

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION (TAIPA)

NINETEENTH REPORT

FOR THE PERIOD

JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

AND

MINUTES OF ANNUAL MEETING

AUSTIN, TX

MARCH 22, 2013

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION  
NINETEENTH REPORT  
FOR THE PERIOD FROM  
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012  
ANNUAL MEMBERSHIP MEETING  
Austin, Texas  
March 22, 2013

The NINETEENTH Annual Meeting of the Members of the Texas Automobile Insurance Plan Association was held at the Omni Austin Hotel Southpark, beginning at 8:31 AM, Friday, March 22, 2013.

The meeting was called to order by Governing Committee First Vice Chair, Thomas Rolling. Mr. Rolling asked the Association Manager, James Langford, if a quorum was present. Once confirmed, the First Vice Chair requested that the Anti-Trust Statement be read. The Association Manager, James Langford 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)-The Travelers,
- 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, First Vice 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 Group of Companies,
- Safeco/Liberty Mutual Insurance Company,
- State Farm Mutual Insurance Company and
- United Services Automobile Association (USAA).

First Vice Chair Rolling discussed the fact that since there were only four companies that had requested to serve in the four at-large positions, that the organization members could determine whether they wanted to vote using the ballots if there were any write-in candidates that someone wanted to consider or they could opt to accept the four candidates who had indicated interest in serving. Mr. Geiger indicated that someone would need to make a motion to accept the list of candidates that were named. 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.

The following companies will serve on the 2013-2014 Governing Committee:

American Insurance Association:

The Travelers  
Kevin Curry, Marlton, New Jersey

Association of Fire and Casualty Companies in Texas:

Texas Farm Bureau Casualty Insurance Company  
Bill Brooks, 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 First Vice Chair asked the Association Manager to give the Chair's Report since the Chair was unable to attend the meeting. The report was read.

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

The First Vice 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 8:41 AM.

Annual Meeting Attendees:

Committee Members:

Mary Carol Awalt, Public Member  
Carol Berthold, Government Employees Insurance Company (GEICO)  
Bill Brooks, Texas Farm Bureau Casualty Insurance Company  
George Cooper, State Farm Insurance Company  
Terry Fain, Alternate Public Member  
Pete Hamel, Producer Member  
Carmelita Hogan, Public Member  
Becky Jackson, Public Member  
Richard R. Lonquist, Public Member  
Pamela McQuaid, Safeco/Liberty Mutual  
Kit Morris, Producer Member  
Thomas Rolling, Farmers Insurance Group of Companies  
Kevin Curry, The Travelers

Counsel:

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

TAIPA Staff:

James Langford, Stacy Midkiff, and Nicole Morgan

Other Attendees:

Melanie Hartwell, USAA  
David Nardecchia, OPIC  
Doug Beck, 21<sup>st</sup> Century Centennial  
Leslie Hurley, TDI  
John Lusardi, Universal Casualty Insurance Company

The following member companies were represented by proxy:

ACE AMERICAN INSURANCE COMPANY  
ACE FIRE UNDERWRITERS INSURANCE COMPANY  
ACE PROPERTY AND CASUALTY INSURANCE COMPANY  
AEGIS SECURITY INSURANCE COMPANY  
AGRI GENERAL INSURANCE COMPANY  
ALL AMERICA INSURANCE COMPANY  
ALLIANZ GLOBAL RISKS US INSURANCE COMPANY  
ALLIED PROPERTY AND CASUALTY INSURANCE COMPANY  
ALLSTATE COUNTY MUTUAL INSURANCE COMPANY  
ALLSTATE FIRE AND CASUALTY INSURANCE COMPANY  
ALLSTATE INDEMNITY COMPANY  
ALLSTATE INSURANCE COMPANY  
ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY  
ALLSTATE TEXAS LLOYD'S  
ALLSTATE VEHICLE AND PROPERTY INSURANCE COMPANY  
ALTERRA REINSURANCE USA INC.  
AMCO INSURANCE COMPANY  
AMERICAN ALTERNATIVE INSURANCE CORPORATION  
AMERICAN GUARANTEE AND LIABILITY INSURANCE COMPANY  
AMERICAN NATIONAL COUNTY MUTUAL INSURANCE COMPANY  
AMERICAN NATIONAL GENERAL INSURANCE COMPANY  
AMERICAN NATIONAL PROPERTY AND CASUALTY COMPANY  
AMERICAN SENTINEL INSURANCE COMPANY  
AMERICAN ZURICH INSURANCE COMPANY  
AMERIPRISE INSURANCE COMPANY  
ANCHOR GENERAL INSURANCE COMPANY  
ASSURANCE COMPANY OF AMERICA  
AVEMCO INSURANCE COMPANY  
BANCINSURE, INC.  
BANKERS STANDARD FIRE AND MARINE COMPANY  
BANKERS STANDARD INSURANCE COMPANY  
CENTRAL MUTUAL INSURANCE COMPANY  
CENTURY INDEMNITY COMPANY  
CHUBB INDEMNITY INSURANCE COMPANY  
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  
CONTINENTAL WESTERN INSURANCE COMPANY  
DEPOSITORS INSURANCE COMPANY  
EMCASCO INSURANCE COMPANY  
EMPIRE FIRE AND MARINE INSURANCE COMPANY  
EMPLOYERS MUTUAL CASUALTY 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  
EXECUTIVE RISK INDEMNITY INC.  
FARMLAND MUTUAL INSURANCE COMPANY  
FEDERAL INSURANCE COMPANY  
FEDERATED MUTUAL INSURANCE COMPANY  
FEDERATED RURAL ELECTRIC INSURANCE EXCHANGE  
FEDERATED SERVICE INSURANCE COMPANY  
FIDELITY AND DEPOSIT COMPANY OF MARYLAND  
FIRST NONPROFIT INSURANCE COMPANY  
GERMANIA FIRE & CASUALTY COMPANY  
GERMANIA INSURANCE COMPANY  
GERMANIA SELECT INSURANCE COMPANY  
GREAT NORTHERN INSURANCE COMPANY  
HDI-GERLING AMERICA INSURANCE COMPANY  
HOLYOKE MUTUAL INSURANCE COMPANY IN SALEM  
HORACE MANN INSURANCE COMPANY  
HORACE MANN LLOYDS  
HORACE MANN PROPERTY & CASUALTY INSURANCE COMPANY  
IDS PROPERTY CASUALTY INSURANCE COMPANY  
INDEMNITY INSURANCE COMPANY OF NORTH AMERICA  
INDEMNITY NATIONAL INSURANCE COMPANY  
INSURANCE COMPANY OF NORTH AMERICA  
KEMPER INDEPENDENCE INSURANCE COMPANY  
LUMBERMEN'S UNDERWRITING ALLIANCE  
MANUFACTURERS ALLIANCE INSURANCE COMPANY  
MARKEL INSURANCE COMPANY

MARYLAND CASUALTY COMPANY  
MILLERS FIRST INSURANCE COMPANY  
NATIONAL AMERICAN INSURANCE 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 AND CASUALTY INSURANCE COMPANY  
NGM INSURANCE COMPANY  
NORTH AMERICAN ELITE INSURANCE COMPANY  
NORTH AMERICAN SPECIALTY INSURANCE COMPANY  
NORTHBROOK INDEMNITY COMPANY  
NORTHERN INSURANCE COMPANY OF NEW YORK  
PACIFIC EMPLOYERS INSURANCE COMPANY  
PACIFIC INDEMNITY COMPANY  
PENN MILLERS INSURANCE COMPANY  
PENNSYLVANIA MANUFACTURERS' ASSOCIATION INSURANCE  
COMPANY  
PENNSYLVANIA MANUFACTURERS INDEMNITY COMPANY  
PHARMACISTS MUTUAL INSURANCE COMPANY  
RAMPART INSURANCE COMPANY  
RESPONSE INSURANCE COMPANY  
RESPONSE WORLDWIDE DIRECT AUTO INSURANCE COMPANY  
TEACHERS INSURANCE COMPANY  
TEXAS HERITAGE INSURANCE COMPANY  
TITAN INDEMNITY COMPANY  
TRINITY UNIVERSAL INSURANCE COMPANY  
UAIC INSURANCE COMPANY  
UNION INSURANCE COMPANY OF PROVIDENCE  
UNITED STATES LIABILITY INSURANCE COMPANY  
UNITRIN AUTO AND HOME INSURANCE COMPANY  
UNITRIN PREFERRED INSURANCE COMPANY  
UNITRIN SAFEGUARD INSURANCE COMPANY  
UNIVERSAL UNDERWRITERS INSURANCE COMPANY  
UNIVERSAL UNDERWRITERS OF TEXAS INSURANCE COMPANY  
VALLEY INSURANCE COMPANY  
VICTORIA FIRE & CASUALTY COMPANY  
VIGILANT INSURANCE COMPANY  
WARNER INSURANCE COMPANY  
WESTCHESTER FIRE 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 22, 2013

TAIPA received 6,325 applications (5,697 private passenger applications and 628 commercial auto applications) in 2012. This was 1,589 less applications than received in 2011 (7,914), a 20.08% decrease.

TAIPA reduced its staff in 2012 by two (2) employees who elected to accept a voluntary exit program. At the end of 2012, TAIPA had (5) full time employees and one (1) part time employee.

James Langford's status was changed from Consultant to TAIPA employee and title was changed from Interim Manager to Association Manager.

TAIPA moved its office to a new location: CityView Building 3, 1120 S. Capital of Texas Hwy., Ste. 105, Austin, TX 78746-6464. The space at the new office location is one-half the space at the previous office location. The monthly lease cost at the new office location is one-half the lease cost at the previous location.

Effective July 1, 2012, rates for private passenger automobile insurance were changed as follows:

Bodily Injury Liability.....	+31.9%
Property Damage Liability .....	+20.0%
Personal Injury Protection .....	0.0%
Uninsured/Underinsured Motorist.....	0.0%

The TAIPA Budget of \$1,569,300, was a 17.16% reduction.

The TAIPA assessment to the insurance companies for 2013 is \$1,150,000 which is \$286,500 less than the 2012 assessment of \$1,436,500, a 19.94% reduction.

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

Thanks also to the TAIPA staff for their support, energy, hard work, and creative approach in accomplishing the functions of TAIPA. Because of the efforts of the TAIPA staff, TAIPA has continued to function at a very high level and provide excellent service to TAIPA applicants, producers, vendors, regulators, the member of the TAIPA Governing Committee, and the TAIPA officers.

In 2012, TAIPA published the following bulletins:

Bulletin 193, published February 1, 2012, was the notice of the eighteenth Annual Membership Meeting to be held March 23, 2012.

Bulletin 194, published April 11, 2012, was notice of a new Producer Performance standard.

Bulletin 195, published May 3, 2012, was notice of private passenger and commercial automobile rates effective July 1, 2012.

Bulletin 196, published October 15, 2012, was notice to solicit nominations for the non-affiliated member of the TAIPA Governing Committee.

Bulletin 197, published November 16, 2012, was notice that two (2) companies Allstate Insurance Company and Farmers Insurance Exchange, had affirmed interest in serving as the non-affiliated member of the TAIPA Governing Committee and requested non-affiliated companies to vote for their selection.

Bulletin 198, published December 28, 2012, was notice the 2013 Annual Meeting of Insurance Company members would be held March 22, 2013 and four (4) at-large insurance company members of the TAIPA Governing Committee would be elected at the meeting.

## **Texas Automobile Insurance Plan Association Chair's Annual Report**

Welcome to the 2013 Texas Automobile Insurance Plan Association's (TAIPA) Annual Meeting. I'm James Langford and I am filling in for Fred Strauss who is the representative for the Non-Affiliate Company (Allstate Insurance Company) on the TAIPA Governing Committee and serve as the Chair of the TAIPA Governing Committee.

Since our 2012 Annual meeting, the volume of applications received by TAIPA has continued to decline. In 2012, TAIPA received 6,325 applications compared to 7,914 applications received in 2011, a 20% reduction.

During 2012, the TAIPA Governing Committee, working through several sub-committees, achieved the following:

1. Continued to operate through the assistance of the Manager, James Langford.
2. Utilized the Strategic Planning Subcommittee recommendations regarding the appropriate staffing level for TAIPA. A Voluntary Exit Program was offered to the TAIPA Customer Service Department and two (2) employees elected to accept the program. The TAIPA staff now consists of five (5) full time staff and one (1) part time staff member.
3. TAIPA Staff worked with the vendor of the new Application System. Unfortunately, the vendor was unable to deliver the system. TAIPA's Legal counsel was instructed to pursue recovery of the funds paid to the vendor for the new system.

I want to thank the following associates for the valuable services they provided TAIPA in 2012:

Dick Geiger  
Mike Jones  
Ted Smith  
Mike Miller  
Leslie Hurley

As Chair, I appreciate the efforts of each member of the 2012 TAIPA Governing Committee and special thanks to my fellow TAIPA officers, Thomas Rolling, Bill Brooks, and Dick Lonquist.

Also, I want to thank the TAIPA staff for their excellent work in 2012 and the superb service they provided.

Thank you for attending today's meeting

Fred Strauss, Chair  
TAIPA Governing Committee