

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION (TAIPA)

TWENTY-SECOND REPORT

FOR THE PERIOD

JANUARY 1, 2015 THROUGH DECEMBER 31, 2015

AND

MINUTES OF ANNUAL MEETING

AUSTIN, TX

APRIL 1, 2016

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
TWENTY-SECOND REPORT
FOR THE PERIOD FROM
JANUARY 1, 2015 THROUGH DECEMBER 31, 2015
ANNUAL MEMBERSHIP MEETING
Austin, Texas
April 1, 2016

The TWENTY-SECOND Annual Meeting of the Members of the Texas Automobile Insurance Plan Association was held at the Marriott Hotel South, beginning at 8:34 AM, Friday, April 1, 2016.

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

Chair Rolling asked the Association Manager to report on the selection of the trade association representatives, as prescribed in Section 36.B.1. of the TAIPA Plan of Operation. The Association Manager stated that the trade association representatives selected were:

- American Insurance Association (AIA) - The Travelers,
- Property & Casualty Insurers Association (PCI) – Hochheim Prairie Insurance Company, and
- Association of Fire & Casualty Companies in Texas (AFACT)-Texas Farm Bureau Casualty Insurance Company.

Chair Rolling asked the Association Manager to report the results of the Non-Affiliated insurers' ballot. Mr. Langford stated that the Non-Affiliated member elected was Allstate Insurance Company.

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

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

Chair Rolling asked if there were any write-in candidates. Stacy Dutton indicated that there were not any write-in candidates. Chair Rolling stated that since there were only four candidates for four open positions that he would like to call for their election by acclamation. A motion was made to accept the slate of candidates presented, it was seconded. A vote was taken on whether to approve the recommendation of accepting the at-large candidates. All present affirmed that they would like to accept the candidates as presented, no one voted no, and no one abstained.

Since there were no votes to be counted, a break was not taken.

Chair Rolling declared that the following companies will serve as At Large members on the 2016-2017 Governing Committee for a term of one year:

Farmers Insurance Group of Companies
Safeco/Liberty Mutual Insurance Company
State Farm Mutual Insurance Company
United Services Automobile Association (USAA)

Chair Thomas Rolling then asked the Manager to give the Manager's Report. The Association Manager gave his report.

Chair Rolling then gave his Chair's report.

Chair Rolling inquired if there was any new or unfinished business to be discussed. Since there was no further business, Chair Rolling asked for a motion to adjourn? A motion was made and accepted to adjourn TAIPA's Annual meeting. The meeting was adjourned at 8:46 a.m.

Annual Meeting Attendees:

Committee Members:

Jim Rowland, Allstate Insurance Company
Bill Brooks, Texas Farm Bureau Casualty Insurance Company
Thomas Rolling, Farmers Insurance Group of Companies
Corise Morrison, United Services Automobile Association (USAA)
David Weber, Hochheim Prairie
George Cooper, State Farm Insurance Company
Pete Hamel, Producer Member
Adam Payton, Producer Member
Dick Lonquist, Public Member
Becky Jackson, Public Member

Counsel:

Mike Jones, Thompson, Coe, Cousins and Irons

TAIPA Staff:

James Langford, Stacy Dutton, and Nicole Morgan

Other Attendees:

David Nardecchia, OPIC
Marianne Baker, TDI

The following member companies were represented by a representative:

Allstate County Mutual Insurance Company
Allstate Fire And Casualty Insurance Company
Allstate Indemnity Company
Allstate Insurance Company
Allstate Northbrook Indemnity Company
Allstate Property And Casualty Insurance Company
Allstate Texas Lloyd's
Allstate Vehicle And Property Insurance Company
Encompass Home And Auto Insurance Company
Encompass Indemnity Company
Encompass Independent Insurance Company
Encompass Insurance Company Of America
Encompass Property And Casualty Company
Esurance Insurance Company
Esurance Insurance Company Of New Jersey
Esurance Property And Casualty Insurance Company
21st Century Advantage Insurance Company
21st Century Assurance Company
21st Century Casualty Company
21st Century Centennial Insurance Company
21st Century Insurance Company
21st Century Insurance Company Of The Southwest
21st Century National Insurance Company
21st Century North America Insurance Company
21st Century Preferred Insurance Company
21st Century Premier Insurance Company
21st Century Security Insurance Company
Bristol West Specialty Insurance Company
Farmers Insurance Exchange
Farmers Texas County Mutual Insurance Company
Foremost County Mutual Insurance Company
Foremost Insurance Company, Grand Rapids, Michigan
Foremost Lloyds Of Texas
Foremost Property And Casualty Insurance Company
Foremost Signature Insurance Company
Mid-Century Insurance Company
Mid-Century Insurance Company Of Texas
Texas Farmers Insurance Company
Truck Insurance Exchange
Hochheim Prairie Casualty Insurance Company
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
Farm Bureau County Mutual Insurance Company Of Texas
Texas Farm Bureau Casualty Insurance Company
Texas Farm Bureau Mutual Insurance Company
Texas Farm Bureau Underwriters
Catastrophe Reinsurance Company
Garrison Property And Casualty Insurance Company
United Services Automobile Association
USAA Casualty Insurance Company
USAA County Mutual Insurance Company
USAA General Indemnity Company

The following member companies were represented by proxy:

America First Insurance Company
America First Lloyd's Insurance Company
American Economy Insurance Company
American Fire And Casualty Company
American States Insurance Company
American States Insurance Company Of Texas
American States Lloyds Insurance Company
American States Preferred Insurance Company
Colorado Casualty Insurance Company
Employers Insurance Company Of Wausau
First Liberty Insurance Corporation, The
First National Insurance Company Of America
General Insurance Company Of America
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
National Insurance Association
Netherlands Insurance Company, The
Ohio Casualty Insurance Company, The

Ohio Security Insurance Company
Peerless Indemnity Insurance Company
Peerless Insurance Company
Safeco Insurance Company Of America
Safeco Insurance Company Of Illinois
Safeco Insurance Company Of Indiana
Safeco Lloyds Insurance Company
Wausau Business Insurance Company
Wausau Underwriters Insurance Company
West American Insurance Company
American Equity Specialty Insurance Company
Automobile Insurance Company Of Hartford, Connecticut, The
Charter Oak Fire Insurance Company, The
Discover Property & Casualty Insurance Company
Farmington Casualty Company
Fidelity And Guaranty Insurance Company
Fidelity And Guaranty Insurance Underwriters, Inc.
Northland Casualty Company
Northland Insurance Company
Phoenix Insurance Company, The
Select Insurance Company
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
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
United States Fidelity And Guaranty Company
American Agri-Business Insurance Company
Indemnity National Insurance Company
Federated National Insurance Company
Chubb Indemnity Insurance Company
Chubb National Insurance Company
Executive Risk Indemnity Inc.
Federal Insurance Company
Great Northern Insurance Company
Pacific Indemnity Company
Vigilant Insurance Company
American Mining Insurance Company
Carolina Casualty Insurance Company
American Guarantee And Liability Insurance Company
American Zurich Insurance Company
Assurance Company Of America
Centre Insurance Company
Colonial American Casualty And Surety Company
Empire Fire And Marine Insurance Company
Fidelity And Deposit Company Of Maryland
Home Insurance Company, The
Maryland Casualty Company
Northern Insurance Company Of New York
Universal Underwriters Insurance Company
Universal Underwriters Of Texas Insurance Company
Zurich American Insurance Company
Zurich American Insurance Company Of Illinois
Selective Insurance Company Of America
Selective Insurance Company Of The Southeast
Chubb Lloyds Insurance Company Of Texas
Texas Pacific Indemnity Company
Catlin Indemnity Company
Catlin Insurance Company, Inc.
Greenwich Insurance Company
XI Insurance America, Inc.
XI Insurance Company Of New York, Inc.
XI Reinsurance America Inc.
XI Select Insurance Company
XI Specialty Insurance Company
Employers Mutual Casualty Company
Emc Reinsurance Company

Emcasco Insurance Company
Union Insurance Company Of Providence
Ids Property Casualty Insurance Company
Federated Mutual Insurance Company
Amguard Insurance Company
Atlanta International Insurance Company
Berkshire Hathaway Direct Insurance Company
Berkshire Hathaway Homestate Insurance Company
Berkshire Hathaway Specialty Insurance Company
Central States Indemnity Co. Of Omaha
Columbia Insurance Company
Continental Indemnity Company
Eastguard Insurance Company
Finial Reinsurance Company
Geico Advantage Insurance Company
Geico Casualty Company
Geico Choice Insurance Company
Geico County Mutual Insurance Company
Geico General Insurance Company
Geico Indemnity Company
Geico Secure Insurance Company
General Reinsurance Corporation
General Star National Insurance Company
Genesis Insurance Company
Government Employees Insurance Company
Illinois Insurance Company
National Indemnity Company
National Liability & Fire Insurance Company
Norguard Insurance Company
Pennsylvania Insurance Company
Philadelphia Reinsurance Corporation
Redwood Fire And Casualty Insurance Company
Texas Insurance Company
U.S. Underwriters Insurance Company
Unione Italiana Reinsurance Company Of America, Inc.
United States Liability Insurance Company
Crum & Forster Indemnity Company
North River Insurance Company, The
United States Fire Insurance Company
Germania Fire & Casualty Company
Germania Insurance Company
Germania Select Insurance Company
Texas Heritage Insurance Company

Merastar Insurance Company
Response Insurance Company
Response Worldwide Direct Auto Insurance Company
Unitrin Direct Insurance Company
Unitrin Direct Property & Casualty Company
Warner Insurance Company
Economy Fire & Casualty Company
Economy Preferred Insurance Company
Economy Premier Assurance 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
Cincinnati Casualty Company, The
Cincinnati Indemnity Company, The
Cincinnati Insurance Company, The
Safeway Insurance Company
Ngm Insurance Company
American Alternative Insurance Corporation
Alamance Insurance Company
First Financial Insurance Company
Pharmacists Mutual Insurance Company
American Reliable Insurance Company
Pacific Specialty Insurance Company
Safety National Casualty Corporation
Allied World Insurance Company
Allied World National Assurance Company
Allied World Specialty Insurance Company
Vantapro Specialty Insurance Company
White Pine Insurance Company
Armed Forces Insurance Exchange
Federated Rural Electric Insurance Exchange
T.H.E. Insurance Company
Uaic Insurance Company
Transamerica Casualty Insurance Company
Rampart Insurance Company
American National County Mutual Insurance Company

ASSOCIATION MANAGER'S REPORT

Texas Automobile Insurance Plan Association (TAIPA) Annual Meeting – April 1, 2016

The following are the number of applications TAIPA received in 2015, 2014, 2013, and 2012:

2015	3,217	(2863 private passenger and 354 commercial)
2014	3,628	
2013	4,708	
2012	5,898	

As a point of reference, the number of applications received in 2015 were 411 less than received in 2014, an 11.3% decrease.

The TAIPA budget for 2015 was \$1,091,800, and the TAIPA budget for 2016 is \$1,094,900. That is an increase of \$3,100 over the 2015 budget - a .28% increase.

From a company perspective, TAIPA kept the 2016 assessment to the insurance companies at \$1,000,000, which is the same as the 2015 and the 2014 assessments.

There was no change to TAIPA rates in 2015 for private passenger and commercial auto insurance.

The TAIPA Rate Task Force Committee developed a rate making proposal for private passenger auto rates using loss costs similar to what TAIPA had been using to develop rates for commercial auto. Driven by the fact that we don't have enough data, the TAIPA Governing Committee approved the new private passenger auto rate making proposal and submitted it to the Texas Department of Insurance who approved it.

As a result, there was a change to TAIPA rates for private passenger auto insurance by coverage, territory, and class that was made effective February 1, 2016.

plus 4.8% for bodily injury liability
plus 3.5% for property damage liability
minus 10.1% for personal injury protection
plus 3.9% for uninsured/underinsured motorist bodily injury liability
minus 20.9% for uninsured/underinsured motorist property damage liability

We also revised the rates for commercial auto insurance effective February 1, 2016 by coverage, territory, and vehicle type with a decrease of 0.2%.

TAIPA installed EASi 2.0 for private passenger auto applications on May 19, 2015. TAIPA now requires all applications (private passenger auto and commercial auto) be submitted electronically. We finally caught up with the industry. So far, TAIPA has only received 13

paper applications since making this change and only 1 paper application in 2016. Typically when we do receive a paper application, it is due to the fact that a producer has not dealt with TAIPA in a long while. Also thanks in a large part to Pete and his association for communicating the changes to the producer community.

TAIPA continued to operate in 2015 with five (5) full time employees and one (1) part time employee, which is me.

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

Thanks also to the TAIPA staff... Stacy Dutton, Nicole Morgan, Mimi Leece, Wanda Crayton, and Joyce Boriack, for their support, hard work, and creative approach in accomplishing the functions of TAIPA. Their efforts have allowed TAIPA to continue to provide excellent service to TAIPA applicants, producers, vendors, regulators, and the members of the TAIPA Governing Committee.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION (TAIPA) CHAIR'S REPORT

Welcome to the April 1, 2016 TAIPA Annual Meeting.

I'm Thomas Rolling and I represent Farmers Insurance Group as an At Large Insurance Company representative on the TAIPA Governing Committee and I had the pleasure, privilege and honor to serve as the Chair of the TAIPA Governing Committee in 2015.

The TAIPA Strategic Planning Committee developed an Enterprise Risk Management Program for TAIPA which will be submitted to the TAIPA Governing Committee for approval. You will see this later today in the meeting when we ask for your approval of the plan.

Thanks to my fellow members of the TAIPA Governing Committee and my fellow officers... Bill Brooks, Dick Lonquist, and George Cooper... for their service to TAIPA in 2015. Also thanks to TAIPA's legal counsel, Mike Jones.

Also I want to recognize and thank the TAIPA staff... James Langford, Stacy Dutton, Nicole Morgan, Mimi Leece, Wanda Crayton, and Joyce Boriack... for all their fine work on behalf of TAIPA in 2015. Their collaboration and efforts have made this an easy position.

That concludes my report. Thank you for attending today's meeting.