

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION (TAIPA)
TWENTY-SIXTH REPORT
FOR THE PERIOD
JANUARY 1, 2019 THROUGH DECEMBER 31, 2019
AND
MINUTES OF ANNUAL MEETING
AUSTIN, TEXAS
MARCH 27, 2020

TAIPA ANNUAL MEETING MINUTES
MARCH 27, 2020 AT 8:45am
CALL-IN MEETING

The Twenty-sixth Annual Meeting of the Members of the Texas Automobile Insurance Plan Association was held via phone conference, beginning at 8:45 am, Friday, March 27, 2020.

The meeting was called to order by Governing Committee Chair, David Weber. Mr. Weber stated that a quorum was present. Mr. Weber requested that the Anti-Trust Statement be read. The Association Manager, Stacy Dutton, read the statement.

Mr. Weber reported on the selection of trade association representatives as prescribed in Section 36.B.1 of the TAIPA Plan of Operation. The trade association representatives selected were:

- American Property Casualty Insurance Association (APCI) – The Travelers Insurance Company
- National Association of Mutual Insurance Companies (NAMIC) – Hochheim Prairie Insurance
- Association of Fire & Casualty Companies of Texas (AFACT) – Texas Farm Bureau

Mr. Weber reported the results of the Non-Affiliated insurers' ballot. The Non-Affiliated member elected was Allstate Insurance Company.

In keeping with Section 36.B.3, Mr. Weber announced 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 Automobile Insurance Company
- United Services Automobile Association (USAA)

Mr. Weber asked if there were any member company representatives on the phone who has not completed a proxy or ballot and sent it to the Association manager. No one responded.

Mr. Weber stated that for all companies who sent in their ballots, by participating in this call, we assume you are confirming your ballot. He asked if anyone disagreed. No one responded.

Mr. Weber stated that based on the ballots that we have and the companies confirmation of those ballots by participating in this call, the following companies:

Farmers Insurance

Safeco/Liberty Mutual

State Farm Mutual Automobile Ins. Co.

United Services Automobile Association (USAA)

are elected for a term of one year or until their successor is elected.

Mr. Weber indicated that both the Association Manager's and Chair's Reports were sent out with the agenda as exhibits and will become part of the record.

Mr. Weber asked for a motion to adjourn. Bill Brooks made the motion. Corise Morrison seconded the motion and the motion carried.

Mr. Weber then stated that concludes our annual meeting and the meeting was adjourned at 8:54 am

Annual Meeting Attendees:

Company Members:

Ryan Shapiro, Travelers
Bill Brooks, Texas Farm Bureau
David Weber, Hochheim Prairie
Michael Schalk, Allstate
Corise Morrison, USAA
Matt Schneider, Farmers
Todd Feltman, State Farm
Stephen Hyllka, Liberty Mutual/Safeco
Becky Jackson, Public Member
Carmelita Hogan, Public Member
Mary Carol Awalt, Public Member
Adam Payton, Producer Member
Ramon Montalvo, Alternative Producer Member

Counsel:

Michael Jones, Thompson Coe, Cousins & Irons

TAIPA Staff:

Stacy Dutton, Association Manager
Mimi Leece
Mishayla Twyman

Other Attendees:

Doug Beck, Farmers
John Lusardi,
Carol Berthold, GEICO
Kim Donovan, OPIC
John Mooney, TDI
Anh Vo, State Farm

Ann O’Ryan, Auto Club County Mutual
David Nardechia,
Kaitlyn Marek, TDI
Melissa Herman, TDI

The following member companies were represented:

Companies Represented by a Company Representative at TAIPA’s March 27, 2020 Annual Meeting

21st Century Assurance Company
21st Century Casualty Company
21st Century Centennial Insurance Company
21st Century Insurance Company
21st Century North America Insurance Company
21st Century Premier Insurance Company
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
America First Insurance Company
America First Lloyd's Insurance Company
American Economy Insurance Company
American Equity Specialty Insurance Company
American Federation 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
AmGuard Insurance Company
Auto Club Casualty Company
Auto Club County Mutual Insurance Company
Auto Club Indemnity Company
Automobile Insurance Company of Hartford, Connecticut
Berkshire Hathaway Direct Insurance Company
Berkshire Hathaway Homestate Insurance Company
Berkshire Hathaway Specialty Insurance Company
Bristol West Specialty Insurance Company
Catastrophe Reinsurance Company

Central States Indemnity Co. of Omaha
Carter Oak Fire Insurance Company
Colorado Casualty Insurance Company
Columbia Insurance Company
Discover Property & Casualty Insurance Company
EastGuard Insurance Company
Employers Insurance Company of Wausau
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
Farm Bureau County Mutual Insurance Company of Texas
Farmers Insurance Exchange
Farmers Texas County Mutual Insurance Company
Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Finial Reinsurance Company
Fire Insurance Exchange
First Liberty Insurance Corporation, The
First National Insurance Company of America
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
Garrison Property and Casualty Insurance 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 Insurance Company of America
General Reinsurance Corporation
General Star National Insurance Company
Genesis Insurance Company
GoAuto Insurance Company

Government Employees Insurance Company
Hochheim Prairie Casualty Insurance Company
Interinsurance Exchange of the Automobile Club
Ironshore Indemnity Inc.
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
Mid-Century Insurance Company
Mid-Century Insurance Company of Texas
National Indemnity Company
National Insurance Association
National Liability & Fire Insurance Company
Netherlands Insurance Company
Norguard Insurance Company
Northland Casualty Company
Northland Insurance Company
Ohio Casualty Insurance Company
Ohio Security Insurance Company
Peerless Indemnity Insurance Company
Peerless Insurance Company
Phoenix Insurance Company
Radnor Specialty Insurance Company
Redwood Fire and Casualty Insurance Company
Safeco Insurance Company of America
Safeco Insurance Company of Illinois
Safeco Insurance Company of Indiana
Safeco Lloyds Insurance Company
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
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
Texas Farm Bureau Casualty Insurance Company
Texas Farm Bureau Mutual Insurance Company
Texas Farm Bureau Underwriters
Texas Farmers Insurance Company
Travco Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
Travelers Casualty Company of Connecticut
Travelers Casualty Company
Travelers Casualty Insurance Company of America
Travelers Commercial Casualty Company
Travelers Commercial Insurance Company
Travelers Constitution State Insurance Company
Travelers Homan and Marine Insurance Company
Travelers Indemnity Company of America
Travelers Indemnity Company of Connecticut
Travelers Indemnity Company
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
Truck Insurance Exchange
U.S. Underwriters Insurance Company
United Services Automobile Association
United States Fidelity and Guaranty Company
United State Liability Insurance Company
USAA Casualty Insurance Company
USAA County Mutual Insurance Company
USAA General Indemnity Company
Wausau Business Insurance Company
Wausau Underwriters Insurance Company
Wellfleet New York Insurance Company
West American Insurance Company

Companies Represented by Proxy at TAIPA's March 27, 2019 Annual Meeting

Acadia Insurance Company
Addison Insurance Company
Admiral Indemnity Company
AGCS Marine Insurance Company

Alamance Insurance Company
Allianz Global Risks US Insurance Company
Allianz Reinsurance America, Inc.
Allied Insurance Company of America
Allied Property and Casualty Insurance Company
AMCO Insurance Company
American Agri-Business Insurance Company
American Automobile Insurance Company
American Business & Mercantile Insurance Mutual, Inc.
American Empire Insurance Company
American Family Connect Insurance Company
American Family Connect Property and Casualty Insurance Company
American Family Mutual Insurance Company, S.I.
American Guarantee and Liability Insurance Company
American Insurance Company, The
American Zurich Insurance Company
Amtrust Insurance Company of Kansas, Inc.
Associated Indemnity Corporation
Atlantic States Insurance Company
Avemco Insurance Company
Berkley Casualty Company
Berkley Insurance Company
Berkley National Insurance Company
Berkley Regional Insurance Company
BITCO General Insurance Corporation
BITCO National Insurance Company
Carolina Casualty Insurance Company
Centre Insurance Company
Chicago Insurance Company
Clermont Insurance Company
Colonial American Casualty and Surety Company
Colonial County Mutual Insurance Company
Continental Western Insurance Company
CorePointe Insurance Company
Crestbrook Insurance Company
Depositors Insurance Company
Developers Surety and Indemnity Company
Donegal Mutual Insurance Company
Economy Fire & Casualty Company
Economy Preferred Insurance Company
Economy Premier Assurance Company
EMC Property & Casualty Company
EMC Reinsurance Company

EMCASCO Insurance Company
Empire Fire and Marine Insurance Company
Employers Mutual Casualty Company
Endurance American Insurance Company
Federated Mutual Insurance Company
Federated Reserve Insurance Company
Federated Rural Electric Insurance Exchange
Federated Service Insurance Company
Fidelity and Deposit Company of Maryland
Fireman's Fund Insurance Company
Firemen's Insurance Company of Washington, D.C.
First Financial Insurance Company
First Nonprofit Insurance Company
Freedom Specialty Insurance Company
General Automobile Insurance Company, Inc.
Great American Alliance Insurance Company
Great American Assurance Company
Great American Casualty Insurance Company
Great American Insurance Company
Great American Insurance Company of New York
Great American Security Insurance Company
Great American Spirit Insurance Company
Great Divide Insurance Company
Great West Casualty Company
Harleysville Insurance Company
Heritage Indemnity Company
Home Insurance Company
Homesite Indemnity Company
Homesite Insurance Company
Homesite Lloyd's of Texas
Houston Casualty Company
Intrepid Insurance Company
Jefferson Insurance Company
Key Risk Insurance Company
Manufacturers Alliance Insurance Company
Metropolitan Casualty Insurance Company
Metropolitan Direct Property and Casualty Insurance Company
Metropolitan General Insurance Company
Metropolitan Group Property and Casualty Insurance Company
Metropolitan Lloyds Insurance Company of Texas
Metropolitan Property and Casualty Insurance Company
Mid-Continent Assurance Company
Mid-Continent Casualty Company

Midvale Indemnity Company
Midwest Employers Casualty Company
Milford Casualty Insurance Company
Mountain States Indemnity Company
National American Insurance Company
National Casualty Company
National Interstate Insurance Company
National Surety Corporation
Nationwide Affinity Insurance Company of America
Nationwide Agribusiness Insurance Company
Nationwide Assurance Company
Nationwide General Insurance Company
Nationwide Insurance Company of America
Nationwide Insurance Company of Florida
Nationwide Lloyds
Nationwide Mutual Fire Insurance Company
Nationwide Mutual Insurance Company
Nationwide Property and Casualty Insurance Company
NGM Insurance Company
Oklahoma Surety Company
Old Republic General Insurance Corporation
Old Republic Insurance Company
Old Republic Lloyds of Texas
Pennsylvania Manufacturers' Association Insurance Company
Pennsylvania Manufacturers Indemnity Company
Permanent General Assurance Corporation
Permanent General Assurance Corporation of Ohio
Pharmacists Mutual Insurance Company
Philadelphia Indemnity Insurance Company
Republic Indemnity Company of America
Republic Indemnity Company of California
Republic Lloyds
Republic Underwriters Insurance Company
Riverport Insurance Company
Rochdale Insurance Company
Safety National Casualty Corporation
Safeway Insurance Company
Scottsdale Indemnity Company
Security National Insurance Company
Selective Insurance Company of America
Selective Insurance Company of the Southeast
Sequoia Insurance Company
Sompo America Fire & Marine Insurance Company

Sompo America Insurance Company
Southern County Mutual Insurance Company
Southern Insurance Company
StarNet Insurance Company
Technology Insurance Company, Inc.
TNUS Insurance Company
Tokio Marine America Insurance Company
Toyota Motor Insurance Company
Trans Pacific Insurance Company
Trexis Insurance Corporation
Trexis One Insurance Corporation
Tri-State Insurance Company of Minnesota
Triumphe Casualty Company
U.S. Specialty Insurance Company
UFG Specialty Insurance Company
Union Insurance Company
Union Insurance Company of Providence
Union Standard Lloyds
United Fire & Casualty Company
United Fire & Indemnity Company
United Fire Lloyds
Universal Insurance Company of North America
Universal North America Insurance Company
Universal Underwriters Insurance Company
Universal Underwriters of Texas Insurance Company
Vanliner Insurance Company
Victoria Fire & Casualty Company
Wesco Insurance Company
White Pine Insurance Company
Zurich American Insurance Company
Zurich American Insurance Company of Illinois

ASSOCIATION MANAGER'S REPORT

Texas Automobile Insurance Plan Association (TAIPA) Annual Meeting – March 27, 2020

The following are the number of applications TAIPA assigned in 2019, 2018, 2017, and 2016:

2019	2606	(2211 private passenger apps and 395 commercial)
2018	3,338	
2017	3,508	
2016	3,089	

The number of applications assigned in 2019 was 732 less than assigned in 2018, a 21.93% decrease.

The TAIPA budget for 2020 is \$845,500 which is \$21,300 less than the 2019 budget of \$866,800. This is a 2.46% decrease.

The TAIPA assessment to the insurance companies for 2020 is \$760,000 which is \$40,000 less than our 2019 assessment of \$800,000. This is a 5.0% decrease.

A rate change to TAIPA rates for both private passenger and commercial rates were approved in 2019 to be effective March 1, 2020.

The commissioner ordered that TAIPA revise its rates to be charged for private passenger automobile insurance by coverage, territory, and class by:

- Plus 5.0 percent for bodily injury liability
- Plus 4.9 percent for property damage liability
- Plus 4.0 percent for personal injury protection
- Plus 4.3 percent for uninsured/underinsured motorist bodily injury liability
- Plus 1.7 percent for uninsured/underinsured motorist property damage liability

The commissioner ordered that TAIPA revise its rates to be charged for commercial automobile insurance policies by coverage, territory, and vehicle type by:

- Plus 4.8 percent for bodily injury liability,
- Plus 5.0 percent for property damage liability,
- Plus 1.3 percent for personal injury protection,
- Plus 3.6 percent for uninsured/underinsured motorist bodily injury liability
- Plus 3.2 percent for uninsured/underinsured motorist property damage liability

TAIPA completed a benefit study comparing TAIPA's benefits to those of insurance carriers that had members sitting on our Governing Committee. From this study, it was decided to:

1. Adopt a Total Rewards philosophy,
2. Change the Name of TAIPA's time off policy from All Purpose Leave (APL) to Paid Time Off (PTO).
3. Revise TAIPA's Educational Assistance Policy
4. Updated our Employee Handbook in November of 2019.
5. Begin to award employees with \$25 per year of service at every major anniversary – 5, 10, 15, 20, etc.
6. Close TAIPA's defined benefit plan, grandfather the current participants in that plan.
7. Create a Non-contributory Savings Plan and making a 6% Employer Contribution to that plan for employees not in the defined benefit plan.

TAIPA operated with between 2 to 4 full time employees in 2019. We had a long term employee leave in March and a recent hire leave in September. I would like to thank Mimi Leece for sticking with me through the period of time where it was just the two of us. During that time, Mimi was still in the process of learning her new position while doing the work of the entire front office as well. In addition, Mimi had just come out of 2018 training a new hire in the front office duties. We were very fortunate to find Mishayla Twyman in October of 2019 and Ruth Wise in December. Their abilities combined with their attitudes made such a difference in rebuilding our team.

I would again like to thank you all for the support and encouragement that I received from our Chair, David Weber, the TAIPA officers, the TAIPA Governing Committee, as well as the TAIPA sub-committees. I had to lean on David and our attorney, Mike Jones, more than usual when our staffing went down to 2 and I am very appreciative of their support during that time.

Through the combined efforts of all of the TAIPA staff, TAIPA continued to provide excellent service to TAIPA applicants, producers, vendors, regulators and members of the TAIPA Governing Committee in 2019.

**TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION (TAIPA)
CHAIR'S REPORT MARCH 27, 2020 TAIPA ANNUAL MEETING**

I'm David Weber with Hochheim Prairie, and for my prior years on the board, I have been the representative for PCI. Going forward, I will represent NAMIC on the governing board. I had the privilege to serve as the Chair of the TAIPA Governing Committee in 2019.

In 2019, the TAIPA Governing Committee took on the task of evaluating TAIPA's benefits and coming up with a way that we could still provide a good benefit package for our employees but limit the long term liability on the organization. In that vein, we closed the pension plan while leaving the vested employees in the plan and created a new savings plan for the new employees. We also redid the TAIPA policy in 2019 due to legislative changes. The Governing Committee also asked the Operations Subcommittee to study ways that will make TAIPA more efficient, and I expect that a number of new ideas and methods will come out of that.

I'd like to offer thanks to all of the other members of the Governing Committee, Corise Morrison, Anise Mulkey, Becky Jackson, and Bill Brooks who all served as officers for the past two years, as well as Mike Schalk, Stephen Hylka, Todd Feltman, Carmelita Hogan, Mary Carol Awalt, Laura Hausman, Leslie Hurley, Pete Hamel, Adam Payton, Ramon Montalvo, and Alisha Darden.

I want to recognize and thank the TAIPA staff, Stacy Dutton, Mimi Leece, Mishayla Twyman and Ruth Wise for working to rebuild the TAIPA team in 2019.

I would like to thank you all for your support and direction. And, thanks to TAIPA's legal counsel, Mike Jones for his contributions.

It has been a pleasure serving as chair for the past 2 years.