



TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

ADMINISTRATION

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TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION (TAIPA)

SEVENTEENTH REPORT

FOR THE PERIOD

JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

AND

MINUTES OF ANNUAL MEETING

AUSTIN, TX

FEBRUARY 23, 2011

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION  
SEVENTEENTH REPORT  
FOR THE PERIOD FROM  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010  
ANNUAL MEMBERSHIP MEETING  
Austin, Texas  
February 23, 2011

The Seventeenth Annual Meeting of the Members of the Texas Automobile Insurance Plan Association was held at the Omni Austin Hotel Southpark, beginning at 8:30 AM, Wednesday, February 23, 2011.

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

The Interim Association Manager was asked to report on the selection of the trade association representatives, as prescribed in Section 36.B.1. of the TAIPA Plan of Operation. The trade association representatives selected were: American Insurance Association (AIA)-AutoOne Insurance Company, Property & Casualty Insurers Association (PCI)-Government Employees Insurance Company, and Association of Fire & Casualty Companies in Texas (AFACT)-Texas Farm Bureau Casualty Insurance Company.

In keeping with Section 36.B.3, Chair Jeter announced that four companies had requested to serve in one of the at-large positions on the committee. Those companies were: Farmers Insurance Group of Companies, Safeco/Liberty Mutual Insurance Company, State Farm Mutual Insurance Company and United Services Automobile Association (USAA). A ballot vote at the meeting determined the four at-large companies.

The following companies will serve on the 2011-2012 Governing Committee:

American Insurance Association:

AutoOne Insurance Company  
Peter Treutlein, Murfreesboro, TN

Association of Fire and Casualty Companies in Texas:

Texas Farm Bureau Casualty Insurance Company  
Mike Gerik, Waco, TX

Property and Casualty Insurers Association:

Government Employees Insurance Company  
Carol Berthold, Woodbury, NY

Non Affiliated Companies:

Allstate Insurance Company  
Fred Strauss, Northbrook, IL

At-Large Members:

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

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

State Farm Mutual Insurance Company  
George Cooper, Bloomington. IL

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

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

The Chair inquired if there was any new or unfinished business to be laid before the members. There being no further business, the meeting was adjourned.

The Governing Committee convened at 9:00 AM and elected Mr. Bill Jeter as Chair, Mr. Fred Strauss as Vice-Chair, Mr. Mike Gerik as Second Vice-Chair and Mr. Thomas Rolling as Secretary.

Annual Meeting Attendees:

Committee Members:

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

Counsel:

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

TAIPA Staff:

James Langford, Susan Epperson, Stacy Midkiff, and Nicole Peterson

Other Attendees:

Becky Birnbaum, OPIC  
Bill Brooks, Texas Farm Bureau Casualty Insurance Company  
R. J. Cowan, Ambit IT  
Doug Beck, 21<sup>st</sup> Century Centennial  
Sandra Helin, SIIS  
Ed Holman, State Farm Mutual Automobile Ins. Co.  
Leslie Hurley, TDI  
Jerry Johns, SIIS  
John Lusardi, Universal Casualty Insurance Company  
Camilla McDonald, TICO  
Larry Perrin, Interinsurance Exchange of the Automobile Club  
Ted Smith, Cornell, Smith & Mierl, LLP  
Linda Von Quintus, AAA County Mutual

The following member companies were represented by proxy:

21<sup>st</sup> Century Casualty Company  
21<sup>st</sup> Century Insurance Company  
21<sup>st</sup> Century Insurance Company of the SW  
Acceptance Casualty Insurance Company  
Ace American Insurance Company  
Ace Fire Underwriters Insurance Company  
Ace Indemnity Company  
Ace Property & Casualty Insurance Company  
Aegis Security Insurance Company  
AGCS Marine Insurance Company  
Aioi Insurance Company of America  
Aioi Nissay Dowa Insurance Company  
All America Insurance Company  
Allianz Global Risks US Insurance Company  
Allied Property & Casualty Insurance Company  
Allmerica Financial Alliance Insurance Company  
Allmerica Financial Benefit Insurance Company  
AMCO Insurance Company  
American Agri-Business Insurance Company  
American Alternative Insurance Corporation  
American Family Home Insurance Company  
American Guarantee and Liability Insurance Company  
American Hardware Mutual Insurance Company

American Modern Home Insurance Company  
American Modern Lloyds Insurance Company  
American Modern Select Insurance Company  
American National County Mutual Insurance Company  
American National General Insurance Company  
American Sentinel Insurance Company  
American Southern Home Insurance Company  
American Zurich Insurance Company  
Ameriprise Insurance Company  
Amerisure Insurance Company  
Amerisure Mutual Insurance Company  
Amerisure Partners Insurance Company  
Amex Assurance Company  
Amica Lloyd's of TX  
Amica Mutual Insurance Company  
Anchor General Insurance  
Arch Insurance Company  
Arch Reinsurance Company  
Assurance Company of America  
Balboa Insurance Company  
Bancinsure Inc.  
Bankers Standard Fire & Marine  
Bankers Standard Insurance Company  
Bituminous Casualty Corporation  
Bituminous Fire & Marine Insurance Company  
Brotherhood Mutual Insurance Company  
Carolina Casualty Insurance Company  
Central Mutual Insurance Company  
Chubb Indemnity Insurance Company  
Chubb Lloyds Insurance Company of Texas  
Chubb National Insurance Company  
Church Mutual Insurance Company  
Cincinnati Casualty Company, The  
Cincinnati Indemnity Company, The  
Cincinnati Insurance Company, The  
CMI Lloyds  
Colonial American Casualty and Surety Company  
Colonial County Mutual Insurance Company  
Colonial Lloyds  
Commercial Alliance  
Continental Indemnity Company  
Country Casualty Insurance Company  
Country Preferred Insurance Company  
Crum & Forster Indemnity Company  
Darwin National Assurance Company  
Depositors Insurance Company

Empire Fire & Marine Insurance Company  
Employers Mutual Casualty Company  
Executive Risk Indemnity Inc.  
Factory Mutual Insurance Company  
Farmers Alliance Mutual Insurance Company  
Farmland Mutual Insurance Company  
Federal Insurance Company  
Federated Mutual Insurance Company  
Federated Rural Electric Insurance Exchange  
Federated Service Insurance Company  
Fidelity & Deposit Company of Maryland  
Fidelity & Guaranty Insurance Underwriters Inc.  
Foremost County Mutual Insurance Company  
Foremost Insurance Company  
Foremost Lloyds of Texas  
Frankenmuth Mutual Insurance Company  
Freedom Specialty  
Germania Fire & Casualty Company  
Germania Insurance Company  
Germania Select Insurance Company  
Gramercy Insurance Company  
Great Northern Insurance Company  
Guideone Elite Insurance Company  
Guideone Specialty Mutual Insurance Company  
Harbor Point Reinsurance US Inc.  
Harco National Insurance Company  
Hartford Accident & Indemnity Company  
Hartford Casualty Insurance Company  
Hartford Fire Insurance Company  
Hartford Insurance Company of the Midwest  
Hartford Lloyd's Insurance Company  
Hartford Underwriters Insurance Company  
HDI-Gerling America Insurance Company  
Horace Mann Insurance Company  
Horace Mann Property & Casualty Company  
IDS Property Casualty Insurance Company  
Indemnity Insurance Company of North America  
Indiana Lumbermens Mutual Insurance Company  
Insurance Company of North America  
Kemper Independence Insurance Company  
Knightbrook Insurance Company  
Leading Insurance Group Insurance Company Ltd.  
Lone Star National Insurance Company  
Lumbermen's Underwriting Alliance  
Manufacturers Alliance Insurance Company  
Maryland Casualty Company

Massachusetts Bay Insurance Company  
Meritplan Insurance Company  
Millers First Insurance Company  
National American Insurance Company  
National Building Material Assurance Company  
National Casualty Company  
Nationwide Affinity Insurance Company of America  
Nationwide Agribusiness Insurance Company  
Nationwide General Insurance Company  
Nationwide Insurance Company of America  
Nationwide Lloyds  
Nationwide Mutual Fire Insurance Company  
Nationwide Mutual Insurance Company  
Nationwide Property & Casualty Insurance Company  
New England Reinsurance Corporation  
NGM Insurance Company  
North American Elite Insurance Company  
North American Specialty Insurance Company  
North River Insurance Company, The  
Northern Insurance Company of New York  
Northwestern Pacific Indemnity Company  
Oak Brook County Mutual Insurance Company  
Occidental Fire and Casualty of NC  
Ohio Farmers Insurance Company  
Pacific Employers Insurance Company  
Pacific Indemnity Company  
Pennsylvania Manufacturers Association Insurance Company  
Pennsylvania Manufacturers Indemnity Company  
Pharmacists Mutual Insurance Company  
Pillar Insurance Company  
Preferred Professional Insurance Company  
Progressive Advanced Insurance Company  
Progressive Casualty Insurance Company  
Progressive County Mutual Insurance Company  
Property & Casualty Insurance Company of Hartford  
Rampart Insurance Company  
Safety National Casualty Corporation  
Safeway Insurance Company  
Selective Insurance Company of America  
Sentinel Insurance Company LTD.  
Starr Indemnity & Liability Company  
Stratford Insurance Company  
THE Insurance Company  
Teachers Insurance Company  
Texas Builders Insurance Company  
Texas Heritage Insurance Company

Texas Pacific Indemnity Company  
Titan Indemnity Company  
Toyota Motor Insurance Company  
Trans-Guard Insurance Company of America  
Trinity Universal Insurance Company  
Trumbull Insurance Company  
Twin City Fire Insurance Company  
UAIC Insurance Company  
Union Insurance of Providence  
United States Fire Insurance Company  
United States Liability Insurance Company  
Unitrin Auto & Home Insurance Company  
Unitrin Preferred Insurance Company  
Unitrin Safeguard Insurance Company  
Universal Insurance Company of North America  
Universal North America Insurance Company  
Universal Underwriters Insurance Company  
Universal Underwriters of Texas Insurance Company  
Valley Insurance Company  
Victoria Fire & Casualty Company  
Vigilant Insurance Company  
Washington International Insurance Company  
Westchester Fire Insurance Company  
Westfield Insurance Company  
Westfield National Insurance Company  
Zurich American Insurance Company  
Zurich American Insurance Company of Illinois

#### Interim Association Manager's Report

I have had the honor and privilege to serve as the interim Manager of Texas Automobile Insurance Plan Association (TAIPA) since October 18, 2010.

I appreciate the confidence and support I have received from the TAIPA officers, the TAIPA Governing Committee, the TAIPA Operations Sub-committee, the TAIPA Quota Task Force, and TAIPA Counsel.

I also want to express my heartfelt thanks to the TAIPA staff. Their support, energy, hard work, and creative approach to the functions of TAIPA have certainly made my job easier. The TAIPA staff deserves the credit for TAIPA continuing to function at a very high level and for providing excellent service to TAIPA applicants, agents, vendors, regulators, and the TAIPA Governing Committee members and the TAIPA officers.

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

The number of applications received by TAIPA in 2010 was 9,200 which is 15.49% less than received in 2009. The number of applications assigned in 2010 was 8,724 which is 15.29% less than assigned in 2009.

In 2010, TAIPA published eight (8) bulletins.

Bulletin 177, (published April 21, 2010), dealt with amendments to Sections 41 and 42 of the TAIPA Plan of Operation. These amended sections are the Eligibility and Maintenance Requirements for Limited Assignment Distribution Procedure (LAD) and Commercial Limited Assignment Distribution Procedure (CLAD) servicing carriers.

Bulletin 178, (published April 30, 2010), dealt with the minimum amounts of motor vehicle liability insurance coverage required to establish financial responsibility effective January 1, 2011. Effective that date, the minimum limits increased from \$25/\$50/\$25 to \$30/\$60/\$25.

Bulletin 179, (published July 7, 2010), dealt with determination and fulfillment of Other Than Private Passenger quotas, Section 42.A. of the TAIPA Plan of Operation.

Bulletin 180, (published August 27, 2010), dealt with the nomination for the non-affiliated TAIPA Governing Committee Representative, Section 36.B. of the TAIPA Plan of Operation.

Bulletin 181, (published October 6, 2010), dealt with the insurance companies , Allstate Insurance Company and State Farm Mutual Insurance Company, that affirmed they were interested in serving on the TAIPA Governing Committee as the non-affiliated member company. The bulletin requested the non-affiliated member insurance companies vote for the non-affiliated company they wished to serve on the TAIPA Governing Committee.

Bulletin 182, (published November 2, 2010), dealt with the January 1, 2011 Financial Responsibility Minimum Limits increase and the TAIPA private passenger rates effective January 1, 2011.

Bulletin 183, (published November 4, 2010), dealt with the TAIPA rates effective January 1, 2011 for private passenger auto and commercial auto policies. The bulletin stated these rates were displayed in Commissioner's Bulletin No. B-0045-10.

Bulletin 184, (published November 24, 2010), dealt with the schedule of the annual TAIPA meeting (February 23, 2011) and the election of the four (4) at-large insurance company members of the TAIPA Governing Committee.

James Langford, CPCU, AIM, ARP, ARe  
TAIPA Interim Association Manager

### TAIPA Chairperson's Annual Report

Welcome to the 2011 Texas Automobile Insurance Plan Association (TAIPA) Annual Meeting. My name is Bill Jeter. I am a public representative on the TAIPA Governing Committee and have served as Chair for one year.

Since our last meeting in February of 2010, the application volume has continued to decline. The Texas Sure program that was expected to increase applications has not had any significant effect on the number of applications received through TAIPA.

Total applications received in 2010=9200

Total applications received in 2009-10886

During 2010, the TAIPA Governing Committee, working through several sub-committees, achieved the following:

- Established a voting procedure for Non-Affiliated insurers.
- Amended the Administrative Rules of the TAIPA Governing Committee
- Amended the Non-Owner section of the TAIPA Rules and Rating Manual and application forms.
- Guided the Quota Task Force subcommittee in studying the current quota system.
- Instructed the Systems RFP subcommittee to review vendor RFP's and provide the Governing Committee with their recommendation for new vendor.
- Amended TAIPA Plan of Operation to set forth guidelines that allow TAIPA to monitor the performance of LAD/CLAD servicing carriers, and require an AM Best rating of not less than an A minus (A-)
- Approved amendments to the TAIPA Plan of Operation to include necessary wording in keeping with the passage of House Bill 586.

I want to thank the associates that provided valuable services to TAIPA in 2010: Dick Geiger, Mike Jones, Ted Smith, Mike Miller, Jerry Johns and the Texas Department of Insurance (TDI), notably Leslie Hurley.

As Chair, I appreciate the efforts of the 2010 Governing Committee. Each Governing Committee member is very valuable to the overall effectiveness of TAIPA and I am glad to have served as your Chair this year. Thanks to my fellow officers Fred Strauss, Mike Gerik and Thomas Rolling. I'm very grateful for their assistance.

Most importantly I want to recognize the efforts of the TAIPA Interim Manager, James Langford, who agreed to assist TAIPA while the current Association Manager was out on extended medical leave. I also want to thank each and every member of the TAIPA Staff who supported Mr. Langford and continued to provide excellent service.

Thank you for attending today's meeting.

Bill Jeter, III  
TAIPA Governing Committee Chair  
Public Member