

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION (TAIPA)

TWENTIETH REPORT

FOR THE PERIOD

JANUARY 1, 2013 THROUGH DECEMBER 31, 2013

AND

MINUTES OF ANNUAL MEETING

AUSTIN, TX

MARCH 21, 2014

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
TWENTIETH REPORT
FOR THE PERIOD FROM
JANUARY 1, 2013 THROUGH DECEMBER 31, 2013
ANNUAL MEMBERSHIP MEETING
Austin, Texas
March 21, 2014

The TWENTIETH Annual Meeting of the Members of the Texas Automobile Insurance Plan Association was held at the Omni Austin Hotel Southpark, beginning at 8:40 AM, Friday, March 21, 2014.

The meeting was called to order by Governing Committee Chair, Fred Strauss. Mr. Strauss asked the Association Manager, James Langford, if a quorum was present. Mr. Langford responded that there was a quorum present. The Chair then requested that the Anti-Trust Statement be read. The Association Manager, James Langford 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)-The Travelers,
- Property & Casualty Insurers Association (PCI)-Hochheim Prairie Insurance, and
- Association of Fire & Casualty Companies in Texas (AFACT)-Texas Farm Bureau Casualty Insurance Company.

The Chairman then asked the Association Manager to report the results of the non-affiliated insurers' ballot as prescribed in Section 36.B. The Association Manager responded that the Non-Affiliated member elected was Allstate Insurance Company.

In keeping with Section 36.B.3, Chairman Strauss, asked the Association Manager to announce the five companies that had requested to serve in one of the four at-large positions on the committee. Those companies were:

- Farmers Insurance Group of Companies,
- Liberty Mutual/Safeco Insurance Company,
- State Farm Mutual Insurance Company and
- United Services Automobile Association (USAA)
- Metropolitan Property & Casualty Insurance Company

Chairman Strauss asked the voting members to make sure that their ballots were cast. When it was discussed that all ballots had been cast, there was discussion about whether a break was needed. It was determined that a break was not required. At that point, Chairman Strauss asked Mike Jones to review and verify the ballot counts. Chairman Strauss stated that they would give Mike Jones time to review everything and have him report on the votes later in the meeting.

Chairman Strauss then gave the Chairman's Report.

Chairman Strauss then asked the Association Manager to give the Manager's Report. The Association Manager gave his report.

Chairman Strauss then asked Counsel if the At-large ballot results had been calculated. Mr. Mike Jones stated that they were. The Chairman asked Mike Jones to report the results. Mr. Jones stated that the following companies had received the highest number of votes.

- Farmers Insurance Group of Companies,

- Liberty Mutual/Safeco Insurance Company,
- State Farm Mutual Insurance Company and
- United Services Automobile Association (USAA)

Chairman Strauss stated that at the conclusion of this meeting that all of the elected Governing Committee members would begin their service.

Chairman Strauss then asked for a motion to adjourn. The motion was made, seconded, and passed so the meeting was then adjourned.

The following companies will serve on the 2014-2015 Governing Committee:

American Insurance Association:

The Travelers
Kevin Curry, Marlton, New Jersey

Association of Fire and Casualty Companies in Texas:

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

Property and Casualty Insurers Association:

Hochheim Prairie Insurance
David Weber, Yoakum, TX

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
Jason Callahan, Boston, MA

State Farm Mutual Insurance Company
George Cooper, Bloomington. IL

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

Annual Meeting Attendees:

Committee Members:

Mary Carol Awalt, Public Member
Bill Brooks, Texas Farm Bureau Casualty Insurance Company
Carmelita Hogan, Public Member
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

Counsel:

Mike Jones, Thompson, Coe, Cousins and Irons

TAIPA Staff:

James Langford
Stacy Midkiff
Nicole Morgan

Other Attendees:

David Nardechia, OPIC

The following member companies were represented by representatives.

Name

ENCOMPASS INSURANCE COMPANY OF AMERICA
ENCOMPASS PROPERTY AND CASUALTY
COMPANY
ENCOMPASS INDEPENDENT INSURANCE
COMPANY
ENCOMPASS HOME AND AUTO INSURANCE COMPANY
ENCOMPASS INDEMNITY COMPANY
ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
ALLSTATE INSURANCE COMPANY
ALLSTATE INDEMNITY COMPANY
ESURANCE INSURANCE COMPANY OF NEW
JERSEY
ESURANCE INSURANCE COMPANY
ALLSTATE TEXAS LLOYD'S
ALLSTATE COUNTY MUTUAL INSURANCE
COMPANY
ALLSTATE FIRE AND CASUALTY INSURANCE COMPANY
ESURANCE PROPERTY AND CASUALTY INSURANCE COMPANY
NORTHBROOK INDEMNITY COMPANY
ALLSTATE VEHICLE AND PROPERTY INSURANCE COMPANY
21ST CENTURY INSURANCE COMPANY OF THE SOUTHWEST
FOREMOST INSURANCE COMPANY, GRAND RAPIDS, MICHIGAN
FOREMOST PROPERTY AND CASUALTY INSURANCE COMPANY
21ST CENTURY PREMIER INSURANCE COMPANY
FARMERS INSURANCE EXCHANGE
MID-CENTURY INSURANCE COMPANY
TEXAS FARMERS INSURANCE
COMPANY
TRUCK INSURANCE
EXCHANGE
21ST CENTURY PREFERRED INSURANCE
COMPANY
FARMERS TEXAS COUNTY MUTUAL INSURANCE COMPANY
21ST CENTURY ADVANTAGE INSURANCE
COMPANY
MID-CENTURY INSURANCE COMPANY OF TEXAS

FOREMOST COUNTY MUTUAL INSURANCE COMPANY
21ST CENTURY NORTH AMERICA INSURANCE COMPANY
BRISTOL WEST SPECIALTY INSURANCE COMPANY
21ST CENTURY CENTENNIAL INSURANCE
COMPANY
21ST CENTURY NATIONAL INSURANCE COMPANY
FOREMOST SIGNATURE INSURANCE COMPANY
FOREMOST LLOYDS OF
TEXAS
TEXAS FARM BUREAU CASUALTY INSURANCE COMPANY
TEXAS FARM BUREAU MUTUAL INSURANCE COMPANY
TEXAS FARM BUREAU UNDERWRITERS
FARM BUREAU COUNTY MUTUAL INSURANCE COMPANY OF
TEXAS
HOCHHEIM PRAIRIE CASUALTY INSURANCE COMPANY
USAA COUNTY MUTUAL INSURANCE COMPANY
CATASTROPHE REINSURANCE
COMPANY
USAA GENERAL INDEMNITY COMPANY
GARRISON PROPERTY AND CASUALTY INSURANCE COMPANY
UNITED SERVICES AUTOMOBILE ASSOCIATION
USAA CASUALTY INSURANCE
COMPANY
21ST CENTURY INSURANCE COMPANY
21ST CENTURY SECURITY INSURANCE COMPANY
21ST CENTURY CASUALTY COMPANY
21ST CENTURY ASSURANCE COMPANY

The following member companies were represented by proxy:

Name
ALL AMERICA INSURANCE COMPANY
ALLIED PROPERTY AND CASUALTY INSURANCE COMPANY
AMCO INSURANCE COMPANY
AMERICA FIRST INSURANCE COMPANY
AMERICA FIRST LLOYD'S INSURANCE COMPANY
AMERICAN ALTERNATIVE INSURANCE CORPORATION
AMERICAN ECONOMY INSURANCE COMPANY
AMERICAN EQUITY SPECIALTY INSURANCE COMPANY
AMERICAN FIRE AND CASUALTY COMPANY
AMERICAN NATIONAL COUNTY MUTUAL INSURANCE COMPANY
AMERICAN STATES INSURANCE COMPANY
AMERICAN STATES INSURANCE COMPANY OF TEXAS
AMERICAN STATES LLOYDS INSURANCE COMPANY

AMERICAN STATES PREFERRED INSURANCE COMPANY
ARMED FORCES INSURANCE EXCHANGE
AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONNECTICUT,
THE
BANCINSURE, INC.
BROTHERHOOD MUTUAL INSURANCE COMPANY
CAROLINA CASUALTY INSURANCE COMPANY
CENTRAL MUTUAL INSURANCE COMPANY
CHARTER OAK FIRE INSURANCE COMPANY, THE
CHUBB INDEMNITY INSURANCE COMPANY
CHUBB LLOYDS INSURANCE COMPANY OF TEXAS
CHUBB NATIONAL INSURANCE COMPANY
CHURCH MUTUAL INSURANCE COMPANY
CINCINNATI CASUALTY COMPANY, THE
CINCINNATI INDEMNITY COMPANY, THE
CINCINNATI INSURANCE COMPANY, THE
COLONIAL COUNTY MUTUAL INSURANCE COMPANY
COLORADO CASUALTY INSURANCE COMPANY
DARWIN NATIONAL ASSURANCE COMPANY
DEPOSITORS INSURANCE COMPANY
DIAMOND STATE INSURANCE COMPANY
DISCOVER PROPERTY & CASUALTY INSURANCE COMPANY
ECONOMY FIRE & CASUALTY COMPANY
ECONOMY PREFERRED INSURANCE COMPANY
ECONOMY PREMIER ASSURANCE COMPANY
EMCASCO INSURANCE COMPANY
EMPLOYERS INSURANCE COMPANY OF WAUSAU
EMPLOYERS MUTUAL CASUALTY COMPANY
EXECUTIVE RISK INDEMNITY INC.
FARMINGTON CASUALTY COMPANY
FARMLAND MUTUAL INSURANCE COMPANY
FEDERAL INSURANCE COMPANY
FEDERATED RURAL ELECTRIC INSURANCE EXCHANGE
FIDELITY AND GUARANTY INSURANCE COMPANY
FIDELITY AND GUARANTY INSURANCE UNDERWRITERS, INC.
FIRST FINANCIAL INSURANCE COMPANY
FIRST LIBERTY INSURANCE CORPORATION, THE
FIRST NATIONAL INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
GERMANIA FIRE & CASUALTY COMPANY
GERMANIA INSURANCE COMPANY
GERMANIA SELECT INSURANCE COMPANY
GREAT NORTHERN INSURANCE COMPANY
GREENWICH INSURANCE COMPANY
HDI-GERLING AMERICA INSURANCE COMPANY

HORACE MANN INSURANCE COMPANY
HORACE MANN LLOYDS
HORACE MANN PROPERTY & CASUALTY INSURANCE COMPANY
LIBERTY COUNTY MUTUAL INSURANCE COMPANY
LIBERTY INSURANCE CORPORATION
LIBERTY INSURANCE UNDERWRITERS INC.
LIBERTY LLOYDS OF TEXAS INSURANCE COMPANY
LIBERTY MUTUAL FIRE INSURANCE COMPANY
LIBERTY MUTUAL INSURANCE COMPANY
LM GENERAL INSURANCE COMPANY
LM INSURANCE CORPORATION
LM PROPERTY AND CASUALTY INSURANCE COMPANY
LUMBERMEN'S UNDERWRITING ALLIANCE
MANUFACTURERS ALLIANCE INSURANCE COMPANY
MAXUM CASUALTY INSURANCE COMPANY
METROPOLITAN CASUALTY INSURANCE COMPANY
METROPOLITAN DIRECT PROPERTY AND CASUALTY INSURANCE
COMPANY
METROPOLITAN GENERAL INSURANCE COMPANY
METROPOLITAN GROUP PROPERTY AND CASUALTY INSURANCE
COMPANY
METROPOLITAN LLOYDS INSURANCE COMPANY OF TEXAS
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY
MILLERS FIRST INSURANCE COMPANY
NATIONAL AMERICAN INSURANCE COMPANY
NATIONAL INSURANCE ASSOCIATION
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 AND CASUALTY INSURANCE COMPANY
NETHERLANDS INSURANCE COMPANY, THE
NGM INSURANCE COMPANY
NORTH AMERICAN ELITE INSURANCE COMPANY
NORTH AMERICAN SPECIALTY INSURANCE COMPANY
NORTHLAND CASUALTY COMPANY
NORTHLAND INSURANCE COMPANY
NORTHWESTERN PACIFIC INDEMNITY COMPANY
OHIO CASUALTY INSURANCE COMPANY, THE
OHIO SECURITY INSURANCE COMPANY
PACIFIC INDEMNITY COMPANY
PEERLESS INDEMNITY INSURANCE COMPANY

PEERLESS INSURANCE COMPANY
PENN-STAR INSURANCE COMPANY
PENNSYLVANIA MANUFACTURERS' ASSOCIATION INSURANCE
COMPANY
PENNSYLVANIA MANUFACTURERS INDEMNITY COMPANY
PHARMACISTS MUTUAL INSURANCE COMPANY
PHOENIX INSURANCE COMPANY, THE
RAMPART INSURANCE COMPANY
SAFECO INSURANCE COMPANY OF AMERICA
SAFECO INSURANCE COMPANY OF ILLINOIS
SAFECO INSURANCE COMPANY OF INDIANA
SAFECO LLOYDS INSURANCE COMPANY
SAFETY NATIONAL CASUALTY CORPORATION
SAFEWAY COUNTY MUTUAL INSURANCE COMPANY
SAFEWAY INSURANCE COMPANY
SELECT INSURANCE COMPANY
SELECTIVE INSURANCE COMPANY OF AMERICA
ST. PAUL FIRE AND MARINE INSURANCE COMPANY
ST. PAUL GUARDIAN INSURANCE COMPANY
ST. PAUL MERCURY INSURANCE COMPANY
ST. PAUL PROTECTIVE INSURANCE COMPANY
STANDARD FIRE INSURANCE COMPANY, THE
STATE FARM COUNTY MUTUAL INSURANCE COMPANY OF TEXAS
STATE FARM FIRE AND CASUALTY COMPANY
STATE FARM GENERAL INSURANCE COMPANY
STATE FARM LLOYDS
STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY
T.H.E. INSURANCE COMPANY
TEACHERS INSURANCE COMPANY
TEXAS HERITAGE INSURANCE COMPANY
TEXAS PACIFIC INDEMNITY COMPANY
TITAN INDEMNITY COMPANY
TRAVCO INSURANCE COMPANY
TRAVELERS CASUALTY AND SURETY COMPANY
TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY COMPANY OF CONNECTICUT
TRAVELERS CASUALTY COMPANY, THE
TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA
TRAVELERS COMMERCIAL CASUALTY COMPANY
TRAVELERS COMMERCIAL INSURANCE COMPANY
TRAVELERS CONSTITUTION STATE INSURANCE COMPANY
TRAVELERS HOME AND MARINE INSURANCE COMPANY, THE
TRAVELERS INDEMNITY COMPANY OF AMERICA, THE
TRAVELERS INDEMNITY COMPANY OF CONNECTICUT, THE
TRAVELERS INDEMNITY COMPANY, THE

TRAVELERS LLOYDS INSURANCE COMPANY, THE
TRAVELERS LLOYDS OF TEXAS INSURANCE COMPANY
TRAVELERS PERSONAL INSURANCE COMPANY
TRAVELERS PERSONAL SECURITY INSURANCE COMPANY
TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA
TRAVELERS PROPERTY CASUALTY INSURANCE COMPANY
UAIC INSURANCE COMPANY
UNION INSURANCE COMPANY OF PROVIDENCE
UNITED NATIONAL CASUALTY INSURANCE COMPANY
UNITED NATIONAL SPECIALTY INSURANCE COMPANY
UNITED STATES FIDELITY AND GUARANTY COMPANY
UNITED STATES FIRE INSURANCE COMPANY
VICTORIA FIRE & CASUALTY COMPANY
VIGILANT INSURANCE COMPANY
WASHINGTON INTERNATIONAL INSURANCE COMPANY
WAUSAU BUSINESS INSURANCE COMPANY
WAUSAU UNDERWRITERS INSURANCE COMPANY
WEST AMERICAN INSURANCE COMPANY
WESTPORT INSURANCE CORPORATION
WORTH CASUALTY COMPANY
XL INSURANCE AMERICA, INC.
XL INSURANCE COMPANY OF NEW YORK, INC.
XL REINSURANCE AMERICA INC.
XL SELECT INSURANCE COMPANY
XL SPECIALTY INSURANCE COMPANY

- 1) Welcome to the 2014 Texas Automobile Insurance Plan Association's (TAIPA's) Annual Meeting.
- 2) My name is Fred Strauss.
 - a) I am the Non-Affiliate Company representative on the TAIPA Governing Committee
 - b) and have served as the Chair for 2 years.

- 3) Since our last annual meeting in March of 2013,
 - a) the application volume has continued to decline.

Total Applications Received

(1) 2013 = 4708

(2) 2012 = 5898

(3) 2011 = 7364

- b) During 2013, the TAIPA Governing Committee, working through several sub-committees, achieved the following:
 - i) Continued to operate through the assistance of the Manager, James Langford.
 - ii) Had a compensation study conducted by an independent third party and has now adopted a formal compensation manual and grading system for TAIPA staff.
 - iii) Amended TAIPA Plan of Operations and Personal Auto Policy to comply with new legislation.
 - iv) Worked to get private passenger automobile insurance rates changed as of October 1, 2013.
 - v) Decreased the 2014 budget by 13.04%
 - vi) Senate Bill 733 allowed TAIPA to use teleconference for Governing Committee Meetings.
 - vii) We gained flexibility with regard to TAIPA's rate filing process.
- c) During my tenure as Chair, we have seen a lot of change. Several good friends of the Association are no longer part of our group, specifically:
 - i) Leslie Hurley (Retirement)
 - ii) Carol Berthold (Retirement)
 - iii) Dick Geiger (Passed earlier this year)
 - iv) Bill Jeter (Passed in 2012)
- d) I want to thank the associates that provide valuable services to TAIPA in 2013:
 - i) Mike Jones
 - ii) Mike Miller

- iii) Texas Dept. of Insurance (TDI) – notably Mark Worman
- e) As Chair, I appreciate the efforts of the 2013 Governing Committee.
 - i) Each Governing Committee member is very valuable to the overall effectiveness of TAIPA and I am glad to have had the privilege to serve as your Chair over the past year.
 - ii) Thanks to my fellow officers, Thomas Rolling, Bill Brooks, and Dick Lonquist.
 - iii) I am grateful for their assistance.
- f) Most importantly I want to recognize the efforts of
 - i) The TAIPA Manager, James Langford.
 - ii) Every member of the TAIPA staff who supported Mr. Langford and continued to provide excellent service.
- g) Thank you for attending today's meeting

Fred Strauss
TAIPA Governing Committee Chair
Non-Affiliate Company Representative

Association Manager's Report

Texas Automobile Insurance Plan Association (TAIPA) Annual Meeting – March 21, 2014

TAIPA received 4,708 applications (4,168 private passenger applications and 540 commercial auto applications) in 2013. This was 1,190 less applications than received in 2012 (5898), a 20.18% decrease.

TAIPA continued to operate with (5) full time employees and one (1) part time manager. TAIPA ended 2013 only using 70.11% of its approved 2013 budget.

Effective October 1, 2013, rates for private passenger automobile insurance were changed as follows:

Bodily Injury Liability.....	+6.4%
Property Damage Liability	+5.3%
Personal Injury Protection	0.0%
Uninsured/Underinsured Motorist.....	0.0%

The TAIPA Budget for 2014 is \$1,175,800 which is a 9.57% reduction from the 2013 budget.

The TAIPA assessment to the insurance companies for 2014 is \$1,000,000 which is \$150,000 less than the assessment for 2013, a 13.04% reduction.

Thanks for the confidence and support I have received from the TAIPA officers, the TAIPA Governing Committee, the TAIPA Operations Sub-committee, the TAIPA Strategic Planning 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, producers, vendors, regulators, the member of the TAIPA Governing Committee, and the TAIPA officers.

In 2013, TAIPA published the following bulletins:

Bulletin 199, published January 31, 2013, was the notice of the nineteenth Annual Membership Meeting to be held March 22, 2013.

Bulletin 200, published August 9, 2013, was notice of private passenger and commercial automobile rates effective October 1, 2013.

Bulletin 201, published September 6, 2013, was notice of Plan of Operation changes to Section 14 to comply with new legislation.

Bulletin 202, published September 20, 2013, was notice to solicit nominations for the non-affiliated member of the TAIPA Governing Committee.

Bulletin 203, published October 22, 2013, was notice that TAIPA amended its personal auto policy effective January 1, 2014.

Bulletin 204, published December 20, 2013, was notice the 2014 Annual Meeting of Insurance Company members would be held March 21, 2014 and four (4) at-large insurance company members of the TAIPA Governing Committee would be elected at the meeting.

