

**Texas Automobile Insurance Plan Association Governing Committee Meeting  
Agenda for Friday, March 25, 2022 – 9:00 A.M.  
Zoom Call**

**Given the continuing concerns related to COVID-19 virus, TAIPA will be making both the Annual Meeting and Regular TAIPA Governing Committee Meeting on March 25, 2022 a Zoom Meeting Only.**

Join Zoom Meeting

<https://us02web.zoom.us/j/83263379769?pwd=WHJsR20vRGdGZHVqTIY1dGZWblozQT09>

Meeting ID: 832 6337 9769

Passcode: 683041

One tap mobile

+13462487799,,83263379769#,,,,\*683041# US (Houston)

+16699006833,,83263379769#,,,,\*683041# US (San Jose)

Dial by your location

+1 346 248 7799 US (Houston)

+1 669 900 6833 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

+1 929 436 2866 US (New York)

Meeting ID: 832 6337 9769

Passcode: 683041

Find your local number: <https://us02web.zoom.us/j/83263379769?pwd=WHJsR20vRGdGZHVqTIY1dGZWblozQT09>

For anyone who would like to participate in person, the Governing Committee location will be 807 Las Cimas Parkway, Austin, TX 78746 (Building Management Conference Room). For anyone who wishes to attend in person, please contact TAIPA at 512-444-4441 to let us know. Note that we will follow appropriate COVID protocol.

**Texas Automobile Insurance Plan Association Governing Committee Meeting**  
**Meeting Agenda**  
**Friday, March 25, 2022 – 9:00 A.M.**

1. Call to Order
2. Introductions
3. Reading of the Anti-Trust Statement
4. Conflict of Interest Disclosures
5. Election of Officers\*
6. Review and Approval of the Minutes of the November 19, 2021 Meeting (Exhibit 1)\*
7. Chair's Report
  1. Thank you to Corise Morrison for serving as chair the past two years.
  2. Welcome Mike Voigt from Texas Farm Bureau
  3. Welcome Carol Berthold as Operation Subcommittee Chair
  4. Thank you Doug Beck for service to TAIPA on Operation Subcommittee
  5. Welcome Sean Walsh to Operating Subcommittee
  6. Discussion about holding the August meeting in person.
8. Manager's Report
  - A. Application Count Update
    - a. For Yearend 2021(Exhibit 2)
    - b. As of February, 2022 (Exhibit 3)
  - B. Financial Update - For Yearend 2021 (Exhibit 4)
  - C. Revised Conflict of Interest Policy (Exhibit 5)
  - D. Administrative Rules (Exhibit 6)
  - E. Started work with commercial real estate for our lease for next year.
  - F. Reminder Governing Committee Members must take the Open Meetings Act training every 2 years.
9. Audit/Finance Committee Report
  - A. Audit Engagement Letter (Exhibit 7)\*
10. Operations Subcommittee Report
  - A. Over/Under Report (Exhibit 8)
  - B. Update
11. Report of Counsel
  - A. Discussion of Rate Process for 2022
12. Next Meeting – August 19, 2022
13. Personnel Matters
  - A. Manager's Review\*
14. Adjournment

The Governing Committee may take action on any matter of business identified in this notice. Portions of the meeting will be conducted as a closed meeting, if permitted under Chapter 551, Government Code

\*Indicates item on which the Manager believes the Governing Committee will take action.

# Exhibit 1

**Texas Automobile Insurance Plan Association Governing Committee  
Meeting Agenda  
Friday, November 19, 2021 - 9:00 A.M.**

**Given the continuing concerns related to the COVID-19 virus, TAIPA will be holding the TAIPA Governing Committee Meeting on November 19, 2021 as a Zoom Meeting.  
The Zoom Meeting Address is:**

Join Zoom Meeting

<https://us02web.zoom.us/j/88901544096>

Meeting ID: 889 0154 4096

One tap mobile

+13462487799,,88901544096# US (Houston)

+12532158782,,88901544096# US (Tacoma)

Dial by your location

+1 346 248 7799 US (Houston)

+1 253 215 8782 US (Tacoma)

+1 669 900 6833 US (San Jose)

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

+1 929 436 2866 US (New York)

Meeting ID: 889 0154 4096

Find your local number: <https://us02web.zoom.us/u/kdCqsEEFXe>

**Attendees:**

TAIPA Governing Committee Members

Ryan Shapiro

Michael Hass

Bill Brooks

Corise Morrison

Matt Snyder

Anh Vo

Mike Schalk

David Weber

Leslie Hurley

Carmelita Hogan

David Nardecchia

Mary Carol Awalt

Laura Hausman

Becky Jackson

Adam Payton

Ramon Montalvo

Attorney

Mike Jones

TAIPA Staff

Stacy Dutton

Mimi Leece

Amanda Reynolds

Ruth Wise

Other Company Members

Carol Berthold

John Lusardi

TDI

Andy McLauren

Katelyn Marak

John Mooney

OPIC

Kim Donovan

**1. Call to Order**

Chair Morrison called the meeting to order at 9:00 AM.

Mimi Leece explained how the zoom meeting would work.

**2. Introductions**

Stacy Dutton called roll.

**3. Reading of the Anti-Trust Statement**

Stacy Dutton read the Anti-Trust Statement:

“The creation and operation of the Texas Automobile Insurance Plan Association is set forth in Chapter 2151 of the Texas Insurance Code. The Association is a non-profit corporate body composed of all authorized insurers. The organization was created to provide a means by which insurance may be assigned to an authorized insurer for a person required by the Texas Motor Vehicle Safety-Responsibility Act to show proof of financial responsibility for the future. Members of the Association and of its Governing Committee, when involved in meetings or other activities of the Association, are bound to limit their discussions and actions to matters relating to the business of the Association, and shall not discuss or pursue the business interest of individual insurers or others.”

**4. Review and Approval of the August 20, 2021 Meeting Minutes (Exhibit 1)**

Chair Morrison turned the meeting over to Matthew Snyder to discuss the meeting minutes. There were no changes to be made and no discussion regarding the meeting minutes. Chair Morrison asked for a motion to accept the meeting notes. Ramon Montalvo made the motion and Becky Jackson seconded the motion. The motion passed unanimously.

**5. Chair’s Report**

**A. Bill Brooks (Texas Farm Bureau) Leaving the Governing Committee**

It was announced that Bill Brooks would be leaving the Governing Committee effective November 19, 2021. Chair Morrison noted that during his time with TAIPA Mr. Brooks has served in various roles and he was Governing Committee Chair when TAIPA’s previous Association Manager passed away. Mr. Brooks was an integral part of helping support TAIPA staff during that difficult time and he kept TAIPA moving forward. He is currently serving as both Operation Subcommittee Chair and Audit Finance Committee Chair. Chair Morrison noted that she has worked with staff and legal counsel to fill those positions and she announced that Doug Beck will be taking over as Operations Subcommittee Chair and Matthew Snyder will be taking over as the Audit Finance Subcommittee Chair.

**B. Welcome Marti Luparello (Texas Farm Bureau, AFACT Representative)**

Chair Morrison made the announcement that Marti Luparello would be replacing Bill Brooks as the AFACT representative on the Governing Committee.

**C. Welcome Back Kit Morris**

Kit Morris was welcomed back to the TAIPA Governing Committee by Chair Morrison. Mrs. Morris will be returning as the Alternate Producer Member.

**D. Officers Meeting Regarding the Conflict of Interest (Exhibit 2)**

Chair Morrison presented the newly revised Conflict of Interest policy which was brought up for revision at the August 2021 Governing Committee meeting. A comparison of the current policy, the revised/recommended policy, and reasons for the changes were noted. There was no further discussion regarding this topic. Chair Morrison asked for a motion to either approve the Conflict of Interest Policy (with or without changes), review the policy and come

up with a revised policy to review at the next meeting, or leave the Conflict of Interest Policy as is. David Weber made the motion to accept the revised policy. Mike Hass seconded the motion. All were in favor so the motion passed unanimously.

**E. Next Meeting-March 25,2022 via Zoom**

It was noted that TAIPA will hold their 2022 annual Meeting at 8:45 A.M. and TAIPA's regular meeting will be held on the same day at 9:00 A.M.

**F. Discussion about Zoom Meeting Effectiveness**

Chair Morrison stated that the effectiveness of meeting via Zoom was discussed briefly at the officers meeting. It was discussed that TAIPA would schedule the August 2022 as an in-person meeting. There was no motion needed with regard to holding future meetings via Zoom. There was no further discussion on this topic.

**6. Manager's Report**

Chair Morrison turned the meeting over to Stacy Dutton for the Manager's Report.

**A. Application Count Update as of October 2021 (Exhibit 3)**

In October of 2021 TAIPA received:

107 applications compared to 114 applications in October of 2020. This a 6.14% decrease. Year-To-Date through October 2021, TAIPA received:

1,163 applications compared to 1,461 applications received year-to-date October 2020. This is a 20.39% decrease.

It was noted by Mrs. Dutton that TAIPA expects to receive about 1,500 applications which will be TAIPA's lowest number of applications ever.

There was no further discussion regarding this topic.

**B. Financial Update as of September 2021 (Exhibit 4)**

Mrs. Dutton stated that at the end of September TAIPA would expect to have used 75% of its budget. She also noted that TAIPA has used only 63.38% of its budget.

TAIPA's legal expenses show as over-budget at the end of September 2021 as there were unexpected legal expenses throughout the year. These expenses include research done for the Operations Subcommittee, reviewing information in regard to TAIPA's Strategic Planning Subcommittee and Governing Committee meetings. Also being that it was a legislative year, Mike Jones followed the legislation and reported on that.

A request to move \$8,250 from TAIPA's Governing Committee expenses be moved to TAIPA's legal expenses was made by Stacy Dutton. These funds would be allocated for a review of TAIPA's commercial policy, complete work on the November Governing Committee meeting, and other legal matters including following up on the rate filing information with TDI and Mike Miller.

Chair Morrison requested a motion to decrease TAIPA's Governing Committee Expense budget by \$8,250 and move it to TAIPA's Legal Expense budget. Matthew Snyder made the motion and Becky Jackson seconded the motion. The motion passed unanimously.

It was noted by Mrs. Dutton that all other items are under budget and that TAIPA expects to end under budget on salaries, employee benefits, taxes, Governing Committee expenses, Subcommittee expenses, employee education and travel, actuary, and dues. TAIPA is expected to end on budget for all other categories. There was no further discussion regarding TAIPA's financials.

**C. 2021 Review of Vendor Agreements & TAIPA Recommendations (Exhibit 5)**

TAIPA's Vendor and Service Provider Selection Procedure changed at the August 2021 Governing Committee meeting. The new procedure states that the manager must do an analysis annually (or sooner if necessary) regarding any vendor contract that has been in

place for 5 years and/or any vendor with poor performance. Mrs. Dutton noted that TAIPA does not have any vendors with poor performance but TAIPA does have agreements that are 5 or more years old. Those agreements include Thompson Coe, Atchley & Associates, Epic, application processing system, and quota system. It was also stated that last year the Governing Committee made a consensus to continue the existing arrangements the aforementioned vendors for another year. Stacy went on to explain TAIPA's relationships with their current vendors and recommended continuing with all of the current vendors. Chair Morrison asked for a motion to either continue the existing arrangements, to have the manager prepare a list of potential vendors/provider who may be interested in providing the services that are identified, or if TAIPA should do an RFP for any of the 3<sup>rd</sup> party relationships. The motion to continue with the existing arrangement was made by Anh Vo and was seconded by Matthew Snyder. The motion carried unanimously.

**D. 2022 Budget (Revised Exhibit 6)**

- a. Stacy Dutton stated that TAIPA's compensation consultant recommended that at least a 3.3% increase in compensation for 2022 and to add a mid-year salary change of 2.5% so TAIPA can compete for talent in 2022. The difference in this cost would be \$6,550 with \$5,600 for salary changes mid-year and \$950 for 401K and the noncontributory plan. Stacy said that she was able to take this amount out of the carryover cash without substantially changing the financial situation for TAIPA. Even with this change, it does not change the amount of the 2021 carryover to reduce the 2022 assessment which is \$120,000 or the recommended 2022 assessment amount of \$743,000. The requested operating budget for 2022 is \$873,250. The major line items that increased more the 5% from 2021 are salaries, computer supplies, postage/delivery, telephone/ internet, legal expenses, other office expenses, and the consultant for the salary study. The major line items that decreased more than 5% from 2021 are benefits/other insurance expenses and Governing Committee expenses.
- b. Recommended 2022 Assessment

TAIPA is recommending the 2022 assessment be \$743,000. This is the total 2022 budget minus amortization and depreciation, midyear salary and benefits changes, and the \$120,000 cash on hand at yearend 2021 to be used to reduce the assessment.

There was no further discuss regarding the budget. Chair Morrison asked for a motion to accept TAIPA's budget of \$873,250.00 and an assessment of \$743,000.00 for 2022. Ramon Montalvo made the motion to approve the 2022 budget and it was seconded by Matthew Snyder. Mary Carol Awalt made the motion to approve the 2022 assessment and Laura Hausman seconded the motion. The motions carried unanimously.

**C. Line of Credit Update**

Per the discussion about TAIPA's line of credit at Frost Bank at the August 2021 Governing Committee meeting, Stacy Dutton updated everyone on how the \$300,000 line of credit figure was determined. She noted that the idea for the line of credit was developed to cover TAIPA in the event that there was not enough money to cover the bills. The line of credit could cover TAIPA for approximately 3.94 months for the 2021 budget or 4.15 months for the 2022 budget. There was no further discussion regarding this topic.



**D. 2022 Meeting Dates (Exhibit 7)**

The 2022 meeting dates that were approved at TAIPA's August Governing Committee meeting are:

1. Friday, March 25, 2022
2. Friday, August 19, 2022
3. Friday, November 18, 2022

That completed the manager's report and the meeting was turned over to Bill Brooks for the Operation Subcommittee Report.

**7. Operation Subcommittee Report**

**A. Over/Under Report (Exhibit 8)**

Bill Brooks went over the issue that was on the over/under report in August 2021 regarding the miscalculation on TAIPA's quota reports and how it was resolved. There had not been another Operations Subcommittee meeting since the August meeting, therefore, he had nothing else to report.

**8. Report of Counsel**

Chair Morrison turned the meeting over to Mike Jones for the Report of Counsel. Mike Jones discussed that TAIPA has not been able to get the rate information from TDI. Therefore, TAIPA will not have a rate filing in 2021. He stated that he hopes to have the information and be able to prepare a rate filing in time for the March 2022 meeting.

**9. Adjournment**

Chair Morrison indicated that the next Governing Committee meeting will be March 25, 2022 via Zoom. She noted that there were no personnel matters that needed to be discussed and asked for a motion to adjourn the meeting. Bills Brooks made the motion to adjourn the meeting and Leslie Hurley seconded the motion. The motion carried unanimously.

 Recoverable Signature

 Matthew Snyder

Matthew Snyder

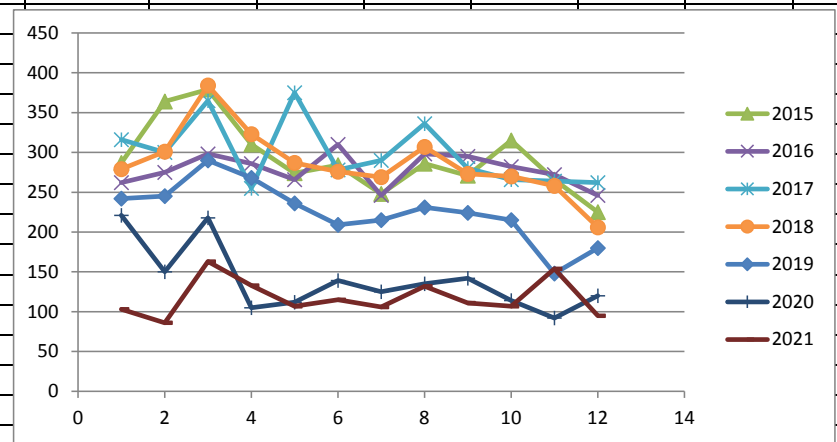
Signed by: Okta MTL - matthew.snyder@farmersinsurance.com

# Exhibit 2

<b>Monthly Total (December 2021)</b>		
	<b>Private Passenger</b>	<b>Commercial</b>
<b>EASi Applications</b>	72	26
<b>Paper Applications</b>	0	0
<b>Total Applications Received</b>	71	24
<b>Applications Assigned</b>	69	23
<b>Apps Returned for Correction</b>	2	1
<b>Applications Deficient</b>	1	0
<b>Applications with SR-22s</b>	2	0
<b>Total Applications Received in December 2020:</b>		<b>120</b>
<b>Total Applications Received in December 2021:</b>		<b>95</b>
<b>Year to Date Total (as of December 2021)</b>		
	<b>Private Passenger</b>	<b>Commercial</b>
<b>EASi Applications</b>	1143	287
<b>Paper Applications</b>	0	0
<b>Total Applications Received</b>	1137	275
<b>Applications Assigned</b>	1115	266
<b>Apps Returned for Correction</b>	21	7
<b>Applications Deficient</b>	64	8
<b>Applications with SR-22s</b>	27	0
<b>Total Applications Received YTD (as of December 2020):</b>		<b>1,673</b>
<b>Total Applications Received YTD (as of December 2021):</b>		<b>1,412</b>
<b>YTD Percent Change from December 2020 to December 2021:</b>		<b>-15.60%</b>
<b>Application Assignment History*</b>		
<b>1997:</b> 95,461	<b>2005:</b> 31,517	<b>2014:</b> 3,628
<b>1998:</b> 55,041	<b>2006:</b> 23,634	<b>2015:</b> 3,217
<b>1999:</b> 47,108	<b>2007:</b> 16,780	<b>2016:</b> 3,089
<b>2000:</b> 44,945	<b>2008:</b> 12,896	<b>2017:</b> 3,508
<b>2001:</b> 53,477	<b>2009:</b> 10,299	<b>2018:</b> 3,338
<b>2002:</b> 66,153	<b>2010:</b> 8,725	<b>2019:</b> 2,606
<b>2003:</b> 74,506	<b>2011:</b> 7,364	<b>2020:</b> 1,673
<b>2004:</b> 47,434	<b>2013:</b> 4,708	<b>2021:</b> 1,381
*Application Assignment History based on applications assigned, not received.		

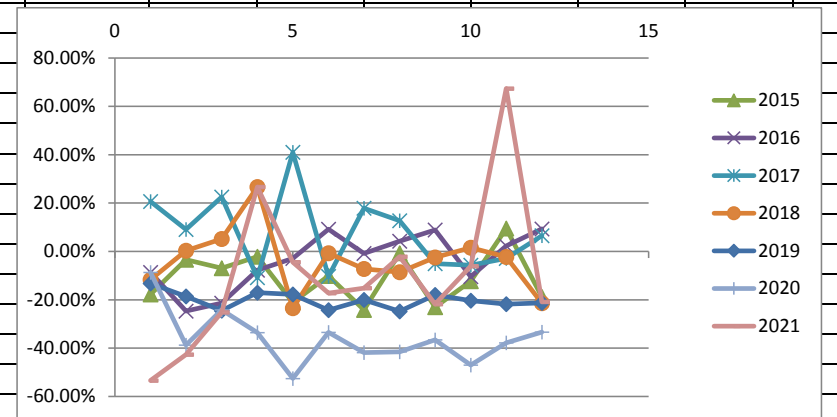
### Trend of Applications Received from 2015 to 2021

	2015	2016	2017	2018	2019	2020	2021
January	287	262	316	279	242	221	103
February	364	275	300	301	245	150	86
March	379	298	365	384	290	218	163
April	310	286	255	323	268	105	133
May	274	266	375	287	236	112	107
June	284	310	278	276	209	139	115
July	248	246	290	269	215	125	106
August	286	298	336	307	231	135	132
September	271	295	280	273	224	142	111
October	315	282	266	270	215	114	107
November	266	272	264	258	148	92	154
December	225	246	262	206	180	120	95
<b>Total</b>	<b>3,509</b>	<b>3,336</b>	<b>3,587</b>	<b>3,433</b>	<b>2,703</b>	<b>1,673</b>	<b>1,412</b>
<b>Estimate of Applications to be Received in 2021:</b>							



### Percent Change in Applications Received from 2015 to 2021

	2015	2016	2017	2018	2019	2020	2021
January	-17.77%	-8.71%	20.61%	-11.71%	-13.26%	-8.68%	-53.39%
February	-3.45%	-24.66%	9.09%	0.33%	-18.60%	-38.78%	-42.67%
March	-6.88%	-21.37%	22.48%	5.21%	-24.48%	-24.20%	-25.23%
April	-2.21%	-7.74%	-10.84%	26.67%	-17.03%	-33.59%	26.67%
May	-21.04%	-2.92%	40.98%	-23.47%	-17.77%	-52.54%	-4.46%
June	-10.13%	9.15%	-10.32%	-0.72%	-24.28%	-33.49%	-17.27%
July	-24.16%	-0.81%	17.89%	-7.24%	-20.07%	-41.86%	-15.20%
August	-0.69%	4.20%	12.75%	-8.63%	-24.76%	-41.56%	-2.22%
September	-23.01%	8.86%	-5.08%	-2.50%	-17.95%	-36.61%	-21.83%
October	-12.26%	-10.48%	-5.67%	1.50%	-20.37%	-46.98%	-6.14%
November	9.47%	2.26%	-2.94%	-2.27%	-21.82%	-37.84%	67.39%
December	-18.77%	9.33%	6.50%	-21.37%	-21.26%	-33.33%	-20.83%
<b>Total YTD</b>	<b>-11.37%</b>	<b>-4.96%</b>	<b>7.52%</b>	<b>-4.29%</b>	<b>-20.01%</b>	<b>-35.79%</b>	<b>-9.60%</b>

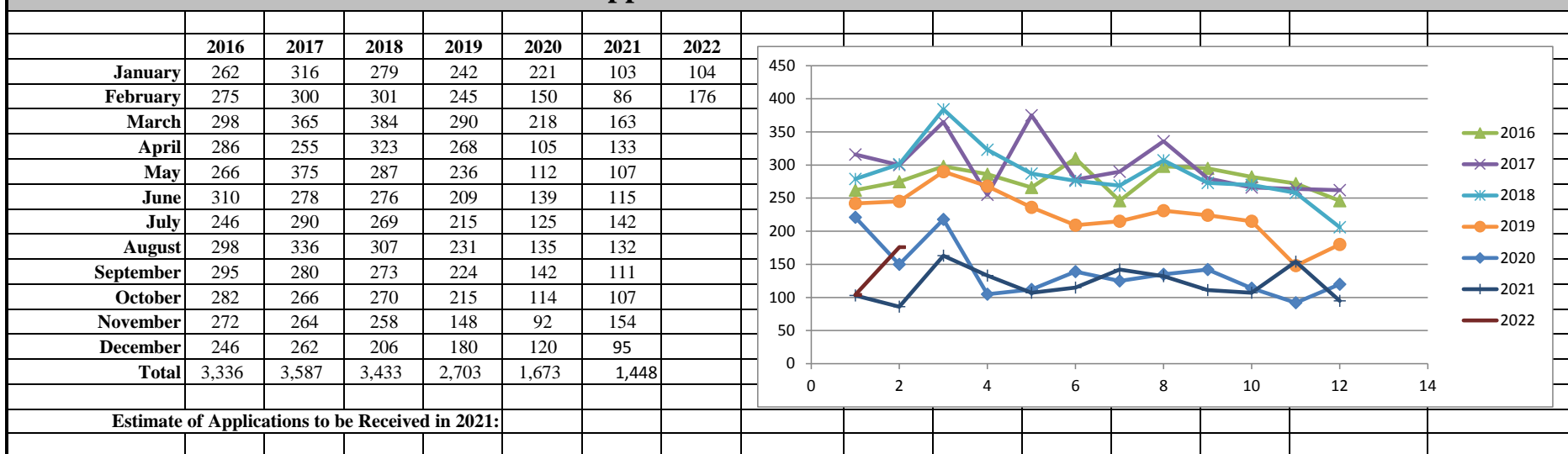


# Exhibit 3

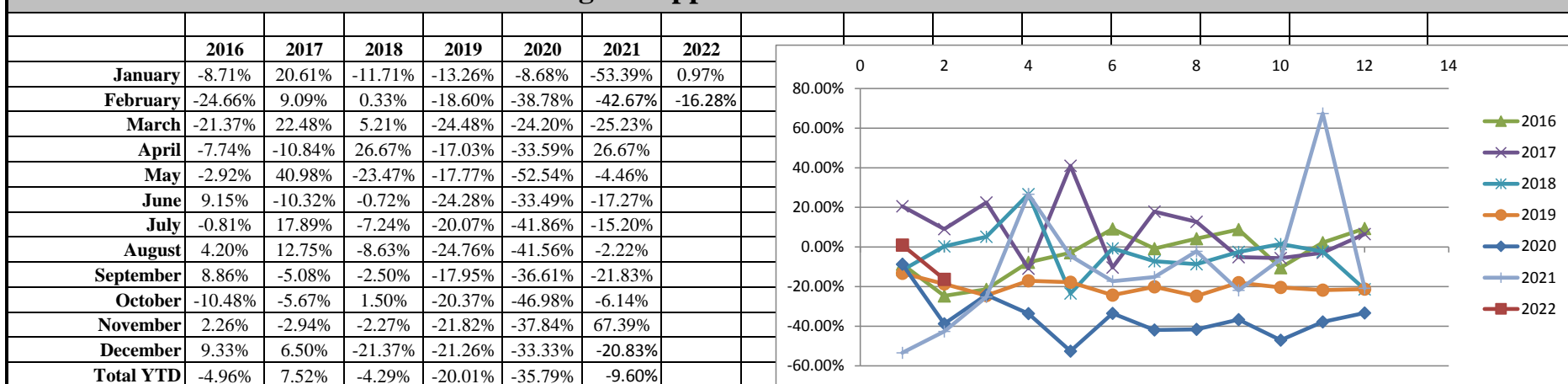
<b>Monthly Total (February 2022)</b>		
	<b>Private Passenger</b>	<b>Commercial</b>
<b>EASi Applications</b>	<b>64</b>	<b>10</b>
<b>Paper Applications</b>	<b>0</b>	<b>0</b>
<b>Total Applications Received</b>	<b>62</b>	<b>10</b>
<b>Applications Assigned</b>	<i>60</i>	<i>10</i>
<b>Apps Returned for Correction</b>	<i>2</i>	<i>0</i>
<b>Applications Deficient</b>	<i>5</i>	<i>0</i>
<b>Applications with SR-22s</b>	<i>3</i>	<i>0</i>
<b>Total Applications Received in February 2021:</b>		<b>86</b>
<b>Total Applications Received in February 2022:</b>		<b>72</b>
<b>Year to Date Total (as of February 2022)</b>		
	<b>Private Passenger</b>	<b>Commercial</b>
<b>EASi Applications</b>	<b>149</b>	<b>28</b>
<b>Paper Applications</b>	<b>0</b>	<b>0</b>
<b>Total Applications Received</b>	<b>148</b>	<b>28</b>
<b>Applications Assigned</b>	<i>143</i>	<i>28</i>
<b>Apps Returned for Correction</b>	<i>4</i>	<i>0</i>
<b>Applications Deficient</b>	<i>9</i>	<i>0</i>
<b>Applications with SR-22s</b>	<i>7</i>	<i>0</i>
<b>Total Applications Received YTD (as of February 2021):</b>		<b>189</b>
<b>Total Applications Received YTD (as of February 2022):</b>		<b>176</b>
<b>YTD Percent Change from January 2021 to February 2022:</b>		<b>-6.88%</b>
<b>Application Assignment History*</b>		
<b>1997:</b> 95,461	<b>2005:</b> 31,517	<b>2014:</b> 3,628
<b>1998:</b> 55,041	<b>2006:</b> 23,634	<b>2015:</b> 3,217
<b>1999:</b> 47,108	<b>2007:</b> 16,780	<b>2016:</b> 3,089
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<b>2003:</b> 74,506	<b>2011:</b> 7,364	<b>2020:</b> 1,673
<b>2004:</b> 47,434	<b>2013:</b> 4,708	<b>2021:</b> 1,381

\*Application Assignment History based on applications assigned, not received.

### Trend of Applications Received from 2016 to 2022



### Percent Change in Applications Received from 2016 to 2022



# Exhibit 4



***Texas Auto Ins. Plan Assoc.*****ACTUAL VS. BUDGET**

For the period ended December 31, 2021

	Actual	2020 Year To Date Budget	Variance	2020 Annual Budget	% Used	Reason for Variance
<b><u>REVENUE</u></b>						
Assessments & Penalties	861,149	850,000	11,149	850,000	101.31%	<b>105.00%</b>
Other Revenue	500	0	500	0	0.00%	<b>95.00%</b>
<b>TOTAL</b>	<b>861,649</b>	<b>850,000</b>	<b>11,649</b>	<b>850,000</b>	<b>101.37%</b>	Within range.
<b><u>EXPENDITURES</u></b>						
Salaries	315,757	330,700	14,943	330,700	95.48%	Within range.
Emp. Benefits & Other Ins. Exp.	237,727	216,900	<b>-20,827</b>	216,900	<b>109.60%</b>	<b>We ended over budget in this category due to the Pension Liability Adjustment of \$42, 223.</b>
Office Equipment Expense	9,314	12,100	2,786	12,100	76.97%	<b>We ended under budget. TAIPA used items that we had on hand and since all employees did not come back to the office on a daily basis until May, some office expenses were lower than budgeted. Typically we stock up on office supplies at the end of the year, however, this year we had 2 employees out unexpectedly with COVID at the end of the year, so we were not able to make the order.</b>
Printing & Stationary Exp.	947	4,100	3,153	4,100	23.09%	<b>We ended under budget. TAIPA used the envelopes that we had on hand and since all employees did not come back to the office on a daily basis until May, printing expenses were lower than budgeted. Typically we stock up on envelopes at the end of the year, however, this year we had 2 employees out unexpectedly with COVID at the end of the year, so we were not able to place the order.</b>
Computer Expenses	5,755	8,300	2,545	8,300	69.34%	<b>We ended under budget even though we ordered some additional computer equipment, the equipment did not come in by the end of 2021 due to supply chain issues.</b>

***Texas Auto Ins. Plan Assoc.*****ACTUAL VS. BUDGET**

For the period ended December 31, 2021

	<b>Actual</b>	<b>2020 Year To Date Budget</b>	<b>Variance</b>	<b>2020 Annual Budget</b>	<b>% Used</b>	<b>Reason for Variance</b>
Postage & Shipping Exp.	20,003	23,000	2,997	23,000	86.97%	We ended under budget. This is mostly due to applications coming in more timely and not having to send as many out using express mail service.
Telephone Expense	10,925	11,300	375	11,300	96.68%	Within range.
Rent Expense	63,721	67,100	3,379	67,100	94.96%	Within range.
Moving Expense	0	0	0	0	0.00%	Within range - Budgeted 0
Taxes	1,222	1,100	-122	1,100	111.06%	We ended over budget because we paid 2020 taxes in February 2021 and we paid 2021 taxes in October, 2021.
Other Office Expenses	5,851	7,100	1,249	7,100	82.41%	We ended under budget. TAIPA has not written off many Assessment and had fewer Penalty fees in 2021. All staff was not in the office consistently until May, so some office expenses were lower than budgeted.
Governing Committee	8,022	19,050	11,028	19,050	42.11%	We ended under budget. TAIPA Governing Board Meetings have been held by teleconference, thus travel expenses have been reduced. It should be noted that the Governing Committee Approved to transfer \$8250 from this GL to Legal expense at the November 2021 meeting.
Subcommittee Meetings	1,500	4,500	3,000	4,500	33.33%	We ended under budget. We had anticipated holding two other Ops-Sub meeting prior to the end of the year.
Producer Review Panel	0	0	0	0	0.00%	Within range.
Employee Meetings, Seminars & Staff Travel	1,234	25,500	24,266	25,500	4.84%	We ended under budget. To date only 1 employee has enrolled in an online course, some seminars have been cancelled due to continued COVID concerns.

***Texas Auto Ins. Plan Assoc.*****ACTUAL VS. BUDGET**

For the period ended December 31, 2021

	<b>Actual</b>	<b>2020 Year To Date Budget</b>	<b>Variance</b>	<b>2020 Annual Budget</b>	<b>% Used</b>	<b>Reason for Variance</b>
Legal Expenses	59,010	61,150	2,140	61,150	96.50%	Within range - Although we ended within range on this expense, it should be noted that we would have ended over budget had we not moved \$8,250 from the Governing Committee GL to our Legal expense to cover the expected end of year legal expenses. This transfer of funds was approved at the November 21 GV Board meeting.
Audit Expense	20,396	25,500	5,104	25,500	79.98%	<b>We ended under budget. Audit expenses came in under what we expected. We used Tawney for some of the questions that we would have previously asked Tyler.</b>
Dues, Subscriptions & Publications	583	600	17	600	97.15%	Within range.
TAIPA Tradition, Visitor Meals & Gifts	2,771	2,800	29	2,800	98.95%	Within range.
System Consultants	52,700	53,300	600	53,300	98.87%	Within range.
Consultants - Other	9,041	19,300	10,259	19,300	46.84%	<b>We ended under budget. TAIPA did not utilize our accounting system and accounting consultants as we had expected at the beginning of the year.</b>
Actuary	0	8,500	8,500	8,500	0.00%	<b>We ended under budget. TAIPA was not billed for any actuarial services in 2021 because the rate filing work has been delayed since the numbers we use to determine the rate increase did not support a significant rate change.</b>
Other	0	0	0	0	0.00%	Within range - Budgeted 0
<b>SUBTOTAL</b>	<b>826,477</b>	<b>901,900</b>	<b>75,423</b>	<b>901,900</b>	<b>91.64%</b>	

**Texas Auto Ins. Plan Assoc.****ACTUAL VS. BUDGET**

For the period ended December 31, 2021

	<b>Actual</b>	<b>2020 Year To Date Budget</b>	<b>Variance</b>	<b>2020 Annual Budget</b>	<b>% Used</b>	<b>Reason for Variance</b>
Depreciation	2,355	3,200	845	3,200	73.59%	
Amortization	833	5,000	4,167	5,000	16.67%	
Gain (Loss) on Disposition of Fixed	0	0	0	0	0.00%	
<b>SUBTOTAL</b>	<b>3,188</b>	<b>8,200</b>	<b>5,012</b>	<b>8,200</b>	<b>38.88%</b>	<b>We ended under budget. Since the amortization for Customization on New APS has been fully amortized and TAIPA's Phone System Upgrade has been fully depreciated.</b>
						<b>We ended under budget in 2021 using 91.16% of our budget - which is under by 8.84% . This is due in part to: TAIPA had no actuary expenses, staff education was down due to continued COVID concerns, we used less consultants, we did not order additional office supplies or envelopes as planned, and all TAIPA's governing board meetings were held via zoom instead of in person.</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>829,665</b>	<b>910,100</b>	<b>80,435</b>	<b>910,100</b>	<b>91.16%</b>	
<b>NET FROM OPERATIONS</b>	<b>31,984</b>	<b>-60,100</b>	<b>92,084</b>	<b>-60,100</b>		
Non-Operating Pension Costs	-284,861	0	284,861	0	0.00%	
<b>NET</b>	<b>-252,877</b>	<b>-60,100</b>	<b>376,945</b>	<b>-60,100</b>		
<b>CAPITAL BUDGET</b>						
Software Development in Progress	0	0	0	0	0.00%	
Office Furniture & Equipment	0	0	0	0	0.00%	
Computer Equipment	1,830	2,300	470	2,300	79.55%	

***Texas Auto Ins. Plan Assoc.*****ACTUAL VS. BUDGET**

For the period ended December 31, 2021

	<b>Actual</b>	<b>2020 Year To Date Budget</b>	<b>Variance</b>	<b>2020 Annual Budget</b>	<b>% Used</b>	<b>Reason for Variance</b>
Computer Software	0	0	0	0	0.00%	
Leasehold Improvements	0	0	0	0	0.00%	
<b>TOTAL</b>	<b>1,830</b>	<b>2,300</b>	<b>470</b>	<b>2,300</b>	<b>79.55%</b>	

*NOTE: Items that are considered "within range" are within 5% or \$5,000 of the expected year-to-date budget.*

# *Texas Auto Ins. Plan Assoc.*

## Statement of Activities

For the period ended December 31, 2021

Unaudited

### Changes in without donor restrictions net assets

	<b>Current YTD</b>
Revenues	
Member assessments	\$ 849,400
Interest income	500
Assessment penalties	11,749
Total revenues	861,649
Expenses	
Salaries and related expenses	553,484
Occupancy expenses	75,867
Professional Services	141,147
Depreciation & amortization	3,188
Postage and delivery	20,003
Office supplies and expense	10,260
Governing committee	8,022
Computer supplies & expenses	5,755
Subcommittee meetings	1,500
Staff education & seminars	1,234
Miscellaneous	5,851
Staff expense	2,771
Dues and subscriptions	583
Total operating expenses	829,665
Other revenues (expenses)	
<i>Pension minimum liability adjustment</i>	284,861
Total other revenue (expenses)	284,861
<i>Increase (decrease) in unrestricted net assets</i>	316,845
<i>Net assets (deficiency) at beginning of year</i>	146,678
<i>Net assets (deficiency) as of December 31, 2021</i>	\$ 463,523

***Texas Auto Ins. Plan Assoc.*****Statement of Financial Position**

As Of December 31, 2021

Unaudited

## ASSETS

Current Assets	
Cash and cash equivalents	\$ 404,047
Accounts receivable	7,148
Prepaid expenses	9,707
Total current assets	<u>420,903</u>
Security Deposits	5,379
Prepaid Pension Benefit Costs	107,490
Property and Equipment	
Furniture and equipment	26,653
Computer equipment	15,105
Leasehold improvements	2,222
Computer software	25,000
	<u>68,980</u>
Less accumulated depreciation	<u>64,089</u>
	<u>4,891</u>
 Total assets	 <u><u>538,663</u></u>

## LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	13,044
Accrued vacation	40,319
Accrued payroll liabilities	18,271
Deferred revenue	236
Total current liabilities	<u>71,871</u>
Other Liabilities	
Deferred lease benefit	3,270
Total other liabilities	<u>3,270</u>
Net (Deficiency) Assets	
Without donor restrictions	<u>463,523</u>
 Total net assets	 <u>463,523</u>
 Total liabilities and net assets	 <u>\$ 538,663</u>

# Exhibit 5



## **Texas Automobile Insurance Plan Association Conflict of Interest Policy**

### **Purpose**

The purpose of this conflict-of-interest policy is to prevent the institutional, business or personal interests of members of the Governing Committee or other committees, officers, and staff (“Interested Persons”) of the Texas Automobile Insurance Plan Association (TAIPA) from influencing them when making decisions for TAIPA that may benefit or gives the appearance of benefitting an Interested Person, or their relative, or any other relationship they have with a third party.

This policy is intended to supplement but not replace any applicable laws governing conflict of interest including the provisions of the Texas Business Organizations Code applicable to nonprofit corporations.

A conflict of interest may exist when the interests or potential interests of any Interested Person or that person’s close relative, or any individual, group, or organization they are associated with (including, as to a committee member, the company they represent), may be seen as competing with the interests of TAIPA, or may impair such person’s independence or loyalty to TAIPA. A conflict of interest is defined as an interest that might affect, or might reasonably appear to affect, the judgment, conduct or vote in a manner that is adverse to the interests of TAIPA.

### **Examples**

A conflict of interest may exist if an Interested Person or the company they represent:

- a. has a material ownership or investment interest in any entity with which TAIPA has or proposes to have a transaction or arrangement;
- b. has a compensation arrangement with TAIPA or with any entity or individual with which TAIPA has or proposes to have a transaction or arrangement;
- c. serves as a board member of the entity which has or proposes to have a transaction or arrangement with TAIPA; and,
- d. has a compensation arrangement with any entity or individual with which TAIPA is negotiating a transaction or arrangement.

### **Duty to Disclose**

In connection with any actual or possible conflict of interest of a Governing Committee or other committee member, the Interested Person must disclose the conflict along with all material facts to the committee or Governing Committee when considering the matter for which the conflict exists.

An employee must identify any conflict of interest and disclose all material facts to the Association Manager. The Association Manager will report to the Governing Committee any employee conflicts of interest, including those of the Association Manager.

### **Conduct of Meeting**

After disclosure of a conflict at a meeting, the Interested Person may be present at and participate in the meeting; however, they cannot vote on the matter. The matter may be authorized by the majority vote of the remaining members of the committee, regardless of whether the remaining committee members constitute a quorum. If requested by a majority of the committee, the Interested Person is to leave the meeting for the vote on the matter. Then, if desired, additional discussion may be had prior to the vote.

### **Meeting Minutes**

The minutes of a meeting shall reflect that the conflict of interest was disclosed; that the Interested Person did not vote on the matter; and, whether they left the meeting during the vote.

### **Violations of the Conflicts of Interest Policy**

If the Governing Committee has reasonable cause to believe an Interested Person has failed to disclose actual or perceived conflicts of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.

If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Governing Committee determines the Interested Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action.

### **Annual Statements**

Each Governing Committee member, each employee of TAIPA and each member of a committee shall annually sign a statement which affirms such person:

- a. has received a copy of this conflict-of-interest policy;
- b. has read and understands this policy; and,
- c. has agreed to comply with this policy.

### **Supplemental Statements**

When an Interested Person becomes aware of a new conflict of interest after submitting the annual statement, the Interested Person shall provide an updated disclosure.

### CERTIFICATION

I have read the foregoing conflict of interest policy of TAIPA and agree to abide by its terms. I know of no possible conflict of interest except as described below:

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Signature

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Printed name

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Date

# Exhibit 6

# TAIPA GOVERNING COMMITTEE

## ADMINISTRATIVE RULES

### 1. **Governing Committee Meetings**

- 1.1 Regular Meetings. The Governing Committee will set its schedule of meetings for the coming year at its last meeting of each year. The schedule may be revised at any meeting.
- 1.2 Special Meetings. Special meetings may be called by the Chair or upon written request to the Chair by at least three members, one of whom must be a public member.
- 1.3 Notice of Meetings. Meetings will be called in accordance with the Texas Open Meetings Act.
- 1.4 Meeting Agenda. Meeting agendas are prepared by Manager in consultation with the Chair. Members may request the addition of an item on the agenda by a written request to the Manager at least 15 days prior to a scheduled meeting.
- 1.5 Voting. Any required votes by the Governing Committee will be voice vote unless a member requests voting by a show of hands or in writing. Proxy voting is not permitted.

### 2. **Officers**

- 2.1 Officers will include: Chair, 1<sup>st</sup> Vice-Chair, 2<sup>nd</sup> Vice-Chair, Secretary, and the Immediate Past Chair.
- 2.2 The Immediate Past Chair serves as an officer only if that person continues to serve on the Governing Committee after leaving the position of Chair. An immediate past Chair cannot serve as an officer if that person is removed or resigns from the Chair during that person's term. In the event the immediate past Chair does not remain on the Governing Committee after leaving the position of Chair, no other person will fill this position.
- 2.3 With the exception of the immediate past Chair, officers are to be elected at the first meeting of the Governing Committee following the annual meeting of members and serve until the following annual meeting of members.
- 2.4 At least one officer is to be a public member of the Governing Committee.
- 2.5 An officer may be removed at any meeting of the Governing Committee. An officer may resign at any time by giving written notice to the Governing Committee or to the Chair or to the Secretary. A resignation shall take effect at the date of the receipt of the notice or at a later time specified therein.

- 2.6 The Chair presides at all meetings of the Governing Committee and is responsible for the orderly conduct of such meetings. The Chair shall direct the Manager and staff of the Association in the preparation and publication of the Notice of Meeting and Agenda for all meetings of the Governing Committee. The Chair is authorized to appoint members to standing or special subcommittees. If the Chair will be absent from a meeting, the Chair may designate an officer to preside at such meeting. In the absence of such a designation, the officers shall serve in order of their seniority as set forth in Section 2.1.
- 2.7 The Vice-Chair succeeds to the office of Chair in the event of the resignation or removal of the Chair.
- 2.8 The Second Vice-Chair succeeds to the office of Chair in the event of the resignation or removal of the Chair and Vice-Chair.
- 2.9 The Secretary has the responsibility for the preparation of all minutes of the Governing Committee. In this responsibility, the Secretary will be assisted by the Manager and the staff of the Association. The Secretary is authorized to certify to actions of the Governing Committee.
- 2.10 The Chair, and such officers as the Chair may request, shall, subject to the control of the Governing Committee, generally interact with and direct the Manager of the Association. This may include day-to-day matters which may arise, and shall include giving performance reviews and making compensation adjustments.
- 2.11 Industry representatives serving as officers of the Association do so in their personal capacities. The office is not held by the member company by whom any officer is employed.
- 2.12 The officers may consult as a group in discharging their duties and responsibilities.
- 2.13 The officers have no authority to act for the Association, or to commit it to any obligation except as specifically authorized or directed by the Governing Committee.

### 3. **Standing Subcommittees**

- 3.1 Purpose. The Chair shall appoint standing subcommittees to facilitate the work and responsibilities of the Governing Committee; study key issues; and make recommendations to the Governing Committee.
- 3.2 Subcommittees. The following subcommittees are created as standing committees:
  - (i) Operations. This subcommittee consists of one public member, one agent member and three company members. It has responsibility to review matters directed to it by the Governing Committee affecting the Plan of Operation or other business deemed necessary by the Governing

Committee and to make recommendations for action to be taken on those matters. It shall keep regular minutes of its meetings and report the same to the Governing Committee when required. In this responsibility, this subcommittee will be assisted by the Manager and the staff of the Association.

- (ii) **Audit & Finance.** This subcommittee is composed of three members, one of whom is a public member. It has the responsibility to assist the Governing Committee in its oversight of the Association's financial and accounting matters. It will also oversee the work of any independent auditor selected by the Governing Committee. If the Governing Committee wishes to change independent auditors, the subcommittee will be responsible to recommend independent auditors.
- (iii) **Nominations.** This subcommittee consists of one public member, one agent member and one company member. It has the responsibility to nominate members to serve as officers of the Association. It is to submit a slate of officers to be presented for election at the Governing Committee meeting following the annual meeting of members.
- (iv) **Strategic Planning.** This subcommittee consists of one public member, one agent member and three company members. It has the responsibility of meeting annually to discuss any significant changes expected in the near future, discuss current staffing levels, discuss if changes are needed to TAIPA's Enterprise Risk Management plan, and other related tasks.

- 3.3 **Task Forces.** A subcommittee may create a "Task Force" of its members to facilitate the business of that subcommittee.
- 3.4 **Telephone Meetings or Participation by Telephone.** Meetings of subcommittees may be held by means of conference telephone or other similar means of remote communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such a meeting shall constitute presence in person at the meeting.
- 3.5 The Governing Committee may appoint special subcommittees to facilitate the work and responsibilities of the Governing Committee. A special subcommittee may hold telephonic meetings as provided in section 3.4.

#### **4. TAIPA Liaison to Association Staff**

- 4.1 The Governing Committee will select and appoint a Governing Committee member to serve as the TAIPA Liaison to employees of the association that will allow the employee to report activity directly to the TAIPA Liaison bypassing the Manager.

- 4.2 When appropriate and necessary, the TAIPA Liaison may bring matters before the Governing Committee for consideration or action by the Governing Committee.
- 4.3 Additional procedures and responsibilities of the TAIPA Liaison will be outlined in the TAIPA employee manual.

5. **Amendments**

- 5.1 These Administrative Rules are to continue in effect as an act of the Governing Committee until they are withdrawn or changed by further act of this or any succeeding Governing Committee of the Association.



# Exhibit 7



January 4, 2022

Audit Committee  
Texas Automobile Insurance Plan Association  
805 Las Cimas Pkwy suite 210  
Austin, TX 78746

This letter is to explain our understanding of the arrangements for the services that Atchley & Associates, LLP (the Firm) is to perform for Texas Automobile Insurance Plan Association for the year ending December 31, 2021. We ask that you either confirm or amend this understanding.

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested that we audit the financial statements of Texas Automobile Insurance Plan Association (TAIPA), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, the related notes to the financial statements, and the supplemental comparison of revenues and expenses versus budget. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

In making our risk assessments, we consider internal control relevant to TAIPA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances but not for the purpose of expressing an opinion on the effectiveness of TAIPA's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the audit committee (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
- c. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- d. To provide us with:
  - (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - (2) Additional information that we may request from management for the purpose of the audit; and
  - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit including among other items:

- a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
- b. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that TAIPA complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the supplementary information in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditors' report on the supplementary information in any document that contains the supplementary information and that indicates that the auditors have reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and auditors' report thereon.

The audit committee is responsible for informing us of its views about the risks of fraud within TAIPA, and its knowledge of any fraud or suspected fraud affecting TAIPA.

Because the Firm will rely on TAIPA and its management and audit committee to discharge the foregoing responsibilities, TAIPA holds harmless and releases the Firm, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of TAIPA's management which has caused, in any respect, the Firm's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

### **TAIPA's Records and Assistance**

If circumstances arise relating to the condition of TAIPA's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdraw from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in TAIPA's books and records. TAIPA will determine that all such data, if necessary, will be so reflected. Accordingly, TAIPA will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Organization personnel is described in the attached client participation list, which outlines the specific schedules and analyses that should be completed by TAIPA personnel. The participation list has been discussed with and agreed to by Stacy Dutton, Association Manager.

The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

### **Accounting and Tax Services**

[In connection with our audit, you have requested us to perform the following accounting services:

1. Assist with posting closing entries (bank reconciliations, audit adjustments, payroll adjustments, etc.)
2. Drafting the financial statements

Stacy Dutton, Association Manager, will oversee the services, make all significant judgments that are the proper responsibility of management, evaluate the adequacy of the services, make an informed judgment about the results of the services, and accept responsibility for them. You also agree to establish and maintain internal control over these services, including ongoing monitoring activities. At the conclusion of our audit, we will ask you to provide written representations to that effect.

Our services under this Arrangement Letter do not include services for tax return preparation, tax advice or representation in any tax matter. Nevertheless, we may discuss with you certain tax considerations or provide you with tax information that may be relevant to our services. Any such discussions or information would be based upon limited tax research, limited due diligence and limited analysis regarding the underlying facts. Because additional research or a more complete review of the facts could affect our analysis and conclusions, the information provided during these discussions shall not be used as the basis for proceeding with any transaction or any tax return reporting.

Separate arrangements, including fee arrangements, are required for tax preparation, tax advice or tax representation services.

### **Other Relevant Information**

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

### **Fees, Costs, and Access to Workpapers**

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work is based upon the following criteria:

- a. Anticipated cooperation from Organization personnel
- b. Timely responses to our inquiries
- c. Timely completion and delivery of client assistance requests
- d. Timely communication of all significant accounting and financial reporting matters

e. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. We will notify you immediately of any circumstances we encounter which could significantly affect our initial estimate of audit fees, excluding direct out-of-pocket expenses, estimated to be \$14,500 to \$15,500. All other provisions of this letter will survive any fee adjustment. In accordance with our firm policies, work may be suspended if your account becomes sixty or more days overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

All matters related to the Company's adoption of FASB ASC 842, *Leases*, will be accounted for and billed separately.

You may terminate the arrangement at any time by written notice to us. Termination for any reason will not affect your obligation to pay us for fees and expenses incurred prior to termination or in transferring files to and otherwise cooperating with any successor auditor. All provisions of this arrangement will survive termination or cancellation, except that (a) we will not have any obligation to provide services after termination and (b) you will not have any obligation to pay us for any services that we perform after termination, except for costs incurred to cooperate with a successor auditor or regulatory agency subpoena or inquiry.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, TAIPA agrees it will compensate the Firm for any additional costs incurred as a result of TAIPA's employment of a partner or professional employee of the Firm.

In the event we are requested or authorized by TAIPA or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for TAIPA, TAIPA will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

In a legal action in which the Firm or its partners are not the defendants, we shall also be entitled to fees at \$400.00 per hour and reimbursements for testimony if we are subpoenaed as a witness in a subsequent litigation by third parties and such testimony involves the work we performed pursuant to this agreement. If we are ordered by a state or federal judge to permit the subsequent inspection and/or reproduction of files, records, and other documents relating to work performed by us pursuant to this agreement, then you agree that we may comply with these orders without prior notice to you.

### **Claim Resolution**

TAIPA and the Firm agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by the Firm or the date of this

arrangement letter if no report has been issued. TAIPA waives any claim for punitive damages. The Firm's liability for all claims, damages and costs of TAIPA arising from this engagement is limited to the amount of fees paid by TAIPA to the Firm for the services rendered under this arrangement letter.

Indemnification is intended to protect the Firm and its principals and employees against being named in any lawsuit arising from this engagement as a result of having completed this engagement. You shall indemnify the Firm and its principals and employees and hold us harmless from all claims, liabilities, losses, and counsel fees and expenses unless it shall have been determined by a court of competent jurisdiction that we have acted negligently in the performance of the work covered by our engagement. In no event shall the Firm and its principals and employees be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if we have been advised of their possible existence.

If a dispute arises out of or relates to this contract or engagement letter, or the obligations of the parties therein, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation using the Commercial Mediation Rules of the American Arbitration Association (AAA) before resorting to arbitration, litigation, or some other dispute resolution procedure. Thereafter, any unresolved controversy or claim arising from or relating to this contract or the obligations of the parties hereunder shall be settled by arbitration administered using the American Arbitration Association or another mutually agreeable arbitration service using the AAA Arbitration Rules for Professional Accounting and Related Services Disputes and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

## **Reporting**

We will issue a written report upon completion of our audit of TAIPA's financial statements. Our report will be addressed to the governing committee of TAIPA. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

## **Electronic Signatures and Counterparts**

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent

and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

This letter constitutes the complete and exclusive statement of agreement between the Firm and TAIPA, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

*Atchley & Associates, LLP*

Atchley & Associates, LLP

Confirmed on behalf of TAIPA:

\_\_\_\_\_  
Audit Committee or Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Stacy Dutton, Association Manager

\_\_\_\_\_  
Date



Texas Automobile Insurance Plan Association  
Items Needed for Audit  
December 31, 2021

Schedules and copies requested should be completed as soon as possible after receiving this letter and no later than our arrival for field work on May 30, 2022. **Where possible, we prefer items to be provided electronically, in Excel or Adobe format.**

Organizational Items

Please make copies of the following documents **if there have been any changes** since the prior year:

1. Articles of Incorporation
2. Organization By-laws
3. Letter from Internal Revenue Service granting Tax Exempt Status
4. Organization Chart as of 12/31/21
5. Policies and procedures manuals for accounting, personnel, etc
6. Any long-term agreements (over 1 year period) e.g., leases, loans, lines of credit agreements, subcontracts, pensions or other employee benefit plans, etc.

Current Year Items

7. Minutes of meetings of Board of Directors from 1/1/21 through the most current meeting prior to the end of our fieldwork.
8. Current Chart of Accounts (Used as of 12/31/21)
9. Copy of final adjusted trial balance as of 12/31/21 (**electronic copy preferable**) and access to general ledger detail as of and for the year ended 12/31/21. Please provide the trial balance to us as soon as possible.
11. Copies of all bank reconciliations for all accounts as of 12/31/21
11. Detail of any other investments (certificates of deposit, securities, etc.)
12. Schedules showing details of accounts receivable
  - a. Schedules showing details of any other receivables, prepaid expenses or other miscellaneous assets.
13. Schedule of Fixed Asset roll-forward from 1/1/21 to 12/31/21 for both cost and accumulated depreciation in the following format (*if you are using fixed asset software, then please print a report directly from the software*).

Balance	2021	2021	Balance
1/1/21	Additions	Deletions	12/31/21

14. List of all fixed asset additions and deletions from 1/1/21 through 12/31/21 in the following formats (if you are using fixed asset software, then please print a report directly from the software).

Additions

Date of			
Purchase	Vendor	Description	Cost

Dispositions

Date of		Accumulated.	Sales
Disposition	Description	Cost	Depreciation.
			Proceeds

15. Depreciation schedule as of 12/31/21 showing cost, current depreciation expense and accumulated depreciation for each asset (if you are using fixed asset software, then please print a report directly from the software).
16. Detail of accounts payable as of 12/31/21.
17. Information relating to other accounts payable or accrued liabilities as of 12/31/21, such as vacations, salaries, payroll taxes, utilities, etc. (Check vacation accrual report is prepared after year-end so that excess vacation time is not accrued.)
18. List of assessments for 2021, by member organization, showing dates paid and any amounts unpaid as of the end of the year.
19. Detail of selected expense accounts - legal, repairs & maintenance, miscellaneous income and miscellaneous expense.
20. List of all officers and directors and any salaries and other benefits paid on their behalf.
21. Payroll reports filed with the TWC and the 941's filed for the year with total wages per the general ledger reconciled to the total wages per the 941's.
22. Information from the actuary needed to complete the Defined Benefit Plan disclosure (footnote B) as in the December 31, 2021 financial statements.
23. List of and details of any EEOC complaints filed against the organization that are still unsettled as of 12/31/21, and details of any that have been settled
24. Details of any lawsuits filed against the organization and the status of such lawsuits as of 12/31/21.

25. Confirmations (other than the electronic ones) and attorney letters completed, signed, and **returned to auditor** before start of fieldwork. **We will mail all confirmations from our office.**
26. Details of deferred lease benefit calculations.
27. Copy for the final approved budget for 2021 in the format needed for inclusion in the supplemental schedules of the financial statements.
28. We will also need access to the following items during our fieldwork:
  - Bank statements for all accounts from 1/21 through 4/22.
  - Cash receipts journal(s) for the year (**electronic format preferable**)
  - Cash disbursements journal(s) for the year (**electronic format preferable**)
  - Detail general ledger for the entire year

# Exhibit 8

TAIPA PP Over/Under Report

COMPANY

Year End 2017

Year End 2018

Year End 2019

Year End 2020

1st QTR 2021

2nd QTR 2021

3rd QTR 2021

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
21ST CENTURY CENTENNIAL INS CO (SC)		315,137		266,162		269,040		82,479		91,068		132,949		125,710
ACE AMERICA	236,537		Entered LAD											
AFFIRMATIVE INS CO (co is in liquidation)		2,831		2,831		2,831		2,831		2,831		2,831		2,831
ALLSTATE INS CO	Entered LAD													
AMER FAMILY MUT INS CO SI			New to quota	6		12		12		12		12		12
AMER MERCURY INS CO		7,174		4,047	Entered LAD									
ASSURANCEAMERICA INS CO	Entered LAD													
AXA INS CO					New to quota	3		21		30		38		45
BERKLEY INS CO							Became grouped							
CLEARCOVER INS CO											New to quota	40		114
CRESTBROOK INS CO	Became grouped													
DIRECT GEN INS CO							Became grouped							
FALCON INS CO	Entered LAD													
FIRST CHICAGO INS CO								New to quota	5			21		50
FREESTONE INS CO		443		443		443	Went into storage							
GENERAL CAS CO OF WISCONSIN	Entered LAD													

TAIPA PP Over/Under Report

COMPANY

Year End 2017

Year End 2018

Year End 2019

Year End 2020

1st QTR 2021

2nd QTR 2021

3rd QTR 2021

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
GENERAL SECURITY NATL INS CO													New to quota	1	4
GOVERNMENT EMPLOYEES INS CO		96,915		63,079		55,194		28,150		50,508		84,073		86,940	
HALLMARK COUNTY MUT INS CO	441,819		440,802		440,404		440,269		440,243		440,215		440,192		
HOMEOWNERS OF AMER INS CO		4,639		4,639	Went into storage										
HOUSTON GENERAL INS EXCH (this is a new company that has generated this quota)					New to quota	26	New to quota	190		224		236		236	
ICM INS CO		13	Went into storage												
IMPERIAL FIRE & CAS	Became grouped														
INTEGON NATIONAL INS CO		322,579		201,462		249,885		185,414		136,542		12,644		169,516	
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO)	330,040		330,038		330,038		Went into Storage								
MIDVALE IND CO			New to quota	1											
NOBLR RECIPROCAL EXCHANGE									Entered LAD-TAIPA Error	19	Entered LAD				
OLD AMER COUNTY MUT FIRE INS		Entered LAD													
PHARMACISTS MUT INS CO	Entered LAD														
RIVERPORT INS CO			New to quota	51	Entered LAD										
STARR INDEMNITY & LIABILITY CO		955	Went into storage												
STATE FARM MUT AUTO INS CO		193,430		170,618		147,124		104,343		111,872		144,856	Entered LAD		

COMPANY                      Year End 2017                      Year End 2018                      Year End 2019                      Year End 2020                      1st QTR 2021                      2nd QTR 2021                      3rd QTR 2021

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
SUSSEX INS CO (prior Companion Pro & Cas Ins Co) Effective 12/31/2017, Sussex Ins Co merged into CLARENDON NATIONAL INS CO		324	CO / Inactive Merged											
TEXAS FARM BUREAU CAS INS CO		63,251		57,078		44,783		36,078		46,399		61,984		54,151
TREXIS ONE INS CORP (prev co ALFA SPECIALTY INS CORP)		352		138		659		663		725		518		566
UNIVERSAL NORTH AMERICA		89	Went into storage											
VAULT RECIPROCAL EXCHANGE											New to quota	2		7
WINDHAVEN NATIONAL INS. CO (10348 ATX PREMIER INS CO) Co is in receivership as of 03/05/2020		264		285		442		88		8		10		10
<b>TOTALS</b>	<b>1,008,396</b>	<b>1,008,396</b>	<b>770,840</b>	<b>770,840</b>	<b>770,442</b>	<b>770,442</b>	<b>440,269</b>	<b>440,269</b>	<b>440,243</b>	<b>440,243</b>	<b>440,215</b>	<b>440,215</b>	<b>440,192</b>	<b>440,192</b>
<b>PREMIUMS WRITTEN</b>	<b>2,424,419</b>		<b>2,346,137</b>		<b>1,785,296</b>		<b>1,262,528</b>		<b>288,482 1st qtr</b>		<b>258,829 2nd qtr</b>		<b>230,021 3rd qtr</b>	

TAIPA OTPP Over/Under Report

COMPANY	Year End 2017		Year End 2018		Year End 2019		Year End 2020		1st QTR 2021		2nd QTR 2021		3rd QTR 2021	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
ACCIDENT INS CO		132		154		243	Entered CLAD							
ALASKA NATL	Entered CLAD													
AMALGAMATED CAS INS CO	New to quota	531	Entered CLAD											
AMER BANKERS INS CO OF FLORIDA	Became ungrouped co has no Vol Premium (co w/ quota moved to Diamond StateCo is in a CLAD)													
AMER CONTRACTORS INS RISK RET. GRP		16,743	Went into storage				Started writing again-16,743 out of storage in 2020			746		1,569		2,230
AMER COUNTRY INS CO						767		1,535		1,535		1,535		1,535
AMER MERCURY INS CO		13,859		12,787	Entered CLAD									
AMER NATIONAL PROP & CAS CO	Entered CLAD													
AMER NATL COUNTY MUT INS CO	Became grouped													
AMER ROAD INS CO	Entered CLAD													
AMERICAN BUILDERS INS CO (prev Association Ins Co)	Entered CLAD													
BRITISH AMERICAN INS CO	3,696		1,489		1,067		822		770		712		666	
GATEWAY INS CO								2,739		2,739		2,739		2,739
GLOBAL LIBERTY INS CO OF NY	Entered CLAD													
GOVERNMENT EMPLOYEES INS CO Out of Storage \$514,977 start 2010 less \$5K per year. Current balance as of 2018: \$469,977	25,871		24,233		485,639		478,955		475,198		471,048		467,719	
GRAMERCY INS CO	Went into storage													



TAIPA OTPP Over/Under Report

COMPANY

Year End 2017

Year End 2018

Year End 2019

Year End 2020

1st QTR 2021

2nd QTR 2021

3rd QTR 2021

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
HARLEYSVILLE INS CO	Became grouped Nationwide in a CLAD													
HISCOX INS CO INC	Entered CLAD													
HOUSING ENTERPRISE INS CO INC	Entered CLAD 1st QTR 2017 *Cancelled CLAD 4th QTR 2017			6		12		12		12		12		12
HOUSTON GENERAL INS EXCHANGE								New to quota		92		193		274
INTEGON NATIONAL INS CO		1,695,119		1,715,041		1,764,552		1,775,103		1,769,494		1,747,976		1,866,750
INTREPID INS CO					New to quota	1	Became grouped							
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO & Penn General)	414,900		414,900		Went into storage									
MID-CONTINENT CAS CO	746,849		746,030		744,560		743,230		742,983		742,709		742,490	
MOTORISTS COMM MUT INS CO (prev Amer Hardware Mut Ins Co)	27,288		27,086		27,086		27,086		27,086		27,086		27,086	
NATIONAL BUILDERS INS CO	Became grouped													
NEXT INS US CO							0	New to quota		12		25		36
NORTH AMER SPECIALTY INS CO	Entered CLAD													
OKLAHOMA SURETY CO	681,118		679,207		677,660		676,507		676,308		676,088		675,912	
PREFERRED PROFESSIONAL INS CO	Entered CLAD													
QUALITAS INS CO	Entered CLAD													
RIVERPORT INS CO		83		83	their adj zeroed them out		0	Became grouped						

TAIPA OTPP Over/Under Report

COMPANY

Year End 2017

Year End 2018

Year End 2019

Year End 2020

1st QTR 2021

2nd QTR 2021

3rd QTR 2021

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
RURAL TRUST INS CO	Entered CLAD													
SENECA INS CO	Entered CLAD													
STARNET									Entered CLAD					
STATE FARM MUT AUTO INS CO		129,892		123,853		127,745		104,930		103,743		119,313	Entered CLAD	
TEXAS FARM BUREAU CAS INS CO (prev Southern Farm Bur)		29,894		28,473		29,789		29,114		30,756		31,011		26,984
TEXAS HOSPITAL INS EXCH		12,178		12,469		12,824		13,086		13,134		13,187		13,229
TIG INS CO			New to quota	79		79		81		82		82		83
TNUS INS CO	Became grouped													
TRISTATE INS CO OF MN	Became grouped													
ULLICO CAS CO		1,291	Went into storage											
WESTPORT INS CORP											New to quota	1		1
TOTALS	1,899,722	1,899,722	1,892,945	1,892,945	1,936,012	1,936,012	1,926,600	1,926,600	1,922,345	1,922,345	1,917,643	1,917,643	1,913,873	1,913,873

PREMIUMS CREDITED	1,942,623	1,679,205	1,953,284	1,737,041	413,926 1st qtr	458,499 2nd qtr	366,756 3rd qtr
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