



TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

ADMINISTRATION

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TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION (TAIPA)

FOURTEENTH REPORT

FOR THE PERIOD

JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

AND

MINUTES OF ANNUAL MEETING

AUSTIN, TX

FEBRUARY 28, 2008

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION  
FOURTEENTH REPORT  
FOR THE PERIOD FROM  
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007  
ANNUAL MEMBERSHIP MEETING  
Austin, Texas  
February 28, 2008

The Fourteenth 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, Thursday, February 28, 2008.

The meeting was called to order by Governing Committee Chair, Terry Mack. Mr. Mack asked the Association Manager if a quorum was present. Once confirmed, the Chair requested that the Anti-Trust Statement be read. Association Manager Cathleen Beavers read the statement.

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

In keeping with Section 36.B.3, Chair Mack announced that five (5) companies had requested to serve in one of the at-large positions on the committee. Those companies were: AutoOne Insurance Company, Farmers Insurance Group of Companies, Government Employees Insurance Company (GEICO), Liberty 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 2008-2009 Governing Committee:

American Insurance Association  
The Hartford Insurance Company  
John Thompson, Southington CT

Association of Fire and Casualty Companies in Texas  
Republic Underwriters Insurance Company  
Ron Lawson, Dallas TX

Property and Casualty Insurers Association  
Allstate Insurance Company  
Fred Strauss, Northbrook IL

Non Affiliated Companies:  
State Farm Insurance Company  
Terry Mack, Bloomington IL

At-Large Members:

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

Government Employees Insurance Company (GEICO)  
Carol Berthold, Woodbury NY

Liberty Mutual Insurance Company  
Peter Kelly, Irving TX

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

The Chair asked the Association Manager to give the Manager's Report. The report was read. Chair Terry Mack 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 Ms. Corise Morrison as Chair, Ms. Carol Berthold as Vice-Chair, Mr. Bill Jeter as Second Vice-Chair and Mr. Fred Strauss as Secretary.

Annual Meeting Attendees:

Committee Members:

Carol Berthold, Government Employees Insurance Company (GEICO)  
Peter Kelly, Liberty Mutual Insurance Company  
Ron Lawson, Republic Underwriters Insurance Company  
Terry Mack, State Farm Insurance Company  
Corise Morrison, United Services Automobile Association (USAA)  
Sharon Reed, Farmers Insurance Group of Companies  
Fred Strauss, Allstate Insurance Company  
John Thompson, Hartford Financial Group

Counsel:

Richard Geiger, Thompson, Coe, Cousins & Irons

TAIPA Staff:

Cathleen Beavers, Margaret Alsobrook, Michael Alder, Susan Epperson

Other Attendees:

Donnie Carnahan, AutoOne Insurance Company  
Sandra Helin, SIIS  
Jerry Johns, SIIS  
James Langford, Southern Farm Bureau Casualty Insurance Company

John Lusardi, Eagle  
Robert Rhodunda, AIG Centennial Insurance Company  
Peter Treutlein, AutoOne Insurance Company

| 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 Co of the Southwest  
Advocate MD Insurance of the Southwest, Inc.  
All America Insurance Company  
Allied Property & Casualty Insurance Company  
Amco Insurance Company  
America First Insurance Company  
American Agri-Business Insurance Company  
American Alternative Insurance Corporation  
American Casualty Company of Reading PA  
American Country Insurance Company  
American Economy Insurance Company  
American Equity Specialty 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 States Insurance Company  
American States Insurance Company of Texas  
American States Lloyds Insurance Company  
American States Preferred Insurance Company  
Amerisure Insurance Company  
Amerisure Mutual Insurance Company  
Anthem Insurance Companies  
Athena Assurance Company  
Atlantic Insurance Company  
Automobile Insurance Co of Hartford Connecticut, The  
Bancinsure Inc.  
Brotherhood Mutual Insurance Company  
Carolina Casualty Insurance Company  
Central Mutual Insurance Company  
Charter Oak Fire Insurance Company  
Chubb Indemnity Insurance Company  
Chubb Lloyds Insurance Company of Texas  
Chubb National Insurance Company  
Church Mutual Insurance Company  
Cincinnati Casualty Company  
Cincinnati Insurance Company

CMI Lloyds  
Colonial Lloyds  
Colorado Casualty Insurance Company  
Commercial Guaranty Casualty Insurance Company  
Continental Insurance Company  
Continental Western Insurance Company  
Country Casualty Insurance Company  
Crum & Forster Indemnity Company  
Depositors Insurance Company  
Discover Property & Casualty Insurance Company  
Emcasco Insurance Company  
Employers Mutual Casualty Company  
Executive Risk Indemnity Company  
Farmers Alliance Mutual Insurance Company  
Farmington Casualty Company  
Farmland Mutual Insurance Company  
Federal Insurance Company  
Federated Mutual Insurance Company  
Federated Rural Electric Insurance Exchange  
Federated Service Insurance Company  
Fidelity and Guaranty Insurance Company  
Fidelity and Guaranty Insurance Underwriters Inc  
First National Insurance Company of America  
Foremost County Mutual Insurance Company  
Foremost Insurance Company, Grand Rapids, Michigan  
Foremost Lloyds of Texas  
General Casualty Company of Wisconsin  
General Insurance Company of America  
Germania Fire & Casualty Company  
Germania Insurance Company  
Germania Select Insurance Company  
Great Northern Insurance Company  
Guideone Elite Insurance Company  
Harleysville Insurance Company  
Harleysville Mutual Insurance Company  
Haulers Insurance Company Inc  
Horace Mann Insurance Company  
IDS Property & Casualty Insurance Company  
Lumbermen's Underwriting Alliance  
Manufacturers Alliance Insurance Company  
Markel American Insurance Company  
Markel Insurance Company  
Mendakota Insurance Company  
Mendota Insurance Company  
Millers First Insurance Company  
Mitsui Sumitomo Insurance Company of America

Mitsui Sumitomo Insurance USA Inc  
National Fire Insurance Company of Hartford  
Nationwide Agribusiness Insurance Company  
Nationwide General Insurance Company  
Nationwide Lloyds  
Nationwide Mutual Fire Insurance Company  
Nationwide Mutual Insurance Company  
Nationwide Property & Casualty Insurance Company  
Netherlands Insurance Company  
North American Elite Insurance Company  
North American Specialty Insurance Company  
North River Insurance Company  
Northland Casualty Company  
Northland Insurance Company  
Northwestern Pacific Indemnity Company  
Oak Brook County Mutual Insurance Company  
Old American County Mutual Fire Insurance Company  
Pacific Indemnity Company  
Peerless Indemnity  
Peerless Insurance Company  
Pennsylvania Manufacturers' Association Insurance Company  
Pennsylvania Manufacturers' Indemnity Company  
Permanent General Assurance Corporation  
Permanent General Assurance Corporation of Ohio  
Pharmacists Mutual Insurance Company  
Phoenix Insurance Company, The  
QBE Insurance Corporation  
QBE Reinsurance Corporation  
Rampart Insurance Company  
Regent Insurance Company  
Safeco Insurance Company of America  
Safeco Insurance Company of Illinois  
Safeco Insurance Company of Indiana  
Safeco Lloyds Insurance Company  
Safeway Insurance Company  
Scottsdale Indemnity Company  
Select Insurance Company  
Selective Insurance Company of America  
Selective Insurance Company of the Southeast  
St. Paul Fire and Marine Insurance Company  
St. Paul Guardian Insurance Company  
St. Paul Medical Liability Insurance Company  
St. Paul Mercury Insurance Company  
St. Paul Protective Insurance Company  
Standard Fire Insurance Company  
TNUS Insurance Company

Texas Pacific Indemnity Company  
Tokio Marine & Nichido Fire Insurance Co LTD  
Tower National Insurance Company  
Toyota Motor Insurance Company  
Trans Pacific Insurance Company  
Transportation Insurance Company  
Travco Insurance Company  
Travelers Casualty and Surety Company  
Travelers Casualty and Surety Company of America  
Travelers Casualty Company of Connecticut  
Travelers Casualty Insurance Company of America  
Travelers Commercial Casualty Company  
Travelers Commercial Insurance Company  
Travelers Home and Marine Insurance Company, The  
Travelers Indemnity Company of Connecticut, The  
Travelers Indemnity Company, The  
Travelers Lloyds Insurance Company, The  
Travelers Lloyds of Texas Insurance Company  
Travelers Personal Security Insurance Company  
Travelers Property Casualty Company of America  
Travelers Property Casualty Insurance Company  
Union Insurance Company  
United States Fidelity and Guaranty Company  
United States Fire Insurance Company  
Unitrin Auto & Home Insurance Company  
Unitrin County Mutual Insurance Company  
Unitrin Preferred Insurance Company  
Valley Forge Insurance Company  
Vigilant Insurance Company  
Zale Indemnity Company

### Association Manager's Report

The Texas Automobile Insurance Plan Association (T.A.I.P.A.) had a tremendous year in 2007.

Not only did TAIPA welcome three new Board members in 2007, but added a few new employees to the organization as well. This created a somewhat new dynamic for TAIPA which included not only new ideas, but increased teamwork and new friends.

Although the TAIPA application counts for 2007 were at an all time low of 16,780 applications received, TAIPA staff used this drop in application volume to study all the procedures used operationally, locate more efficient ways of administering the program, insure all procedures were within the Plan of Operations rules, cross train, and plan for a potential increase in volume due to the Texas Verification Program which launched its test pilot here in Austin, Texas.

There were many great changes this year. The new TAIPA webpage was officially implemented which enabled users better maneuverability and an easier way of locating information. As well, TAIPA conducted a successful Producer Review Panel Hearing in November with special thanks to Kit Morris, Pete Hamel, Richard Lonquist, Ron Lawson and Ross Epstein. TAIPA published ten Bulletin announcements for our members which included a rate change in June of 2007, TAIPA rules changes, TAIPA application changes, the change in the Texas financial responsibility minimum limits, the new type of producer license, Chapter 601 confirmation of eligible and ineligible vehicles, etc. Each impacts areas within the operation, such as the need to change forms, applications, rules, with some requiring filings with TDI, etc. As well, TAIPA implemented a new phone system, replaced old equipment, and revamped work areas. Employees embraced change with energy and optimism.

Without the efforts of the board and staff, the successes this year would not have come to pass; I want to thank the board for their support and would like to give special thanks to the staff of T.A.I.P.A. for their contagious energy, momentum, creative ideas, win-win solutions, and hard work which not only made us a better organization but my job a lot easier and made me proud to work for a great team of people.

Cathleen Beavers, CPCU  
TAIPA Association Manager



### TAIPA Chairperson's Annual Report

Good morning and thank you all for attending the 2008 TAIPA Annual Meeting. My name is Terry Mack representing State Farm Mutual Automobile Insurance Company and the other

Non Affiliated Insurers. I have held the position of chair of the TAIPA Governing Committee for the past 22 months.

Much has happened at TAIPA since our last Annual Meeting in February 2007. Application volume has continued to decline keeping with trends started in 1994. The yearly volume of applications in 2007 was the lowest since 1958. This would again seem to indicate a healthy voluntary market. TAIPA may see an upward application trend in 2008 due to the new Insurance Verification Program. At this time it appears TAIPA is well positioned to handle an application volume increase.

The Governing Committee said farewell to long time Producer member, Patrick Bonds, in 2007. I would like for the meeting minutes to reflect our appreciation to Patrick for his many dedicated years of service to the Governing Committee.

The reconstituted TAIPA Producer Review Panel met for the first time in November 2007. Their good work was recognized and applauded at the November 29, 2007 meeting. We look for this group to be active in 2008 as they assist TAIPA and the Producer community in the performance evaluation of needed standards.

At this time the TAIPA Organization and Governing Committee are reviewing the way TAIPA internally does business. This review is a needed exercise and should be approached with openness and genuine interest. It is important that this review be thorough, efficient, cost conscious, and certain in the end to provide adequate backup if needed. Final decisions will affect not only TAIPA but the member companies as well both procedurally and financially.

TAIPA is positioned to have a good year in 2008. It is my hope that the lines of communication between TAIPA Management and the Governing Committee Chair and Officers becomes even more open and frequent. I thank TAIPA staff for all their efforts this past year. A special thanks to long time TAIPA employees Margaret Alsobrook, Susan Epperson, Juanita Whisenand, Wanda Crayton, Michael Alder and Carmen Mincy who I have known and worked with for a number of years. In addition the efforts of Dick Geiger, Mike Jones, Ted Smith, Mike Miller, and those involved with the Operations Subcommittee have benefitted TAIPA.

The Governing Committee has endured substantial member changes in the past two years. In spite of these changes the group continues to function well while representing various interests. The TAIPA Governing Committee Officers, Corise Morrison, Bill Jeter, and Carol Berthold have given me invaluable advice and assistance. I have also really appreciated the Governing Committee's support during my term as Chair and ask you to extend the same support to the new Chair.

I have been involved with TAIPA in some fashion since its inception and have served on the Governing Committee two different times for a total of seven years. As you know I am retiring at the end of May so the May meeting will be my last. While I am ready for retirement I will certainly miss the fine folks in Texas I have met and worked with all these years. Please accept again my heartfelt appreciation to each of you for all your efforts regarding TAIPA and for the friendships that have been established between us. All the best to each of you and the TAIPA organization.

Terry Mack, State Farm Insurance  
TAIPA Governing Committee Chair  
State Farm Insurance