS CO
PACIFIC IND CO
PEERLESS INDEMNITY INS CO
PEERLESS INS CO
PERMANENT GENERAL ASSUR CORP
PHARMACIST MUTUAL
PHILADELPHIA REINS CORP
PHOENIX INS CO
RAMPART INS CO
REDWOOD FIRE & CASUALTY INS
REPUBLIC LLOYDS
REPUBLIC UNDERWRITERS INSURANCE CO
RESPONSE INS CO
RESPONSE WORLDWIDE DIRECT AUTO INS CO
SAFECO INS CO OF AMERICA
SAFECO INS CO OF ILLINOIS
SAFECO INS CO OF INDIANA

SAFECO LLOYDS INS CO
SAFEWAY INS CO
SELECT INS CO
SELECTIVE INS CO OF AMERICA
SOUTHERN COUNTY MUTUAL INS CO
SOUTHERN INSURANCE COMPANY
SOUTHERN VANGUARD INS CO
ST PAUL FIRE & MARINE INS CO
ST PAUL GUARDIAN INS CO
ST PAUL MEDICAL LIAB INS CO
ST PAUL MERCURY INS CO
ST PAUL PROTECTIVE INS CO
STANDARD FIRE INS CO
STATE FARM COUNTY MUT IS CO-TX
STATE FARM FIRE & CAS CO
STATE FARM GENERAL INS CO
STATE FARM LLOYDS
STATE FARM MUT AUTO INS
STONEWALL INSURANCE COMPANY
STRATFORD INS CO
TEACHERS INS CO
TEXAS COUNTY MUTUAL (AMER NATL CO MUT)
TEXAS FARM BUR CAS INS CO
TEXAS FARM BUR MUT INS CO
TEXAS FARM BUR UNDERWRITERS
TEXAS FARMERS INS CO
TEXAS PACIFIC IND CO
TOYOTA MOTOR INS CO
TRAVCO INS CO
TRAVELERS CAS & SUR CO
TRAVELERS CAS & SUR CO OF AMER
TRAVELERS CAS CO OF CT
TRAVELERS CAS INS CO OF AMER
TRAVELERS COMMERCIAL CAS CO
TRAVELERS COMMERCIAL INS CO
TRAVELERS HOME & MARINE INS CO
TRAVELERS IND CO OF AMERICA
TRAVELERS IND CO OF CONN
TRAVELERS INDEMNITY
TRAVELERS LLOYDS INS CO
TRAVELERS LLOYDS OF TX INS CO
TRAVELERS PERS SECURITY INS CO
TRAVELERS PERSONAL INS CO
TRAVELERS PROP & CAS CO OF AMER
TRAVELERS PROPERTY CAS INS CO
TRIANGLE INS CO INC

TRUCK INS EXCH
UAIC INS CO
UNION INS CO OF PROVIDENCE
UNIONE ITALIANA REINS CO AMERI
UNITED SERVICES AUTO ASSN
UNITED STATES FID & GUAR CO
UNITED STATES FIRE INS CO
UNITED STATES LIAB INS CO
UNIVERSAL UND OF TX INS CO
UNIVERSAL UNDERWRITERS INS CO
US INTERNATIONAL REINS
USAA CAS INS CO
USAA COUNTY MUTUAL INS CO
USAA GENERAL IND CO
VIGILANT INS CO
WARNER INS CO
WAUSAU BUSINESS INS CO
WAUSAU UNDERWRITERS INS CO
WEST AMER INS CO
ZURICH AMER INS CO
ZURICH AMER INS CO OF IL

Interim Association Manager's Report

James Langford gave the Interim Manager's Report.

I have served as the Interim Manager of the Texas Automobile Insurance Plan Association (TAIPA) since October 18, 2010.

Thanks for the confidence and support I have received from the TAIPA officers, the TAIPA Governing Committee, the TAIPA Operations Sub-committee, and TAIPA counsel.

Thanks also to the TAIPA staff for their support, energy, hard work and creative approach in accomplishing the functions of TAIPA. Because of the efforts of the TAIPA staff, TAIPA has continued to function at a very high level and provide excellent service to TAIPA applicants, agents, vendors, regulators, the members of the TAIPA Governing Committee and the TAIPA officers.

A long time (46 years of service) TAIPA employee, Susan Epperson, retired effective December 31, 2011. Susan was the consummate professional employee and an asset to TAIPA. Susan's job duties have been assigned to various members of the existing TAIPA staff.

In 2011, TAIPA assessed member insurance companies \$1,600,000 for its operational expenses. This was the same amount assessed in 2009 and 2010. TAIPA operated in 2011 within budget (actually was under budget by 10%).

The number of applications received by TAIPA in 2011 was 7,914, which is 1,286 less than received in 2010 (13.98% fewer). The number of applications assigned in 2011 was 7,364 which is 1,360 less than assigned in 2010 (15.59% fewer).

In 2011 TAIPA published six (6) bulletins.

Bulletin 185 published January 3, 2011 dealt with TAIPA rates effective January 1, 2011 for private passenger and commercial vehicles (Commissioner's Order 10-0952) and a change to Endorsement 510AIP-1 effective January 1, 2011 (limits increased to \$30/60/25).

Bulletin 186 published January 4, 2011 was notice to the TAIPA's Annual Meeting of insurer members to be held February 23, 2011.

Bulletin 187 published January 14, 2011 dealt with an amendment effective January 1, 2011 to Rule 45. Named Non-Owner Coverage in the TAIPA Rules and Rating Manual.

Bulletin 188 published February 14, 2011 dealt with an amendment effective January 3, 2011 to Sections 5.B.2 and 5.B.3, Section 14.A.2, Section 21.B.2 and B.3, and Section 32.A.2 of the TAIPA Plan of Operation.

Bulletin 189 published August 18, 2011 dealt with an amendment effective September 1, 2011 to Section 50. AUTOMOBILE BURGLARY and THEFT PREVENTION AUTHORITY of TAIPA Plan of Operation.

Bulletin 190 published August 30, 2011 was notice to all non-affiliated members (non-members of insurance trade associations) of the election of the non-affiliated member to the TAIPA Governing Committee at the 2012 Annual Meeting.

TAIPA Chair's Annual Report

- 1) Welcome to the 2012 Texas Automobile Insurance Plan Association's (TAIPA's) Annual Meeting.
- 2) My name is Bill Jeter.
 - a) I am a public representative on the TAIPA Governing Committee
 - b) And have served as the Chair for 2 years.
 - c) I would like to say that I appreciate the unanimity that we have approached our job with. I appreciate the support that the insurance companies showed by electing me as

chair. A public member has not served as chair in the past. I thank you for the unanimity of purpose.

3) Since our last annual meeting in February of 2011:

- a) James went over the volume of applications received and we know that the applications are down and we accept that TAIPA will continue to shrink in size.
- b) TAIPA has continued to operate with an Interim Manager. We brought James in to assist with the transition and the transition has occurred.
- c) Established the Strategic Planning Subcommittee to review TAIPA's current operations and expenses and make recommendations about what the appropriate level of TAIPA resources should be in the future.
- d) Amended TAIPA Rules and Rating Manual with updated rates effective January 1, 2011.
- e) Amended Rule 45, Named Non-Owner Coverage to clarify that an uninsured auto might be one that is furnished for the applicant's regular use, as well as another household vehicle.
- f) Amended TAIPA Plan of Operations to clarify certain provisions of the Plan of Operations.
- g) Made the decision to move to a new Application System in order to improve efficiency and to ensure that the system will be able to work with the new Microsoft Operating Systems.
- h) I want to thank the associates that provided valuable services to TAIPA in 2011 - Everyone from our Vendors, Confidants, etc. who provided services to TAIPA.
- i) As Chair, I appreciate the efforts of the 2011 Governing Committee and the officers. It was an interesting year and I appreciate everyone's efforts.
- j) Most importantly I want to recognize the efforts of
 - i) The TAIPA Interim Manager, James Langford.
 - ii) Like to thank him for the job he has done.
 - iii) James would ask us how long we needed him and we kept telling him – another 6 weeks.
- k) I'd like to thank the TAIPA staff.

- l) I thank Pete for all of his efforts this year.
- m) It's been a nice run.
- n) I plan to return in 2013 for a jam packed year.
- o) I'd like to ask counsel for the vote count.
 - i) Mr. Geiger stated that there were 234 votes cast. The four candidates were unanimously elected and there were no write in candidates.
- p) I would like to make a motion to elect the slate of officers that the Nominating Committee presented.
 - i) Fred Strauss – Chair
 - ii) Thomas Rollings – Vice Chair
 - iii) Bill Brooks – Second Vice Chair
 - iv) Dick Lonquist – Secretary
 - (1) All in favor – say yea. Everyone present responded “yea”.
 - (2) All Nos – say Nay. No one present responded “Nay”.
 - (3) Motion Carries
- q) Thank you for attending today's meeting
- r) The meeting is adjourned.

Bill Jeter, III
TAIPA Governing Committee Chair
Public Member