

Topic: TAIPA Governing Committee Meeting - Friday, November 21st, 2025

Time: Nov 21, 2025 09:00 AM Central Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/81909682297?pwd=2EmRcNoxDcs9XApo9EMa3ZYAwW2Ubq.1>

Meeting ID: 819 0968 2297

One tap mobile

+13462487799,,81909682297#,,,,*918011# US (Houston)

+16699006833,,81909682297#,,,,*918011# US (San Jose)

Dial by your location

- +1 346 248 7799 US (Houston)
- +1 669 900 6833 US (San Jose)
- +1 719 359 4580 US
- +1 253 205 0468 US
- +1 253 215 8782 US (Tacoma)
- +1 669 444 9171 US
- +1 646 931 3860 US
- +1 689 278 1000 US
- +1 929 436 2866 US (New York)
- +1 301 715 8592 US (Washington DC)
- +1 305 224 1968 US
- +1 309 205 3325 US
- +1 312 626 6799 US (Chicago)
- +1 360 209 5623 US
- +1 386 347 5053 US
- +1 507 473 4847 US
- +1 564 217 2000 US

Meeting ID: 819 0968 2297

Find your local number: <https://us02web.zoom.us/u/kIVtVW2KL>

Texas Automobile Insurance Plan Association Governing Committee
Meeting Agenda
Friday, November 21, 2025 -9:00 A.M.
Insurance Council of Texas(ICT) at 5508 W US Hwy 290 Service Rd #100, Austin, TX
78735
Door Code 7368

Interested parties can attend the meeting in person or join via Zoom. TAIIPA allows public comments on agenda items.

- 1. Call to Order**
- 2. Introductions**
- 3. Reading of the Anti-Trust Statement**
- 4. Conflict of Interest Policy/Disclosures**
- 5. Review and Approval of the Minutes of the August 1, 2025 and October 3, 2025 Governing Committee Meetings (Exhibits 1 & 2) ***
- 6. Chair's Report**
 - A. Carmelita Hogan's Thank You Note to the Governing Committee
 - B. Subcommittee Membership
- 7. Manager's Report**
 - A. Application Count Update as of October 2025 (Exhibit 3)
 - B. Financial Update as of September 2025 (Exhibit 4)
 - C. Update on electronic applications and payments*
 - D. Line of Credit Renewal (valid until August 15, 2026)
 - E. Plan of Operation Document Update
 - F. Association of Fire & Casualty Companies in Texas (AFACT)
 - G. 2025 Review of 3rd Party Relationships & RFP Decisions (Exhibit 5)
 - I. Actuary *
 - II. Systems *
 - III. Auditors RFP *
 - IV. Legal RFP *
 - H. 2026 Budget (Exhibit 6) *
 - I. 2026 Meeting Dates and Locations (Exhibit 7)

8. Strategic Planning Subcommittee Report

- A. Update from November 4, 2025 Meeting (Exhibit 8)
- B. Association Manager Recruitment Proposal (Exhibit 9)*
- C. Enterprise Risk Management Plan (Exhibit 10) *

9. Operations Subcommittee Report

- A. Over/Under Report (Exhibit 11)
- B. Update from August 1, 2025 Meeting

10. Report of Counsel

- A. TAIPA Rates
- B. Legislative Update
- C. Policy Addendum for SB458 (Exhibit 12)*

11. Next Meeting: April 10, 2026, at ICT Location (5508 W US Hwy 290 Service Rd, Austin, TX 78735)

12. Personnel Matters

13. Adjournment

The Governing Committee may act on any business identified in this notice. Portions of the meeting may be conducted as a closed session, if permitted under Chapter 551, Government Code. Items marked with an asterisk () indicate issues on which the Manager believes the Governing Committee will act.**

Exhibit 1

Texas Automobile Insurance Plan Association Governing Committee Meeting Notes
Friday, August 1, 2025 – 10:30 A.M. Central Time
Insurance Council of Texas
5508 Hwy W 290 #100, Austin, TX 78735

1. Call to Order
2. Introductions
3. Reading of the Anti-Trust Statement
4. Conflict of Interest Disclosures
5. Audit/Finance Committee Report
 - A. Report on 2024 Audit (Exhibit 1) *
6. Review and Approval of the Minutes of the April 11, 2025 Meeting (Exhibit 2) *
7. Chair's Report
 - A. Subcommittee Membership
8. Manager's Report
 - A. Application Count Update as of June 2025 (Exhibit 3)
 - B. Financial Update as of June 2025 (Exhibit 4) *
 - C. Line of Credit Renewal*
 - D. 2026 Meeting Dates (Exhibit 5) *
 - E. Electronic applications and using electronic payments.
 - F. Reminder Governing Committee Members must take the Open Meetings Act training every 2 years.
 - G. Reminder that all Governing Committee members must sign the Conflict of Interest Policy annually (Exhibit 6)
9. Operations Subcommittee Report
 - A. Over/Under Report (Exhibit 7)
 - B. Update
 - I. Plan Operation changes (Exhibit 8)*
 - II. RFPs for Audit (Exhibit 9)*
 - III. RFPs for Legal (Exhibit 10)*
10. Report of Counsel
 - A. Legislative Update
 - B. Rates
11. Next Meeting—November 21, 2025
12. Personnel Matters*
13. Adjournment*

1. Call to Order

Chair Snyder called the meeting to order at 10:32am.

2. Introductions:

Stacy Dutton called roll.

Attendees

Governing Committee:

Adam Hall
Adam Payton
Becky Jackson
Betsy Blair
Brian Ferguson
David Nardecchia
David Weber
Doug Queenin
Laura Bunts
John Lusardi
Mary Carol Awalt
Matthew Snyder
Michael Burke
Ramon Montalvo

Legal Counsel:

Michael Jones

TDI:

Nicole Beall
Jessica Barta
Doug Dansiezer
Dan Paschal
Katelyn Boehm
Reese Larmer

TAIPA Staff:

Stacy Dutton
Mimi Leece
Ruth Wise
Amanda Reynolds

Others:

Tyler Mosely
Carol Berthold
Melissa Heggen
Kim Donovan

3. Reading of the Anti-Trust Statement

Stacy Dutton read the Anti-Trust Statement.

TAIPA Anti-Trust Statement

The creation and operation of the Texas Automobile Insurance Plan Association is set forth in Chapter 2151 of the Texas Insurance Code. The Association is a non-profit corporate body composed of all authorized insurers. The organization was created to provide a means by which insurance may be assigned to an authorized insurer for a person required by the Texas Motor Vehicle Safety-Responsibility Act to show proof of financial responsibility for the future. Members of the Association and of its Governing Committee, when involved in meetings or other activities of the Association, are bound to limit their discussions and actions to matters relating to the business of the Association, and shall not discuss or pursue the business interest of individual insurers or others.

4. Conflict of Interest Policy/Disclosures

Mike Jones went over the conflict of interest disclosures.

5. Audit/Finance Committee Report

Chair Snyder introduced Tyler Mosley, a partner with Atchley & Associates, who conducted TAIPA's 2024 financial audit. Chair Snyder turned the meeting over to Mr. Mosley to go over the results of the audit.

A. Report on 2024 Audit (Exhibit 1) *

- The 2024 TAIPA audit concluded with a clean (unmodified) opinion, indicating that the financial statements are fairly presented in accordance with GAAP.
- No issues, disagreements, or uncorrected misstatements occurred during the audit process, and TAIPA staff was recognized for its high level of cooperation.
- Key highlights included the adoption of a new accounting standard for expected credit losses (with minimal impact), two audit adjustments related to depreciation and lease liability, and a positive financial outcome with revenue up \$122K and expenses down \$8K.
- A \$33,645 pension-related loss was recorded, but the pension plan remains positively funded at \$125K.
- A budget surplus was achieved as revenues exceeded projections and expenses remained below budget.

Tyler Mosley stated that the independent auditors' report on the audited financial statements resulted in an "unmodified opinion"—the highest level of assurance auditors can provide. This represents the best possible rating and reflects positively on TAIPA's financial management and reporting practices.

The auditors' conclusion stated:

"In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TAIPA as of December 31, 2024, and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America."

Discussion:

David Weber initiated a discussion on potentially closing the frozen defined benefit plan soon, suggesting further exploration before key retirements.

Motion

Chair Matthew Snyder requested a motion to accept the 2024 audit. Ramon Montlalto made a motion, the motion was seconded by John Lusardi. The motion carried unanimously with no abstentions.

6. Review and Approval of the Minutes of the April 11, 2025 Meeting

Chair Snyder asked Betsy Blair to go over the April 11, 2025, Governing Committee meeting notes. No changes or edits were made.

Motion

Chair Matthew Snyder requested a motion to approve the April 11, 2025, Governing Committee meeting notes. David Nardecchia made a motion to accept the meeting notes; the motion was seconded by Adam Payton. The motion carried unanimously with no abstentions.

7. Chairs Report

Chair Snyder presented the Chair's report.

A. The Chair announced positions openings for:

- a public representative on the Blue Ribbon Nominating Committee
- chair of the Blue Ribbon Nominating Committee (seeking a volunteer among the committee membership to serve in this role)
- a company member on the Strategic Planning Subcommittee

8. Manager's Report

Chair Matthew Snyder turned the meeting over to Stacy Dutton to present the Manager's report.

A. Application count update as of June 2025 (Exhibit 3)

In June, 2025, TAIPA received 123 applications, which is a decrease of 54 applications in June, 2024, when TAIPA received 177 applications.

B. Financial Update (Exhibit 4)

- As of June 30, 2025, TAIPA has utilized 41.03% of its operational budget, staying under the 50% mid-year target. The \$2,500 capital budget remains unspent.

Two expense budgets are currently over budget:

- Legal Expenses: At 55.47%, due to additional Governing Committee and TDI meetings related to the Plan of Operation and advisory matters. There is a risk of exceeding budget by year-end.
- Audit Expenses: Currently at 57.75% because the 2024 Audit has been completed. This amount is expected to remain within the annual budget.

C. Line of Credit Renewal

- TAIPA maintains a \$300,000 line of credit with Frost Bank as a contingency, though it has never been used.
- The renewal is due in September 2025, with anticipated fees of \$300–\$350. (Additional costs are only incurred if the line is drawn).

- Renewal requires formal approval from the Governing Committee, which must be secured via an agenda item and committee vote.

Motion

Chair Matthew Snyder requested a motion to renew the line of credit and authorize Stacy Dutton and Mimi Leece as the approved signers. David Weber made a motion; the motion was seconded by John Lusardi. The motion passed unanimously with no abstentions.

D. 2026 Meeting Dates (Exhibit 5) *

The proposed 2026 Meeting dates are in Exhibit 5.

Meeting #1:	April 10, 2026
Meeting #2:	August 7, 2026
Meeting #3:	November 20, 2026

Motion

Betsy Blair made a motion to accept the proposed 2026 meeting dates; the motion was seconded by Brian Ferguson. The motion passed unanimously.

E. Electronic applications and payments update

- In August 2024, TAIPA staff discussed producer requests for electronic applications and payments.
- Staff consulted with AIPSO to explore feasibility within current systems.
- The Governing Committee approved the project at the end of 2024.
- AIPSO added the project to their queue but indicated work will not begin until Q4 2026.
- Preliminary planning is underway, with Mimi Leece and TAIPA staff coordinating with AIPSO on early-stage development.

F. Reminder that Governing Committee Members must take the Open Meetings Act training every 2 years.

G. Reminder that all Governing Committee members must sign the Conflict of Interest Policy annually (Exhibit 6)

9. Operations Subcommittee Report

Chair Snyder turned the meeting over to Brian Ferguson to go over the Operation Subcommittee report.

A. Over/Under Report (Exhibit 7)

- Errors caused by the TICO data issue are marked in yellow in Exhibit 7.
- TAIPA continues to work with AIPSO to address report discrepancies.
- Corrective Actions for 2024 Annual Report (due Sept 2025):
 - Corrections to 2nd and 3rd Quarter 2024 Quota Data and the TICO error will be included.

- A \$26,483 miscellaneous adjustment will resolve TICO errors from Q4 2024 and Q1 2025 will be distributed across all companies.
- Additional Discrepancies Under Review:
 - Private Passenger (PP) out of balance by 86 in Q4 2024.
 - PP out of balance by 242 in Q1 2025.
 - AIPSO's programming team is actively reviewing these issues.
- TAIPA will continue providing updates as corrections progress.

B. Operations Subcommittee Update

- A. Meetings Held: The Operations Subcommittee met on June 19, 2025, and August 1, 2025.
- B. June 19 and August 1 Meetings Highlights:
 - Reviewed the Plan of Operation.
 - Initiated review of RFPs for Legal and Auditor services.

10. Report of Counsel

- A. Stacy Dutton and Mike Jones presented Plan of Operation Revisions (Exhibit 9):
 - Stacy Dutton presented Plan of Operation changes as discussed by the Texas Department of Insurance, legal counsel, and TAIPA staff.
 - TDI Suggested Edits:
 - Removal of the term “immunity” from sections relating to Producer Panel and Producer Review Panel membership, as statutory immunity applies only to governing committee members.
 - The committee agreed this change is appropriate.
 - Proposed Language Changes (Mike Jones):
 - Section 36: Clarifies that a representative of an insurer member serving on the governing committee is considered a governing committee member; must be a full-time employee (per statute). Mike Jones suggested that the Governing Committee may want to review this matter again during any statute amendments to adjust to evolving corporate structures.
 - Section 53 (Immunity & Indemnification):
 - Added “advance reasonable expenses” to ensure timely coverage of costs for volunteers.
 - Clarified references to “member” vs. “person” to distinguish carriers from their representatives.
 - Provided flexibility for members to use their own counsel, with plan paying if approved; otherwise, they may cover their own costs.
 - Addressed settlement authority, with discussion on whether members who veto a settlement should bear their own legal expenses.
 - Terminology Clarification:

- Change “the member” to “any member” in indemnification clauses to ensure it applies to any insurer member named in a claim, not just governing committee members.
- Directors & Officers Policy:
 - Follow-up pending from insurance broker; to be discussed at the next meeting.

Motion

David Weber made a motion that the Governing Committee accept the recommendations of the Operation Subcommittee, allow staff and council to make any necessary changes to prepare the plan of operation amendments for filing with TDI. The motion was seconded by Ramon Montalvo. The motion carried with no abstentions.

B. Rate Filing Overview

- Filing submitted April 21, 2025, after Government Committee approval.
- Proposed: +4.1% overall private passenger rate increase, +1.7% commercial auto increase.
- Original requested rate effective date: October 1, 2025. New rate effective date November 1st, 2025

Key Filing Adjustments

- Uninsured Motorist Coverage Adjustments
- Originally proposed +5% for both UMBI and UMPD (private passenger).
- TDI identified rounding issues by territory causing >5% increases, triggering potential rate hearing.
- Actuary Matt Stevenson reduced to +4.8% (UMBI) and +4.9% (UMPD).
- No change to overall private passenger rate indication (remained +4.1%).
- Private Passenger PIP Adjustment
- Initially 0% change despite a –15.4% indication, to avoid overly competitive rates.
- After TDI discussions, reduced to –5.0%.
- Overall private passenger rate dropped slightly from +4.1% to +3.9%.

Commercial Auto PIP Adjustment

- Reduced from +5.0% to +4.2% due to similar rounding issues.
- No impact on overall commercial auto rate (remained +1.7%).

Process & Timing

- TDI extended comment period; TAIPA agreed to move order date from June 20 to July 20, 2025.
- The effective date moved to November 1, 2025, to allow 90 days for implementation.
- Final TDI order issued July 22, 2025 (dated July 20).

Final Approved Changes

- Private Passenger: +3.9% overall.
- Commercial Auto: +1.7% overall.
- Bulletin and links to rate pages sent to companies for implementation.

Discussion Points

- Several minor revisions due to rounding issues and TDI requests
- Some adjustments based on actuarial judgment rather than mistakes (e.g., initial PIP selection).
- This was the first year TAIPA prepared territory rate pages themselves instead of TDI.
- Members discussed whether the actuarial vendor's rework should be included in contracted work; consensus leaned toward these changes being within the bounds of professional judgment, not errors.
- Noted increased scrutiny from TDI and across the industry on rate filings.

11. Next Governing Committee Meeting—November 21, 2025

The Governing Committee plans to meet in October to consider candidates for auditor and legal representation.

12. Personnel Matters

There were no personnel matters.

13. Adjournment

Chair Snyder requested a motion to adjourn. David Weber made a motion to adjourn, David Nardecchia seconded the motion. The motion passed unanimously with no abstention.

Chair Snyder announced the meeting adjourned at 12:12pm.

Betsy Blair
Secretary Signature

September 14, 2025
Date

Exhibit 2

Texas Automobile Insurance Plan Association Governing Committee Meeting Agenda
October 3, 2025 - 1:00 P.M. Central Time
Insurance Council of Texas
5508 Hwy W 290 #100, Austin, TX 78735
Door Code 7368
Dress: Business Casual

1. Call to Order
2. Introductions
3. Reading of the Anti-Trust Statement
4. Conflict of Interest Disclosures
5. RFP Presentations for Auditor*
6. RFP Presentations for Legal*
7. Pre-Budget Preparation Questions*
8. Next Meeting November 21, 2025
9. Personnel Matters
10. Adjournment*

The Governing Committee may take action on any matter of business identified in this notice. Portions of the meeting will be conducted as a closed meeting, if permitted under Chapter 551, Government Code.

*Indicates item on which the Manager believes the Governing Committee will take action.

Interested parties can attend the meeting in person or by joining the zoom meeting. TAIPA allows public comment about TAIPA related matters listed on the agenda. If you plan on attending in person, please let TAIPA staff know by emailing arevnolds@taipa.org

1. Call to Order

Chair Snyder called the meeting to order at 1:02 PM.

2. Introductions

Stacy Dutton called roll.

Attendees:

TAIPA Governing Committee Members

Matthew Snyder
David Weber
John Lusardi
Betsy Blair
Becky Jackson
Brian Ferguson
Doug Queenin
Michael Burke
Adam Hall
David Nardecchia
Mary Carol Awalt
Ramon Montalvo
Adam Payton

Others

Nicole Beall (TDI)
Dan Paschal (TDI)
Reese Larmer (TDI)
Ron Wiest
Robert Simons (TDI)
Kim Donovan (OPIC)

TAIPA Staff

Stacy Dutton
Mimi Leece
Amanda Reynolds
Ruth Wise

TAIPA Legal Counsel

Mike Jones

3. Reading of TAIPA's Anti-Trust

Statement Stacy Dutton read the Anti-Trust Statement.

TAIPA Anti-Trust Statement

The creation and operation of the Texas Automobile Insurance Plan Association is set forth in Chapter 2151 of the Texas Insurance Code. The Association is a non-profit corporate body composed of all authorized insurers. The organization was created to provide a means by which insurance may be assigned to an authorized insurer for a person required by the Texas Motor Vehicle Safety-Responsibility Act to show proof of financial responsibility for the future. Members of the Association and of its Governing Committee, when involved in meetings or other activities of the Association, are bound to limit their discussions and actions to matters relating to the business of the Association, and shall not discuss or pursue the business interest of individual insurers or others.

4. Conflict of Interest Disclosures

Mike Jones went over the conflict of interest disclosures.

5. RFP Presentations for Auditor*

Chair Snyder introduced Greg Plotts and Stacy Cullen from APRIO. He then turned the meeting over to them for their presentation. Mr. Plotts and Ms. Cullen reviewed APRIO as a firm and their staff, explained their audit and tax approach, and went over their fees. Chair Snyder opened the meeting for any questions or discussion from the rest of the Governing Committee members.

Chair Snyder turned the meeting over to Tyler Mosley from Atchley & Associates for his presentation. Tyler explained Atchley & Associates firm experience, the services they provide, personnel assigned to TAIPA. He also went over the specific audit approach that is required for TAIPA's annual audit along with a timetable for completion as well as his firm's fee estimates. Chair Snyder opened the meeting for anyone who had questions for Mr. Mosley or for any additional discussion.

6. RFP Presentations for Legal*

Chair Snyder introduced Michael Nored, an attorney from Mitchell Williams, and turned the meeting over to him for his presentation. Mr. Nored reviewed Mitchell Williams as a firm, his extensive experience working in private practice as well as his experience serving in several senior positions with the Texas Department of Insurance. He then reviewed his fee structure, and the meeting was then opened to the rest of the participants for questions or discussion. Mr. Nored was thanked for his time and was released.

Chair Snyder introduced John Sepheri, an attorney with Foley & Lardner, and turned the meeting over to him for his presentation. Mr. Sepheri reviewed Foley & Lardner as a firm, Foley's approach and who would be his support team. He then went over his fee structure and then the meeting was opened to the rest of the participants for questions or discussions. Mr. Sepheri was thanked and was released.

Chair Snyder reiterated that no decision would be made on the attorney and auditor RFPs until the November 2025 meeting, however, the meeting was opened to everyone for discussion about the presentations that had been made.

7. Pre-Budget Preparation Questions*

The meeting was turned over to Stacy Dutton and Mimi Leece to discuss budget preparation questions. Mrs. Dutton noted that a copy of the 2025 budget considerations had been provided in the meeting materials. She had specific questions regarding the TAIPA pension plan and whether TAIPA should budget for dinners before each Governing Committee meeting. There was general discussion about the pension plan and it was decided that Mrs. Dutton will do further exploration into the cost of an elimination analysis and bring that information to the November 2025 meeting. In response to Mrs. Dutton's question about the Governing Committee dinners, it was decided that TAIPA would not budget for the dinners in 2026. After this discussion, Mrs. Dutton reiterated that the 2025 budget consideration document would be the one that she will base TAIPA's upcoming budget on.

8. Next Meeting-November 21, 2025

The next TAIPA Governing Committee meeting will be held on November 21, 2025.

9. Personnel Matters

There were no personnel matters to discuss.

10. Adjournment*

Chair Snyder asked for a motion to adjourn the meeting. Ramon Montalvo made the motion and John Lusardi seconded the motion. The meeting was adjourned at 3:31 **PM**.

X Betsy Blair

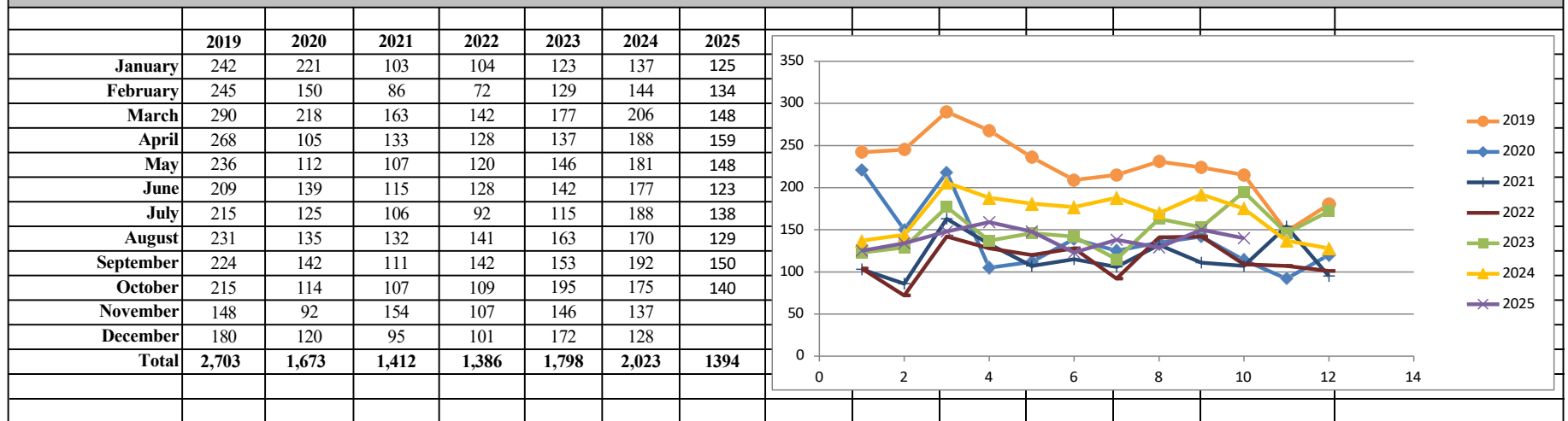
Betsy Blair
Secretary

Nov. 12, 2025

Exhibit 3

Monthly Total (October 2025)		
	Private Passenger	Commercial
EASi Applications	118	27
Paper Applications	0	0
Total Applications Received	114	26
Applications Assigned	114	25
Apps Returned for Correction	0	1
Applications Deficient	7	2
Applications with SR-22s	3	0
Total Applications Received in October 2024:		175
Total Applications Received in October 2025:		140
Year to Date Total (as of October 2025)		
	Private Passenger	Commercial
EASi Applications	1,356	265
Paper Applications	0	0
Total Applications Received	1,154	240
Applications Assigned	1,129	233
Apps Returned for Correction	24	6
Applications Deficient	49	20
Applications with SR-22s	45	1
Total Applications Received YTD (as of October 2024):		1,758
Total Applications Received YTD (as of October 2025):		1,394
YTD Percent Change from October 2024 to October 2025:		-20.71%
Application Assignment History*		
2001: 53,477	2009: 10,299	2017: 3,508
2002: 66,153	2010: 8,725	2018: 3,338
2003: 74,506	2011: 7,364	2019: 2,606
2004: 47,434	2012: 5,898	2020: 1,673
2005: 31,517	2013: 4,708	2021: 1,381
2006: 23,634	2014: 3,628	2022: 1,352
2007: 16,780	2015: 3,217	2023: 1,758
2008: 12,896	2016: 3,089	2024: 1,960
*Application Assignment History based on applications assigned, not received.		

Trend of Applications Received from 2018 to 2025



Percent Change in Applications Received from 2018 to 2025

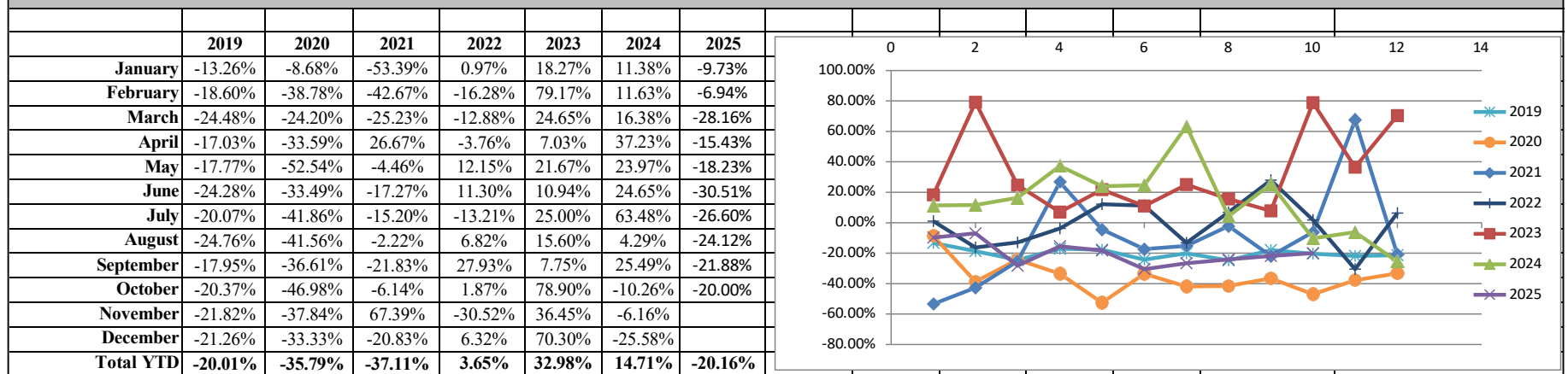


Exhibit 4

TAIPA
ACTUAL VS. BUDGET
For the period ended September 30, 2025

			2025			
	Actual	Year To Date Budget	Variance	Annual Budget	% Used	Reason for Variance
Assessments & Penalties	726,497	717,750	8,747	957,000	75.91%	
Other Revenue	13,405	0	13,405	0	0.00%	
TOTAL	739,902	717,750	22,152	957,000	77.31%	Within range.
Salaries	294,236	320,925	26,689	427,900	68.76%	We are under budget because we did not have to use the temp agency. We expect to end under budget.
Emp. Benefits & Other Ins. Exp.	142,932	167,250	24,318	223,000	64.09%	United Health Care medical, life & LTD costs came in lower than expected, and there was no significant increase in our other insurance plans. Payroll Taxes were less than anticipated and we have not had any additional 401(K) administrative costs for plan documents. We expect to end under budget.
Office Equipment Expense	10,233	14,625	4,392	19,500	52.48%	TAIPA has purchases some Office Supplies & Equip but only purchase as needed. We expect to end close to budget.
Printing & Stationary Exp.	1,187	2,325	1,138	3,100	38.29%	We have purchased some envelopes but only purchase as needed. We expect to end close to budget.
Computer Expenses	6,934	11,100	4,166	14,800	46.85%	We have some additional computer expenses. We expect to end under budget.
Postage & Shipping Exp.	12,853	17,250	4,397	23,000	55.88%	We continue to try & minimize what we send out by hard copy. We expect to end close to budget
Telephone Expense	4,709	5,175	466	6,900	68.25%	We are slightly under budget & we expect to end slightly under budget.
Rent Expense	49,472	61,575	12,103	82,100	60.26%	TAIPA received a \$7,061.96 credit from Redus Properties on the 2024 OPEX Reconciliation, therefore, we expect to end under budget.

TAIPA
ACTUAL VS. BUDGET
For the period ended September 30, 2025

			2025				80.00% 70.00%
	Actual	Year To Date Budget	Variance	Annual Budget	% Used	Reason for Variance	
Moving Expense	0	0	0	0	0.00%	Within range.	
Taxes	0	900	900	1,200	0.00%	We will pay TAIPA's business property taxes in November. We expect to end under budget.	
Other Office Expenses	6,187	14,250	8,063	19,000	32.56%	We have not had any expenses to Bank of America for E-Pay transaction fees, therefore we expect to end under budget. (we initially anticipated E-Pay being implemented in 2025)	
Governing Committee	16,013	26,550	10,537	35,400	45.23%	Although, we have had 7 meetings, instead of the 2 meeting as planned. Most producer & public members who are not in the Austin area have been attending by zoom, therefore we have not paid for very many hotel rooms/travel expenses. We have also not had many members attend the Governing Committee dinners. We will end under budget.	
Subcommittee Meetings	1,815	3,975	2,160	5,300	34.24%	TAIPA has held 1 Nominating Committee meeting and 2 Operations Subcommittee meetings, and 1 Strategic Planning meeting to date. We anticipate ending under budget.	
Producer Review Panel	0	0	0	0	0.00%		
Employee Meetings, Seminars & Staff Travel	234	21,900	21,666	29,200	0.80%	Employees have not attended courses or seminars this year. We currently expect to end under budget.	
Legal Expenses	70,344	68,925	-1,419	91,900	76.54%	Within range. (not this includes the budget for a rate hearing that we did not have, but instead spent funds with attorney meetings with TDI on Plan of Operation & possible audit)	
Audit Expense	19,929	20,700	771	27,600	72.21%	Within range. However, we expect to end under budget.	

TAIPA
ACTUAL VS. BUDGET
For the period ended September 30, 2025

			<u>2025</u>			
	Actual	Year To Date Budget	Variance	Annual Budget	% Used	Reason for Variance
Dues, Subscriptions & Publications	304	750	446	1,000	30.41%	Some of the expected dues will be paid later in the year. We expect to end under budget.
System Consultants	56,110	68,925	12,815	91,900	61.06%	We are currently under budget and expect to finish the year under budget, as the implementation of E-Pay has been deferred until 2027.
Consultants - Other	6,905	24,150	17,245	32,200	21.44%	We are currently under budget, but TAIPA has plans to update our customer contact reporting program in Sage. This will happen later in the year. We have not utilized our Sage Consultant as much in 2025, therefore, we expect to end under budget.
Actuary	7,850	26,250	18,400	35,000	22.43%	We are currently under budget, TAIPA has completed the rate filing for 2025. Because we did not have a rate hearing in 2025, we will end under budget.
Other	0	0	0	0	0.00%	
SUBTOTAL	708,247	877,500	169,253	1,170,000	60.53%	
Depreciation	3,324	4,125	801	5,500	60.44%	
Amortization	0	0	0	0	0.00%	
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0	0.00%	
SUBTOTAL	3,324	4,125	801	5,500	60.44%	
TOTAL OPERATING EXPENSE	711,571	881,625	170,054	1,175,500	60.53%	We are currently 14.47% under budget and expect to finish the year below budget. This is primarily due to not having a rate hearing and the E-Pay implementation, which was originally anticipated for 2025, now being planned for 2027.

TAIPA
ACTUAL VS. BUDGET
For the period ended September 30, 2025

			<u>2025</u>			
	Actual	Year To Date Budget	Variance	Annual Budget	% Used	Reason for Variance
NET FROM OPERATIONS	28,332	-163,875	192,206	-218,500		
Non-Operating Pension Costs	0	0	0	0	0.00%	
NET	28,332	-163,875	192,206	-218,500		
Software Development in Progress	0	0	0	0	0.00%	
Office Furniture & Equipment	0	0	0	0	0.00%	
Computer Equipment	0	1,875	1,875	2,500	0.00%	
Computer Software	0	0	0	0	0.00%	
Leasehold Improvements	0	0	0	0	0.00%	
TOTAL	0	1,875	1,875	2,500	0.00%	

80.00%

70.00%

NOTE: Items that are considered "within range" are within 5% or \$5,000 of the expected year-to-date budget.

TAIPA

Statement of Activities

For the period ended September 30, 2025

Unaudited

Changes in unrestricted net assets

	Current YTD
Revenues	
Member assessments	\$ 717,250
Interest income	13,405
Assessment penalties	9,247
Total revenues	<u>739,902</u>
Expenses	
Salaries and related expenses	437,167
Occupancy expenses	54,182
Professional Services	161,138
Depreciation & amortization	3,324
Postage and delivery	12,853
Office supplies and expense	11,420
Governing committee	16,013
Computer supplies & expenses	6,934
Subcommittee meetings	1,815
Staff education & seminars	234
Miscellaneous	4,538
Staff expense	1,649
Dues and subscriptions	304
Total operating expenses	<u>711,571</u>
Other revenues (expenses)	
Total other revenue (expenses)	<u>-</u>
<i>Increase (decrease) in unrestricted net assets</i>	28,332
<i>Net assets (deficiency) at beginning of year</i>	<u>547,050</u>
<i>Net assets (deficiency) as of September 30, 2025</i>	<u><u>\$ 575,382</u></u>

Texas Auto Ins. Plan Assoc.

Statement of Financial Position

As Of September 30, 2025

Unaudited

ASSETS

Current Assets	
Cash and cash equivalents	\$ 771,052
Accounts receivable	1,650
Prepaid expenses	<u>21,734</u>
Total current assets	794,437
Security Deposits	5,379
Prepaid Pension Benefit Costs	125,697
Property and Equipment	
Furniture and equipment	26,653
Computer equipment	35,435
Leasehold improvements	2,222
Computer software	<u>25,000</u>
	89,310
Less accumulated depreciation	<u>75,676</u>
	<u>13,633</u>
Other Assets	
Operating lease right of use asset, net	183,433
Total assets	<u><u>1,122,580</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	28,796
Accrued vacation	48,593
Accrued payroll liabilities	11,314
Deferred revenue	239,486
Short Term Lease Liability	<u>58,013</u>
Total current liabilities	386,204
Other Liabilities	
Long Term Lease Liability	<u>160,994</u>
Total other liabilities	160,994
Net (Deficiency) Assets	
Without donor restrictions	<u>575,382</u>
Total net assets	<u><u>575,382</u></u>
Total liabilities and net assets	<u><u>\$ 1,122,580</u></u>

Exhibit 5

TAIPA - 2025-2026**3rd Party Relationships**

Category	Name of Organization	Services Provided	2025 Rate and Expected Expenses	2026 Rate and Expected Expenses	Change
Actuary	Burkhalter Group	Actuary services related to TAIPA's private passenger & Commercial Rates	<ul style="list-style-type: none"> • \$12K for the regular cost without a rate hearing the additional • \$23K for the anticipated cost of a more complicated filing and related rate hearing • \$35,000 budgeted 	<ul style="list-style-type: none"> • \$12K for the regular cost without a rate hearing the additional • \$23K for the anticipated cost of a more complicated filing and related rate hearing • \$35,000 budgeted • Matt let us know that both of those estimates are set conservatively so that the chance they are exceeded is minimal. 	

TAIPA - 2025-2026

3rd Party Relationships

Category	Name of Organization	Services Provided	2025 Rate and Expected Expenses	2026 Rate and Expected Expenses	Change
System Consultant	AIPSO	<ul style="list-style-type: none"> Data Services provides quota calculations for TAIPA's member companies. Programing - Provides APS changes requested by TAIPA EASi Maintenance \$7,900 per year, and EASi Enhancements \$7,900 per year 	<ul style="list-style-type: none"> Data Services \$112/hr. – Expect 198 hours for total of \$22,176. Programing – \$132/hr. EASi Maintenance Computer Infrastructure \$8,300 per year EASi Enhancements \$7,900 per year Total \$38,376 	<ul style="list-style-type: none"> \$23,063 Data Services \$877 Increase in cost from \$22,176 to \$23,063 \$8,300 Computer Infrastructure AIPSO - no increase in 2026 \$7,900 AIPSO - EASI Enhancements --No increase in 2026 Per Tom Assad the only cost in 2027 will involve the fees associated with credit card transactions the service fee from the vendor handling the credit card and the cost of AIPSO financial services as they must reconcile the credit card payment to the Easi system and forward the funds accordingly (to TAIPA or the Assigned company depending on how that is worked out). We did not have a good estimate for the service fees from AIPSO – I would suggest that you investigate that as you get closer to 2027. 	

TAIPA - 2025-2026

3rd Party Relationships

Category	Name of Organization	Services Provided	2025 Rate and Expected Expenses	2026 Rate and Expected Expenses	Change																												
Auditor	Atchley & Associates	Financial Audit and completion of TAIPA's form 990 and now consulting for accounting	<ul style="list-style-type: none">\$425 per hour for Sr. Auditor (Tyler)\$26,800 budgeted same because we expect to use less accounting assistance than previous years.	<table><tr><td>Service</td><td>2026 Proposal – Atchley & Associates</td></tr><tr><td>Audit</td><td>\$16,000</td></tr><tr><td>First Year Fee</td><td>\$0.00</td></tr><tr><td>Form 990</td><td>\$3,250.00</td></tr><tr><td>Out of Pocket</td><td>\$250</td></tr><tr><td>Review Financials</td><td>\$4,500</td></tr><tr><td>Total</td><td>\$24,000</td></tr></table> <table><tr><td>Service</td><td>2026 Proposal – APRIO (with 5% fee)</td></tr><tr><td>Audit</td><td>\$26,250</td></tr><tr><td>First Year Fee</td><td>\$1,575</td></tr><tr><td>Form 990</td><td>\$4,200</td></tr><tr><td>Out of Pocket</td><td>\$262.50</td></tr><tr><td>Review Financials</td><td>\$5,827.50</td></tr><tr><td>Total</td><td>\$38,115</td></tr></table>	Service	2026 Proposal – Atchley & Associates	Audit	\$16,000	First Year Fee	\$0.00	Form 990	\$3,250.00	Out of Pocket	\$250	Review Financials	\$4,500	Total	\$24,000	Service	2026 Proposal – APRIO (with 5% fee)	Audit	\$26,250	First Year Fee	\$1,575	Form 990	\$4,200	Out of Pocket	\$262.50	Review Financials	\$5,827.50	Total	\$38,115	RFPs were sent out and all respondents made presentations at the October Governing Committee Meeting. The Governing Committee will determine what they want to do with regard to the RFP at the November Governing Committee Meeting.
Service	2026 Proposal – Atchley & Associates																																
Audit	\$16,000																																
First Year Fee	\$0.00																																
Form 990	\$3,250.00																																
Out of Pocket	\$250																																
Review Financials	\$4,500																																
Total	\$24,000																																
Service	2026 Proposal – APRIO (with 5% fee)																																
Audit	\$26,250																																
First Year Fee	\$1,575																																
Form 990	\$4,200																																
Out of Pocket	\$262.50																																
Review Financials	\$5,827.50																																
Total	\$38,115																																
Legal	Thompson Coe	Legal services for all business matters except HR & Benefits	<ul style="list-style-type: none">\$365per hour\$62,853 budgeted plus\$20,856 for a rate hearing\$83,709.1 budgeted	<table><tr><td>Service</td><td>2026 Mitchell Lardener</td></tr><tr><td>Legal</td><td>\$101,092</td></tr><tr><td>Rate Hearing</td><td>\$ 27,940</td></tr><tr><td>Total</td><td>\$129,032</td></tr></table> <table><tr><td>Service</td><td>2026 Foley</td></tr><tr><td>Legal</td><td>\$154,225</td></tr><tr><td>Rate Hearing</td><td>\$ 42,625</td></tr><tr><td>Total</td><td>\$196,850</td></tr></table>	Service	2026 Mitchell Lardener	Legal	\$101,092	Rate Hearing	\$ 27,940	Total	\$129,032	Service	2026 Foley	Legal	\$154,225	Rate Hearing	\$ 42,625	Total	\$196,850	RFPs were sent out and all respondents made presentations at the October Governing Committee Meeting. The Governing Committee will determine what they want to do with regard to the RFP at the November Governing Committee Meeting.												
Service	2026 Mitchell Lardener																																
Legal	\$101,092																																
Rate Hearing	\$ 27,940																																
Total	\$129,032																																
Service	2026 Foley																																
Legal	\$154,225																																
Rate Hearing	\$ 42,625																																
Total	\$196,850																																

RFP Requirement	Details from RFP	Atchley & Associates Response	Aprio LLP Response	Alignment/Notes
Scope of Services	Annual GAAS/GAAP audit; regulatory compliance; internal control review; advisory services; journal entries for pensions/benefits; Form 990 preparation.	Provides full audit and tax services including Form 990; uses risk-based audit approach; management letter with recommendations; ongoing advisory support.	Provides audit, tax, and broad advisory services; adds cybersecurity, risk management, benefit plan consulting; serves 900+ exempt organizations.	Both meet scope; Aprio adds broad advisory; Atchley more focused on local personalized service.
Experience & Qualifications	CPA licensure in Texas; experience with nonprofit/quasi-governmental audits; familiarity with public accountability standards.	Austin-based firm; 60% nonprofit/government audits; CPA-licensed; strong local experience; peer review pass rating.	National top 25 CPA firm; 2,100+ staff; 300+ nonprofit audits annually; deep 501(c)(6) experience; thought leadership and industry involvement.	Both exceed qualifications; Aprio offers broader national reach; Atchley offers strong local specialization.
Approach & Methodology	Clear audit methodology, communication plan, contingency coverage; ability to advise on compliance improvements.	Risk-based approach with planning, testing, balances, reporting; continuous communication; year-round relationship focus.	Phased audit timeline (planning in Nov, fieldwork in Mar, reporting in May); integrates tax team; offers year-round updates and risk advisory.	Both align; Aprio integrates more tech/risk advisory; Atchley emphasizes relationship and local continuity.
Governance & Board Interaction	Present findings to Governing Committee; advise on financial implications and compliance.	Presents audited statements and management letters to Board; proactive recommendations for governance improvements.	Regular interaction with executives/Board; provides training for board members on financial best practices; leadership support and policy improvement.	Both cover governance; Aprio includes board training; Atchley provides proactive recommendations but less formal training.

Fee Structure	Provide hourly rates and total cost estimates for services.	Audit: \$15,000 to \$16,000; Form 990: \$3,250; Rates for Ad Hoc Assistance (hourly): Partner \$450 Manager \$255 Staff \$150 to \$160	Audit: \$23,000 to \$24,000; First Year Audit Procedures \$1500 Form 990: \$3750 to \$4,000; Rates for Ad Hoc Assistance (hourly): Partner \$530 to \$580; Director \$460 to \$510 Staff/Senior \$230 to \$320; 5% tech overhead fee on services - charged on all invoices. (For example - \$24,000 audit costs would be \$25,200.)	Atchley significantly lower fees; Aprio higher cost with added service depth and tech focus. *Atchley is our current vendor, obviously knows us and our business. Atchley also doesn't charge us for questions that don't take a lot of time or research to answer. *Aprio has offices in Austin and San Antonio so we would have local people - but Greg would be the partner. As a plus, they have
				used TAIPA's Sage software and they use Suralink as a means of communicating and receiving audit information and TAIPA staff is familiar with this since this is what Atchley uses.
Additional Considerations	Ensure independence, conflict of interest checks, and relevant peer review compliance.	Confirms independence; peer review compliance; focus on long-term client relationships and tailored services.	Confirms independence; peer review rating pass with deficiency (SOC 2 only); broad additional services (outsourced accounting, tech advisory).	Both confirm independence; Aprio offers more ancillary services; Atchley highlights peer review and long-standing nonprofit focus.

RFP Requirement Details from RFP		Foley & Lardner Response	Mitchell Williams Response	Alignment/Notes
Scope of Services	Comprehensive legal services: general legal, TOMA compliance, legislative/regulatory representation, rate-making, operational/employment advice, litigation, meeting attendance, publications review, contractual interpretation, producer panel support, appeals assistance, and special assignments.	Offers broad general counsel services with Texas and national insurance expertise; includes litigation, compliance, legislative lobbying, employment law, and governance support.	Addresses all RFP service areas; emphasizes representation of quasigovernmental entities; deep Texas regulatory focus.	Both meet or exceed scope; Foley offers national reach; Mitchell Williams highlights Texas regulatory and quasigovernmental experience.
Experience & Qualifications	At least 10 years of legal practice; expertise in insurance, business, litigation, and legislative advocacy; knowledge of Texas insurance law and lobbying experience.	Firm with 1,100 lawyers, deep Texas presence; lead attorneys with 10+ years of insurance regulatory and legislative experience, including government roles.	70-year-old firm; multiple former TDI regulators and in-house counsel; extensive insurance regulatory and legislative experience.	Both exceed qualifications; Foley provides broader national resources; Mitchell Williams offers deep insurance specific regulatory expertise.
Approach & Methodology	Outline methodology for addressing TAIPA's needs, including contingency plans for attorney coverage and ongoing communication with committees.	Proposes onboarding meetings, lean staffing, cost-efficiency, and continuity planning with national resources.	Primary attorney with backups; deep bench for coverage; proven service to similar quasigovernmental clients.	Both align; Foley adds detailed onboarding; Mitchell Williams emphasizes redundancy and proven state-level regulatory support.

Governance & Board Support	Attend Governing Committee and subcommittee meetings; provide agenda/minute review and ensure TOMA compliance; support producer review panels and appeals.	Provides governance support: meeting attendance, agenda/minute prep, ethics programs, and board evaluations beyond RFP baseline.	Experienced in governance for quasigovernmental clients (TIGA, Surplus Lines Stamping Office); ensures TOMA compliance and meeting support.	Both cover governance; Foley adds corporate best practices; Mitchell Williams focuses on proven compliance in quasi-governmental settings.
Legislative & Regulatory Representation	Represent TAIPA before TDI and Legislature; monitor and report on proposed rules and legislation; provide testimony; support rate-making procedures and filings.	Deep experience with TDI, Legislature, and NAIC; strong advocacy and compliance support.	Strong Texas legislative advocacy; multiple attorneys with lobbying experience; includes a registered lobbyist.	Both exceed; Foley brings NAIC connections. Foley's designated attorney is a lobbyist; Mitchell Williams provides direct Texas lobbying with registered lobbyists.
Fee Structure	Provide hourly rates, retainer options, and cost estimates for legal services.	Hourly rates Of Counsel \$775 Special Counsel \$765 Associate \$615 discounted and flexible with alternative arrangements.	Hourly rates from \$250 to \$900 for attorney Member \$508 discounted from \$565 Counsel \$472 discounted from \$525 Counsel \$810 discounted from \$900 Associate \$225 discounted from \$250 Paralegal rates \$149 discounted from 165	Mitchell Williams offers lower rates; Foley is slightly higher but flexible; cost predictability may favor Mitchell Williams.
Additional Considerations	Ensure confidentiality, conflict-of-interest awareness, and willingness to register as lobbyists if required.	Confirms confidentiality and lobbying capability; does not explicitly confirm registration readiness.	Explicitly states willingness to register as lobbyists; confirms confidentiality and has registered lobbyists on team.	Both Foley and Mitchell Williams explicitly meets lobbying registration requirement.

Exhibit 6

2026 TAIPA Budget Considerations:

Major Assumptions Used For Developing 2026 Budget

*Note that any items in the budget category that are new for 2026 are noted in blue below at the end of the explanation.

TAIPA's 2026 budget reflects an overall increase of \$277,000. The majority of this increase is attributed to a projected \$104,600 rise in attorney fees, resulting from the anticipated transition of legal services from Thompson Coe to Foley. In addition, an increase of \$14,600 is budgeted for audit fees to possibly transition from Atchley to APRIO. The increase includes 5% raise for all employees (based on State of Texas general rule of 5% increase in 2026), a 5% spot bonus for employees taking on additional duties outside of their regular job duties in preparation for the management change & 4 months' salary for a new manager to work with current manager (we used an estimated annual salary of \$200,000). Employee benefits increased by \$28,600, primarily due to an 11.45% rise in medical coverage costs plus dependents, TAIPA increased the amount allocated for dependents given that a new manager may need dependent coverage, and a 17.65% increase in pension plan contributions. The biggest decrease is \$27,200 which is due to E-applications & E-Pay now planned for 2027.

The application volume will depend on what happens in the Open Market. Currently it appears that application volume will go down about 20% in 2025. We anticipate 2025 ending with around 1,635 applications. We would expect application volume to decrease again slightly due to the increase in TAIPA's private passenger rates by an average of 3.9% and our commercial rates by 1.7% effective November 1, 2025. The increase or decrease will depend on the rate change compared to the open market and if the open market tightens their underwriting guidelines. We are already staffed at the minimum limit and expect no changes in staffing until applications reach 500 per month.

Includes salaries and benefits for 4 employees (all current staff-- Stacy, Mimi, Ruth & Amana) 5% raise for all employees (based on State of Texas general rule of 5% increase in 2026), a 5% spot bonus for employees taking on additional duties outside of their regular job duties in preparation for the management change & **4 months' salary for a new manager to work with current manager (we used an estimated annual salary of \$200,000).**

We expect to have a surplus of \$33,853 at the end of 2025 in our pension fund. TAIPA's minimum contribution for 2026 is \$97,296. We budgeted the minimum because if we add the surplus and the minimum, it equals \$131,149 which is more than the \$100,000 our plan administrator requested us to make each year. We increased the medical by 15% in May per our agent's recommendation. Per our agent, we expect dental to go up 7.4%, vision 3%. We expect the cost for administration for the 401(K) plan & noncontributory plan through Voya cost to go down. Expect slight change in 401(K) contributions to go up with change in pay. Our commercial insurance agent doesn't expect to see a large increase in the market, so we

have increased the premiums by 5% when they renew. This includes workers' compensation, business owner/umbrella and EPLI.

Printing expenses went down because we reduced the amount of envelopes that we will purchase in 2026.

Computer Supplies and Expense increased due to purchase Cisco Smart Net 48 Port Switch plus Service (3 years) & Sage accounting software.

TAIPA is moving to a dedicated fiber line with a dedicated static IP address as recommended by Vintage to improve performance for TAIPA's VDI, currently a frustration for TAIPA staff.

Rent expenses are expected to remain unchanged. TAIPA received a \$7,061.96 credit from Redus Properties on the 2024 CAM Reconciliation. Based on this credit and the recommendations of the current property management team, we anticipate the 2025 OPEX adjustment to be lower.

We increased the Governing Board Meetings by 3 meetings. Two for the hiring of the New Manager and one for a possible TDI Audit.

TAIPA Subcommittee Meetings expenses are up because we have elected to host all subcommittee meetings at ICT's facilities in 2026. It includes attendance fees for 1 Nominating Committee meeting, 2 Operation Subcommittee Meetings, 1 Strategic Planning Subcommittee meeting, and possibly 1 meeting about the new Association Manager.

The decrease in cost due to not implementing the E-Pay program. Additional expenses for TAIPA's chairs' gift & for Stacy's retirement.

The decrease in cost is due to not implementing the E-Pay program which is now planned for 2027.

Consultants-Other Expenses decrease in cost due to TAIPA is not planning for additional Sage programing in 2026.

Depreciation Expenses increase due to replacement laptops.

Budget Category	2025 Budget	2026 Requested Budget	Decrease/Increases 2025 Budget vs 2026 Budget	% Change	Explanation of Difference*
Salaries	\$ 427,900	\$ 553,200	\$ 125,300	29.28%	The increase includes 5% raise for all employees (based on State of Texas general rule of 5% increase in 2026), 5% June spot bonus for employees taking on additional duty outside of their job duties in preparation for the management change & 4 months' (9 pay periods) salary for a new manager to work with current manager. Additional funds to address the need to pay a temp agency fee in case of turnover.
Emp. Benefits & Other Ins. Exp.	\$ 223,000	\$ 251,600	\$ 28,600	12.83%	There were increases in major medical, dental, & vision insurance. TAIPA increased the amount allocated for dependents given that a new manager may need dependent coverage. Employer 401K contribution, pension costs, & payroll taxes increased due to salary changes. The increase in Pension Liability is due to active participants earning benefits under the plan during the year plus an allocated share of expected administrative and investment expense for the year. This will fund the plan at 96.73%.
Office Equipment Expense	19,500	\$ 20,300	\$ 800	4.10%	Within Range - Increase due to Balcones Shred price increase & increase price in office supplies.
Printing	\$ 3,100	\$ 2,500	\$ 600	-19.35%	The decrease is due to reduced the amount of envelopes that we expect to purchase.
Computer Supplies & Exp	\$ 14,800	\$ 16,800	\$ 2,000	13.51%	The increase due to purchase Cisco Smart Net 48 Port Switch & Service (3 years) & Sage accounting software.
Postage & Delivery	\$ 23,000	\$ 23,800	\$ 800	3.48%	Within range. Slight increase in PO Box Rentals, as well as the increase in postage expected in 2026.
Telephone & Internet	\$ 6,900	\$ 17,200	\$ 10,300	149.28%	TAIPA is moving to a dedicated fiber line with a dedicated static IP address as recommended by Vintage to improve performance for TAIPA's VDI (currently a frustration for TAIPA staff).
Rent	\$ 82,100	\$ 82,100	\$ -	0.00%	Within range. TAIPA received a \$7,061.96 credit from Redus Properties on the 2024 OPEX Reconciliation, based on this & the current property management team's estimates. We expect the rent expenses to stay the same even with the increase in rent.
Moving Expenses	\$ -	\$ -	\$ -	0.00%	No Move is scheduled
Property Taxes	\$ 1,200	\$ 700	\$ (500)	-41.67%	The decrease in our business property taxes is due to that we have deleted more property than we have added.
Governing Committee	35,400	\$ 42,000	\$ 6,600	18.64%	The increase is due to the adding additional meetings for the New Manager hire.
TAIPA Subcommittee	\$ 5,300	\$ 6,200	\$ 900	16.98%	TAIPA Subcommittee Meetings expense is up because we have elected to host all subcommittee meetings at ICT's facilities in 2026. It includes attendance fees for 1 Nominating Committee meeting, 2 Operation Subcommittee Meetings, 1 Strategic Planning Subcommittee meeting, and possibly 1 meeting about the new Association Manager.
Producer Review Panel	\$ -	\$ -	\$ -	0.00%	Within range - we don't anticipate holding a producer review subcommittee meeting.
Employee Meetings, Seminars, & Staff Travel	29,200	\$ 28,300	\$ (900)	-3.08%	Within Range--Stacy is not going to the IIAT Annual Conference & Trade Show.

Decrease/Increase					
Legal Expenses	\$ 91,900	\$ 196,500	\$ 104,600	113.82%	New Legal Representation--Estimate based on 616.6 hours @ \$775 plus \$44,284 if we have a rate hearing.
Audit	\$ 27,600	\$ 42,200	\$ 14,600	52.90%	Possible new Auditor cost--Estimate based on APRIO proposal including the 5% fee.
Dues, Subscrip, Pub.	\$ 1,000	\$ 1,000	\$ -	0.00%	Within Range no increase
Other Office Expenses	\$ 19,000	\$ 15,900	\$ (3,100)	-16.32%	The decrease in cost due to not implementing the E-Pay program. Additional expenses for TAIPA's chairs' gift & for Stacy's retirement.
System Consultants	\$ 91,900	\$ 75,700	\$ (16,200)	-17.63%	The decrease in cost due to not implementing the E-Pay program which is now planned for 2027.
Consultants-Other	\$ 32,200	\$ 26,900	\$ (5,300)	-16.46%	Decrease - TAIPA has no plans for any major Sage programing in 2026
Actuary	\$ 35,000	\$ 35,000	\$ -	0.00%	Within range. No change
SUBTOTAL	\$ 1,170,000	\$ 1,437,900	\$ 267,900	22.90%	
Depreciation	\$ 5,500	\$ 6,600	\$ 1,100	20.00%	20% Increase due to replacement laptops
Amortization	\$ -	\$ -	\$ -	0.00%	Within range
Total	\$ 1,175,500	\$ 1,444,500	\$ 269,000	22.88%	
15000--Software Development in Progress	\$ -	\$ -	\$ -	0.00%	Within range.
15100--Office Furniture & Equipment	\$ -	\$ -	\$ -	0.00%	Within range.
15200--Computer Equipment	\$ 2,500	\$ 10,500	\$ 8,000	320.00%	Increase due to purchase of 3 laptops
15300--Computer Software	\$ -	\$ -	\$ -	0.00%	Within range.
15500--Leasehold Improvements	\$ -	\$ -	\$ -	0.00%	No Move scheduled
CAPITAL BUDGET TOTAL	\$ 2,500	\$ 10,500	\$ 8,000	320.00%	Increase due to purchase of 3 laptops
GRAND TOTAL	\$ 1,178,000	\$ 1,455,000	\$ 277,000	23.51%	Total 2026 budget is 23.51% higher than the 2025 Budget. TAIPA's 2026 budget reflects an overall increase of \$277,000. The majority of this increase is attributed to a projected \$104,600 rise in attorney fees, resulting from the anticipated transition of legal services from Thompson Coe to Foley. In addition, an increase \$14,600 is budgeted for audit fees to possibly transition from Atchley to APRIO. The increase includes 5% raise for all employees (based on State of Texas general rule of 5% increase in 2026), a 5% spot bonus for employees taking on additional duty outside of their job duties in preparation for the management change & 4 months' salary for a new manager to work with current manager (we used an estimated annual salary of \$200,000). Employee benefits increased by \$27,100, primarily due to an 11.45% rise in medical coverage costs and a 17.65% increase in pension plan contributions. The biggest decrease is \$27,200 which is due to E-applications & E-Pay now planned for 2027.
*NOTE: Items that are considered "within range" are within \$5,000 and 5% of last year's expenses.					

Recommended 2026 Assessment					
	Total 2026 Operating Budget				\$ 1,437,900.00
	Total 2026 Capital Budget				\$ 10,500.00
	2026 Depreciation & Amortization				\$ 6,600.00
Total Budget for 2026					\$ 1,455,000.00
	Cash Needed for 2026				\$ 1,448,400.00
	Cash Expected at Yearend 2025				\$ 485,792.00
Amount of 2025 Carryover to be Used to Reduce 2026 Assessment		-			\$ 200,000.00
Remaining Amount of Cash to Carryover to 2026*					= \$ 285,792.00
Recommended 2026 Assessment Amount					= \$ 1,248,400.00
<i>*Note: 2025 carryover is equivalent to a little more than 2.5 full months of 2026 budget; this carryover ensures TAIPA can pay bills while we are collecting assessment payments, and also provides assurance in case of any unbudgeted expenses.</i>					
2025/2026 Comparison					
	2026	2025	Difference		
Operating Budget Amount	\$ 1,437,900.00	\$ 1,170,000.00	\$ 267,900.00		22.90%
Capital Budget Amount	\$ 10,500.00	\$ 2,500.00	\$ 8,000.00		320.00%
-Depr./Amort	\$ 6,600.00	\$ 5,500.00	\$ 1,100.00		20.00%
-Carryover Used	\$ 200,000.00	\$ 210,000.00	\$ (10,000.00)		-4.76%
Assessment Amount	\$ 1,248,400.00	\$ 957,000.00	\$ 291,400.00		30.45%

Exhibit 7

Approved TAIPA Governing Committee Meeting Dates for 2026

Friday, April 10th, 2026

Friday, August 7th, 2026

Friday, November 20th, 2026*

Location:

Insurance Council of Texas
5508 HWY W 290 Suite #100
Austin, TX 78735

Exhibit 8

Strategic Planning Subcommittee Responsibilities

Reviewing and making recommendations regarding TAIPA's:

1. Staffing levels
2. Office space
3. Long-term contracts, etc.
4. Any significant changes for the organization
5. TAIPA's Enterprise Risk Management Plan Annually

1. **Staffing Levels** TAIPA plans to maintain the current staffing level that they have had since January 1, 2018, through 2026 until the hire of the new manager who we anticipate working with the current manager for possibly 4 months.

TAIPA Staff:

1 Association Manager
 1 Manager of Operations/Financial Management
 2 Administrative Assistants/Customer Service Specialists
 4 Full-Time Staff Members

- The TAIPA staff considers this to be the minimum staffing level.
- Based on application timing tests completed in 2023, staff does not anticipate adding new members unless applications exceed 500 per month.

2. **Office Space** In 2023, the Governing Committee approved TAIPA renewing their lease at 805 Las Cimas Parkway Suite 210 Austin, TX 78746

- TAIPA has been at this location since March 2018.
- The location allows for additional growth of up to two employees in the future.
- A diagram of the office space is attached.

3. **Long Term Contracts** TAIPA has four long-term contracts for their office space and office equipment:

Service	Provider	Term	Start Date	End Date	Total Cost	Monthly Cost
Office Space	GLL Las Cimas LLC	5 years	5/1/2023	7/31/2028	\$395,315.37	\$6,890.00

Mail Machine and Letter Opener	Pitney Bowes Inc.	48 months	2/10/2023	2/10/2027	\$6124.20	\$510.35
Zulty Telephone System	Zulty	36 months	12/22/2023	12/22/2026	\$11,772.00	\$327.00
Ricoh Copier	Ricoh USA, Inc.	60 months	10/11/2024	10/11/2029	22,200.00	\$370.00
Banking	Frost Bank Line of Credit Safety Deposit Box	12 months	8/15/2025	8/15/2026	\$332.37	0
					\$114.00	0

4. Review of Significant Changes The subcommittee reviewed analyses performed by TAIPA staff on the following:

Assigned Applications

- 2004: Applications began to decrease consistently every year.
- 2017: Applications increased by 418.
- 2023: Applications increased by 406.
- 2024: Applications increased by 202 to 1960 application over the 1758 applications assigned in 2024.
- 2025: Anticipate 1635 applications which puts us lower than 2023 and 2024

Application Breakdown The application breakdown between 2024 and 2025 changed slightly:

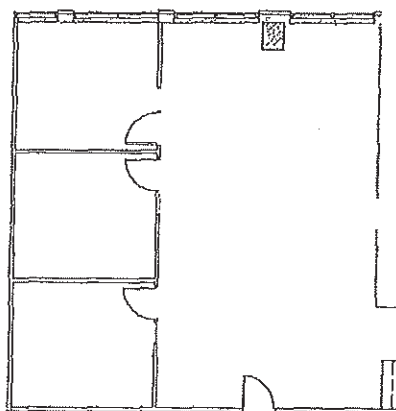
- 2025 - 83% Private Passenger down from 87% in 2024
- 2025 - 17% Other than Private Passenger up from 13% in 2024

EXHIBIT A
OUTLINE OF PREMISES



LAS CIMAS III

Floor Two
Suite 210 - 1,438 sf



PELOTON

KEVIN CHANDLER

612.614.3403

kchandler@pelotoncorp.com

BRIT LIVERMAN

612.614.3402

bliverman@pelotoncorp.com

5"1" FYUOEFE JUT MFBTF BU:
805 -BT \$JNBT 1BSLXBZ,
4VJUF 210
"VTUJO, 59 78746

5IF MFBTF JT GPS 5 ZFBST BU B DPTU PG \$395,315.37. #FDBVTF PG UIF GSFF SFOU, UIF MFBTF SVOT UISPVHI +VMZ
31, 2028.

5IJT MFBTF JT GPS 1438 4R 'FFU.

*U JT NBEF VQ PG B GSPOU PGGJDF BSFB XJUI GPVS DVCJDMFT, 1 CSFBLSPPN UIBU BMTP IPMET UIF JOUFSOFU/*5
FRVJQNFOU BOE UXP PGGJDF.

5IF TQBDF BMMPXT GPS BEEJUPOBM HSPXUI PG UXP FNQMPZFFT GPS UIF GVUVSF.

A-1

2801448.v2
611023242.7

2024 Application Premium Analysis Comparing 2023 to 2024

2023 Application/Premium Analysis	Private Passenger	Other than Private Passenger (Commercial)	Total
Data Reported to TDI By Companies	\$1,319,669.00	\$1,820,858.00	\$3,140,527.00
TAIPA Applications Assigned <small>Annual AIP premium assigned 2023 (does not include 25%-30% renewal or cancellations)</small>	\$1,606,346.00	\$1,441,468.00	\$3,047,814.00
Difference between Reported & Assigned	(\$286,677.00)	\$379,390.00	\$92,713.00

-22%

21%

2024 Application/Premium Analysis	Private Passenger	Other than Private Passenger (Commercial)	Total	Change since last year
Data Reported to TDI By Companies	\$1,889,735.00	\$2,021,588.00	\$3,911,323.00	\$770,796.00
TAIPA Applications Assigned <small>Annual AIP premium assigned 2023 (does not include 25%-30% renewal or cancellations)</small>	\$1,799,662.00	\$1,776,352.00	\$3,576,014.00	\$528,200.00
Difference between Reported & Assigned	\$90,073.00	\$245,236.00	\$335,309.00	

Change from 2023 to 2024

5%

12%

More reported to TDI than assigned by TAIPA

Note it went up from -22% to +5%

More reported to TDI than assigned by TAIPA

Commercial went down from 21 to 12

This indicates more PP policies went to term in 2024 and that policies also were renewed without coming back through TAIPA. OTPP was still higher than what TAIPA assigned but went down from 21 to 12.

Exhibit 9

TAIPA Association Manager Recruitment & Transition Plan

Background Context:

The last transition was reactive following an unexpected vacancy. This plan enables proactive preparation, transparency, and stability.

Objective

Ensure a seamless leadership transition ahead of the current Association Manager's planned **retirement at the end of 2026**, with the **new manager hired by September 1, 2026** and an effective overlap for knowledge transfer.

Phase 1: Planning & Preparation

Clarify Need and Timeline

- **Reason for recruitment:** Planned retirement of current Association Manager in **December 2026**.
- **Goal:** Have the new manager **hired and onboarded by September 1, 2026**, allowing a possible 2-month overlap.
- **Timeline checkpoint:** Confirm plan and budget by **November 21, 2025**.

Determine who will be responsible for the Search/Transition

- **Establish by:** **November 21, 2025**
- **Composition:** Stacy Dutton and/or Members from the Governing Committee
- **Responsibilities:**
 - Define recruitment plan and make adjustments as necessary
 - Oversee job definition, candidate review, and interviews.
 - Maintain communication with the Governing Committee as needed.

Define the Role

- **Review and update by:** **April 2026**
- **Tasks:**
 - Update job description and responsibilities.

- Note - The Strategic Planning Subcommittee considered whether we should recruit for position as it is or look at what it could become under TAIPPO. (A legislator recommended creating TAIPPO which would be similar to TWIA – which is essentially an insurance company run by the state.
 - They recommend that we should recruit and hire for the position as it is and spend some time making sure that legislators know we exist.
- Confirm qualifications, pay range, and reporting structure to ensure competitiveness and alignment with future needs.

Develop the Ideal Candidate Profile

- **Complete by: April 2026**
 - Define **essential vs. preferred skills**, leadership competencies, and experience levels.
 - Establish how we want to evaluate candidates.
 - The strategic Planning subcommittee suggested trying to recruit for the position without using a recruiter.
-

Phase 2: Recruitment Launch

Decide on Recruitment Approach

- **April 2026**
 - If known potential candidates exist, still post publicly to ensure a fair and transparent process.

Prepare Recruitment Materials

- **April – June 2026**
 - Finalize job posting, promotional materials, and application process.
 - The Strategic Planning Subcommittee suggested posting the position on Linked in and asking Governing Committee Members to promote the position.

Post and Promote the Position

- **April – June 2026**
 - Advertise via TAIPA's website, Linked In.

- Publicly communicate timeline and application deadline.

Monitor and Manage Applications

- **April – June 2026**
 - Search Committee tracks applications and provides updates to the Governing Committee.
-

Phase 3: Screening & Interviewing

Initial Screening

- **June - 2026**
 - Committee reviews applications and selects top candidates for interviews.

Formal Interviews

- **July - 2026**
 - Conduct structured interviews (e.g., first-round virtual, second-round in person).
 - Include both staff and Governing Committee perspectives in evaluations.

Candidate Evaluation

- **August 2026**
 - Compare finalists
 - Identify top candidate(s) for final approval consideration.
 - Have candidates interview in closed session with Governing Committee
-

Phase 4: Selection & Offer

Reference and Background Checks

- **August 2026**

Governing Committee Review and Approval

- **August 2026**

Offer and Negotiation

- **August 2026**
 - Extend offer and negotiate final compensation and start date.
 - Confirm formal acceptance no later than **September 1, 2026**.
-

Phase 5: Transition & Onboarding

Pre-Start Preparation

- **September 1, 2026**
 - Finalize onboarding materials, orientation plan, and communication strategy.
 - Outgoing and incoming managers plan transition objectives and key deliverables.

New Manager Start Date

- **September 1, 2026 (ideally)**

Transition & Knowledge Transfer

- **September – December 2026**
 - Four-month overlap period for structured handoff.
 - Include introductions to key stakeholders, partners, and board members.
 - Ensure all operational procedures and documentation are transferred.

Public Announcement

- **Upon acceptance of offer September 1, 2026**
 - Announce selection to staff, governing bodies, and stakeholders.
 - Prepare communications plan for industry and media, if appropriate.
-

EMPLOYEE JOB ANALYSIS FORM

Exhibit 9

Texas Auto Insurance Plan Association (TAIPA)**Employee Name:** Stacy Dutton**Current Job Title:** Association Manager**Section/Department:** Administration*For the Job Analysis Form (Sections I – VI), please complete based on the current job you perform.***I. Basic Purpose of position:**

Indicate in two to three sentences, the general purpose of the position.

Develop and provide strategic leadership for TAIPA by establishing goals (long term and short term) strategies, plans, and procedures to accomplish goals. Manage and supervise TAIPA employees to effectively and efficiently accomplish TAIPA's statutory and regulatory requirements. Inform the TAIPA Governing Committee of TAIPA's activities and operations. Responsible for the overall administration of the Human Resources function including payroll, benefits, policy & procedures, employee relations, compensation etc.

II. Essential Duties & Responsibilities:

Describe the **essential functions, job duties and role responsibilities** of the position. For each major responsibility, indicate the percentage of time normally spent on the activity. Percentage of time should equal 100%. Increments should be no less than 5%.

Description of Duties and Responsibilities	% of Time
Manage and supervise activity of TAIPA employees	30%
Organize, plan, and control work of TAIPA employees. Discuss and evaluate work processes to ensure that processes are efficient and provide customers with appropriate level of service. Develop plans on how the operation can expand or contract in an organized and controlled manner to meet the increasing or decreasing demand due to market changes. Work with staff on a regular basis discussing office procedures and policies and issues.	20%
Establish goals and implement plans to accomplish goals	10%
Respond to inquiries from agents, applicants, companies, and regulatory agencies and employees. Implement proper procedures to protect the interests of employees and TAIPA in accordance with governmental laws and regulations. Keep legal counsel and TAIPA chair informed of any situations that have potential to become an issue outside of the TAIPA office.	10%
Inform TAIPA Governing Committee of TAIPA activities and operations	5%
Hire, discharge, evaluate job performance of TAIPA employees	5%
Process Payroll - including verifying employees' time, processing payroll, transmit payroll information to 401(K) and pension administrators timely, calculate & document monthly/annual payroll related accruals, and reconcile payroll & general ledger quarterly, verify & distribute W-2s, Verify, Run & Distribute 1099 forms.	5%
Administer Benefits – advise employees on benefit issues, explain documents, ensure billing statements are correct, educate employees on benefit plans, and communicate advantages and risks of benefit decisions, review medical, dental, vision, life, AD&D, and LTD carriers and plans annually. Confer with commercial insurance agent to maintain appropriate level of commercial insurance	5%

coverage on TAIPA property, workers' comp., etc. Prepare 401(K) compliance testing documents for TAIPA, Compile pension information to pension consultants when employees retire to ensure accurate reporting, vesting, and retirement benefits.	Exhibit 9
Research and compile documents for accounting and budgeting as needed. Prepare AP documents for invoices paid to ensure accurate breakdown between employee and employers costs. Research and provide documentation to support electronic fund transfers from TAIPA operating account for benefit related charges. Assist with budget and audit prep with regard to payroll, benefits, and HR related functions. Review and finalize TAIPA's budget recommendations.	5%
Set up Governing Committee meetings including researching availability of meeting locations that meet various Governing Committee members needs while staying within budgetary constraints. Ensure proper room set-up, making Governing Com members reservations and accommodations, Ensure meeting information is available upon request, filing TAIPA Governing Committee agendas with the state to meet Open Meetings Act requirements, Prepare per diem and expense reports for public and producer members, Prepare bulletins for annual meeting according to schedule in Operating Rules and Rating manual, follow-up on responses to bulletins, ensure documentation of responses are maintained, take annual meeting notes, prepare annual report.	5%
I have also taken on the responsibility of being the lead on all research and documentation for the Governing Committee and subcommittees. I create the agendas and exhibits other than the application numbers, the financials, and the Over/Under Report, follow-up on meeting topics as necessary, assist the front office staff with the meeting notes to determine what is relative. I also prepare the budget including contacting and negotiating with vendors, making estimates, review historical data. I assist with the financial audit in preparing the items about the organization and our processes, and I review and research any new questions. I also review and post all items and issue and sign checks for TAIPA.	5%
	100%*

Add additional rows, if needed.
100%.

*Must equal

III. Minimum Requirements:

Education:	Bachelor's degree - Human Resources
Years of Experience:	8-10
Certifications:	
Competencies & Skills: <i>(List skills and competencies that are required to perform the essential duties of this job).</i>	Communication
	Problem solving
	Analytical Skills
	Customer service
	Planning/organizing
	Quality control
	Adaptability

	Safety and security with regard to protecting company assets and employees from injury. Exhibit 9
	Demonstrate proficiency in MS Office, Payroll software, typing

IV. Management/Supervisory Responsibilities:

Does this position involve responsibility for the supervision of others? ☒ Yes ☐ No

If Yes: How Many? 4. Please Check the appropriate accountabilities below.

- | | | | |
|------------------------------------------------|--------------------------------------------------|----------------------------------------------|-------------------------------------------------|
| <input checked="" type="checkbox"/> Hire/Term | <input checked="" type="checkbox"/> Compensation | <input checked="" type="checkbox"/> Budgets | <input checked="" type="checkbox"/> Assign Work |
| <input checked="" type="checkbox"/> Discipline | <input checked="" type="checkbox"/> Appraisals | <input checked="" type="checkbox"/> Planning | <input checked="" type="checkbox"/> Work Review |
| <input checked="" type="checkbox"/> Coaching | <input checked="" type="checkbox"/> Promotions | <input checked="" type="checkbox"/> Training | <input checked="" type="checkbox"/> Work Leader |

V. Physical/Sensory Demands:

List any physical, sensory or mental requirements necessary to perform this job.

Seeing	<input checked="" type="checkbox"/>	Driving	<input checked="" type="checkbox"/>	Judgment	<input checked="" type="checkbox"/>
Perceptions	<input checked="" type="checkbox"/>	Pushing/Pulling	<input type="checkbox"/>	Decision Making	<input checked="" type="checkbox"/>
Hearing	<input checked="" type="checkbox"/>	Communications	<input checked="" type="checkbox"/>	Understanding	<input checked="" type="checkbox"/>
Speech	<input checked="" type="checkbox"/>	Verbal	<input checked="" type="checkbox"/>	Problem Solving	<input checked="" type="checkbox"/>
Dexterity	<input checked="" type="checkbox"/>	Reading	<input checked="" type="checkbox"/>	Directions	<input checked="" type="checkbox"/>
Movement	<input type="checkbox"/>	Writing	<input checked="" type="checkbox"/>		<input type="checkbox"/>
Climbing	<input type="checkbox"/>	Clerical	<input checked="" type="checkbox"/>		<input type="checkbox"/>
Lifting/Carrying	<input type="checkbox"/>	Analysis	<input checked="" type="checkbox"/>		<input type="checkbox"/>
- # of lbs.		Comprehension	<input checked="" type="checkbox"/>		<input type="checkbox"/>

VI. Acknowledgement & Approvals:

Acknowledgment: This is an accurate account of the essential functions, duties and responsibilities of my position as well as skills that I currently possess.

Please print, sign and return to HR.

Employee: _____ Date: _____

Direct Supervisor: _____ Date: _____

Next Level Management: _____ Date: _____

Human Resources: _____ Date: _____

Disclaimer: The purpose of this form is to collect information about the work being performed at TAIPA. Information contained in this form may be used to describe the essential functions and major duties and responsibilities being performed by employees in order to develop and maintain accurate organizational job descriptions and career planning information. TAIPA, at its sole discretion, reserves the right to interpret, use, or change this information as necessary and required.

Adjusted by 4% in 2024

TAIPA 2024-2025 Pay Grades and Wage Ranges

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION WAGE RANGE STRUCTURE - ANNUAL SPREADS							
			MID		Range	Range	Mid PT
GRADE	Job Title	MINIMUM	POINT	MAXIMUM	SPRD \$	SPRD %	PRG
F	Manager of Operations/Financial Management	\$85,932	\$108,391.56	\$130,851	\$44,919	52%	
	Organizational Development Analyst - Job title not being utilized since 4/1/17						
G	Association Manager	\$138,399	\$178,956.96	\$219,515	\$81,116	59%	

*Note: The above listed ranges are based on full time employment status. Part time employees pay would be based on a percentage of the above listed ranges.

Exhibit 10

TAIPA

ENTERPRISE RISK & EMERGENCY MANAGEMENT PLAN

Version 3.0

Draft

Table of Contents

1	Introduction
1.1	Purpose of the Risk Management Plan
2	Risk Management Procedure
2.1	Process
2.2	Risk Identification
2.3	Risk Analysis
2.3.1	Qualitative Risk Analysis
2.4	Risk Response Planning
2.5	Risk Monitoring, Controlling and Reporting
3	Current Risks & Analysis
4	Emergency Management
4.1	Policy & Organizational Statements
4.2	Purpose/Scope
4.3	Usage
4.4	Distribution
4.5	Definitions of Emergency
4.6	Response, Recovery, & Restoration
4.7	Notification
4.8	Evacuation Plan
5	Risk Management Plan Approval

1 INTRODUCTION

This risk management plan was developed by Texas Automobile Insurance Plan Association (TAIPA) staff under the direction of TAIPA's Governing Committee. The purpose of this plan is to define potential risks, develop a plan to mitigate those risks and provide guidance for the management and staff of TAIPA to recover from the effects of any incident that disrupts the operations of business functions of TAIPA.

1.1 PURPOSE OF THE RISK MANAGEMENT PLAN

A risk is an event or condition that, if it occurs, could have a positive or negative effect on an organization's objectives. Risk Management is the process of identifying, assessing, responding to, monitoring, and reporting risks. The Risk Management Plan defines how risks associated with TAIPA's Business Operations will be identified, analyzed, and managed. It outlines how risk management activities will be performed, recorded, and monitored as well as practices for recording and prioritizing risks. The Risk Management Plan is created by TAIPA staff and is monitored and updated annually. The intended audience of this document is TAIPA management and the TAIPA Governing Committee.

2 RISK MANAGEMENT PROCEDURE

2.1 PROCESS

TAIPA staff will ensure that risks are actively identified, analyzed and managed. Risks will be identified as early as possible so as to minimize their impact. The steps for accomplishing this are outlined in the following sections. The Association Manager will serve as the Risk Manager for this plan.

2.2 RISK IDENTIFICATION

Risk identification will involve TAIPA staff and appropriate stakeholders and will include an evaluation of environmental factors.

2.3 RISK ANALYSIS

All risks identified will be assessed to identify the range of possible outcomes. The degree and severity of the risk will be used to determine which risks are the top risk to pursue and respond to and which risks can be ignored.

2.3.1 QUALITATIVE RISK ANALYSIS

The probability and impact of occurrence for each identified risk will be assessed by the TAIPA staff, with input from the TAIPA Governing Committee using the following approach:

Probability

- HIGH - Greater than 70% probability of occurrence
- MEDIUM -Between 30% and 70% probability of occurrence
- LOW -Below 30% probability of occurrence

Impact

- HIGH- Risk that has the potential to greatly impact TAIPA's operations and/or performance
- MEDIUM- Risk that has the potential to slightly impact TAIPA's operations and/or performance
- LOW- Risk that has relatively little impact on TAIPA's operations and/or performance

2.3.2 RISK RESPONSE PLANNING

Each risk will be reviewed by TAIPA staff to determine if it can be

- **Avoided**- eliminate the threat by eliminating the cause
- **Mitigated**- identify ways to reduce the probability or the impact of the risk

For each risk TAIPA staff will identify way to prevent the risk from occurring, reduce its impact or probability of occurring, and develop a course of action so that if the risk does materialize in order to minimize its impact.

2.3.3 RISK MONITORING, CONTROLLING & REPORTING

The level of risk will be tracked, monitored and reported upon annually.

3 CURRENT RISKS & ANALYSIS

TAIPA looked at the following items/issues when creating our enterprise risk management plan.

General Risks

GENERAL RISKS

SPECIFIC RISK EVENT:

TAIPA offices unavailable (one week or less)

(due to bad weather, tornado, flood, fire, or damage to building, electricity/water outage)

PROBABILITY:

MEDIUM- Until 2021 this had not happened but with snovid, we had issues with impassable roads as well as issues with water and electricity at the TAIPA office. The electricity and water issues were sporadic, and we were required to boil water for a few days after we went back to the office.

Austin does not typically have severe weather for long periods of time.

One 5-day occurrence happened in 2021 where previously we have experienced only 1-2 days of severe weather-related closures in the last 14 years.

Austin does not have a history of long-term issues with water or electricity.

TAIPA's office building and every employee had some water/or electricity issues.

IMPACT:

LOW-MEDIUM- Since Employees can and have experience working from home, the impact is low. Impact becomes higher when employees do not have electricity or internet. Employees were able to do most work from home, however without mail delivery, we were not able to process mail.

CURRENT RISK MANAGEMENT:

Because the office is in a good location, the risk of having this occur is reduced. In addition, we would expect outages to be remedied quickly. In addition, due to the COVID pandemic, staff now has extensive experience working from home and was able to do so for several month.

Since our phone system was no longer supported, TAIPA moved to VOIP phone in February 2021 and we are able to access our phones from home.

Due to snovid, the only issue was that we were unable to obtain TAIPA's mail due to the streets not being passable.

If there was a situation where we could not use the TAIPA building without notice, all employees can access the cloud from their home computers.

Have flood and earthquake insurance.

Texas government reviewed and addressed long-term issues with electricity/Texas grid during the 2025 legislative session.

It may also help that Tesla's battery company is moving to Texas.

CONTROL IMPROVEMENT:

Due to COVID, employees started working from home; so now all work can be completed from home.

We would just need our to have our courier bring the mail to an employee's home.

The biggest issue facing TAIPA staff now is getting our mail when the streets are not passable, couriers are not running, and our post office is not running. Currently there is nothing TAIPA staff can do to obtain the mail in that case. That said, TAIPA is looking into electronic applications and payments.

In a case where mail is not delivered, TAIPA staff monitors the mail and make efforts to assist companies in receiving applications as timely as possible once mail is delivered.

We have worked out the kinks in the new phone system related to our fire wall. We are able to utilize VOIP technology at home so employees can make/receive calls at home.

STATUS:

The only ongoing issue is receiving the mail when the courier service and/or post office is not running due to weather issues.

Phone training has been completed. All employees can use TAIPA's phone system from home.

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management
Las Cimas Building Management-
TAIPA Governing Committee Chair
Mail Courier
Balcones Shred
Telephone Connection
Vintage IT Services

SPECIFIC RISK EVENT:

TAIPA offices unavailable (more than one week)

(due to bad weather, tornado, flood, fire, or damage to building, electricity/water outage)

PROBABILITY:

Low- This has not happened; our building was back up and running before employees were able to get there after Snovid.

Austin does not typically have severe weather for long periods of time.

IMPACT:

Low- Since employees can and have experience working from home the impact is low.

CURRENT RISK MANAGEMENT:

Because the office is in a good location, the risk of having this occur is reduced. In addition, we would expect outages to be remedied quickly.

In addition, due to the COVID pandemic in 2020 staff now has extensive experience working from home and was able to do this for several months.

Since our phone system was no longer supported, TAIPA moved to VOIP phones.

Due to Snovid, the only issue was that we were unable to obtain TAIPA mail due to the streets not being passable.

Have flood and earthquake insurance.

Texas government reviewed spread and addressed long-term issues with electricity/Texas grid during the 2025 legislative session.

It may help that Tesla's battery company is moving to Texas.

CONTROL IMPROVEMENT:

Due to COVID, employees started working from home; so now all work can be completed from home.

We would just need our to have our courier bring the mail to an employee's home.

The biggest issue facing TAIPA staff now is getting our mail when the streets are not passable, couriers are not running, and our post office is not running. Currently there is nothing TAIPA staff can do to obtain the mail in that case.

In a case where mail is not delivered, TAIPA staff monitors the mail and make efforts to assist companies in receiving applications as timely as possible once mail is delivered.

We have worked out the kinks in the new phone system related to our fire wall. We are now working to train all employees on how to utilize VOIP technology at home so employees can make/receive calls at home.

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management

Las Cimas Building Management

Need to know contacts:

TAIPA Governing Committee Chair

Mail Courier

Balcones Shred

Telephone Connection

Vintage IT Services

POSSIBLE CONTACTS FOR OFFICE SPACE:

Regus- rents office space hourly, daily, monthly, etc.

(855)-400-3575

Target Office- Rents office space per person monthly

(888) 753-1777

SPECIFIC RISK EVENT:

Employees are not able to come to work

(due to personal or organizational risks and/or governmental restrictions)

PROBABILITY:

Medium- Until 2020 this had not happened but with COVID we had to find a way for all employees to work from home.

IMPACT:

Low-Medium- Now employees can and have experience working from home the impact is low. The impact becomes higher if employees do not have electricity or internet.

CURRENT RISK MANAGEMENT:

We had employees work from various locations during the COVID pandemic and everyone was able to work.

If there was a problem with an employee's internet or electricity, we would expect outages to be remedied quickly.

Due to the pandemic in 2020, staff now has extensive experience working from home and was able to do so for several months.

Since our phone system was no longer supported, TAIPA moved to VOIP phones and we are now able to access our phones from home.

CONTROL IMPROVEMENT:

Due to COVID, employees started working from home; so now all work can be completed from home.

We would just need to have our courier bring the mail to an employee's home.

The biggest issue facing TAIPA staff now is getting our mail when the streets are not passable, couriers are not running, and our post office is not running. Currently there is nothing TAIPA staff can do to obtain the mail in that case.

In a case where mail is not delivered, TAIPA staff monitors the mail and make efforts to assist companies in receiving applications as timely as possible once mail is delivered. TAIPA is looking into electronic applications and payments.

We have worked out the kinks in the new phone system related to our fire wall. We are able to utilize VOIP technology at home so employees can make/receive calls at home.

STATUS:

The only ongoing issue is receiving the mail when the courier service and/or post office is not running due to weather issues.

Phone training has been completed. All employees can use TAIPA's phone system from home.

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management

Las Cimas Building Management

Need to know contacts:

TAIPA Governing Committee Chair

Mail Courier

Balcones Shred

Telephone Connection

Vintage IT Services

SPECIFIC RISK EVENT:

Emergency Governing Committee Meeting

PROBABILITY:

Medium- We added a meeting for the COVID Relief Program in 2020. However, this was not an emergency meeting. Therefore, we were able to meet the open meetings regular posting requirements. Since then, we have had several unplanned meetings.

IMPACT:

Medium- We now have quite a bit of experience with conference calls and ZOOM meetings.

CURRENT RISK MANAGEMENT:

Ability to meet via teleconference or ZOOM with at least one Governing Committee member present at the meeting.

*note that this was waived by order of the Governor when COVID initially hit.

Posting requirements are 7 days for regular meetings and 2 hours for an emergency meeting.

CONTROL IMPROVEMENT:

STATUS:

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management

Current TAIPA Governing Committee Chair

All current members of TAIPA Governing Committee

Secretary of State

Open Meetings Act posting: <https://www.sos.texas.gov/open/index.shtml>

Login through:

https://txsos01.b2clogin.com/txsos01.onmicrosoft.com/B2C_1A_signup_signin_TXSoS/samlp/sso/login

SPECIFIC RISK EVENT:

TAIPA volume increasing substantially in a short period of time

(due to a change in the open market conditions-such as underwriting guidelines tightening)

PROBABILITY:

Low- Over the years, TAIPA's application count has increased and decreased. The largest increase took place in 1992 when applications increased by 311,666. Applications reached the lowest level in 2022.

IMPACT:

Low-Medium- Depending on the level of the increase in applications and the rate that the applications start coming in, the risk could be low to high. It could be low because our current staff could handle an increase of at least 4 times the applications that we currently have coming in. This would require them to reduce some of the additional duties that they have taken on and would also depend on how many questions they received from insureds/producers and companies per day.

If applications increased at a rate higher than what current staff could handle. The threat would move to medium or high. This would be mitigated to some degree because our current staff could train new staff on the basics of processing applications.

Office Space- We currently have limited space (2 cubicles) available in the office for additional staff.

If 2 additional staff was not enough, we could have employees who were well trained work from home by having them pick up their work from the office or having it delivered to their home.

CURRENT RISK MANAGEMENT:

Staffing for increase in applications: current staff can handle a substantial increase in applications.

Current staff can train new employees in the basic application processing.

Producer training: staff currently uses a number of different processes to train producers. This is dependent upon the degree of training the producer needs and includes:

1. Walking producers through the application process on the phone. Unfortunately, this often takes about 30 minutes to do.
2. Ruth created a document that walks producers through the application process and this document includes links to a number of definitions which assists the producer in filling out the application their own.
3. TAIPA has a number of documents including: documents for training required to train all producers in all of the "problem areas". Staff has used these documents in the in-depth training given to producer to avoid turning them over to the producer review panel.
4. Since TAIPA now requires the producers to use the EASi system to complete applications, the system itself walks producers through the process to a limited degree, in that they cannot move on without filling in the required information. It has limited amount of help through "drop downs" etc.

How producers learn about TAIPA- It is our understanding that producers receive some training during licensing. In addition, they can receive additional training by requesting it directly from TAIPA.

STATUS:

1. To speed this process up, TAIPA staff will work with the strategic planning subcommittee to review and approve the ideas TAIPA has come up with and then move forward with the ideas that they believe will be most helpful.
2. TAIPA staff completed a time study and looked at different way to adjust staffing and work solutions based on this.
3. TAIPA staff could create a training video to walk a producer through the application process
4. Pursue working with IIAT to come up with a list of producers that TAIPA could send occasional email about TAIPA.
5. Create documents explaining what TAIPA does and how TAIPA can assist producers with placing clients when there are no open market options.
6. Prepare an "orientation program" for producers that could be videoed and be available through a link on the TAIPA website. In addition, it could be adapted to being delivered at various insurance agent meetings, etc.

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

IT/Telephone Risks

IT/TELEPHONE RISKS**SPECIFIC RISK EVENT:****Any of TAIPA's servers hosted by Vintage crashes**

(this would affect all TAIPA operations)

PROBABILITY:

Low- Vintage has two locations, one in Austin and the other in Chicago. Each location provides backup of the data. Using the cloud managed by Vintage, if the Austin location crashed, the impact would be seamless.

IMPACT:

High- If it happened and Chicago crashed as well, TAIPA would have to rely on Vintage's ability to get back up. We expect that it would be up shortly by using a different server.

CURRENT RISK MANAGEMENT:

Having our servers at Vintage. This provides better security for our systems because they have two locations where each records the backup data for all of their clients. This is their main business and they provide the same service for other entities. In addition, we expect that they keep the servers up to date and functioning properly. TAIPA has daily backup.

CONTROL IMPROVEMENT:

We could perform some duties manually and keep track on spreadsheets until the system is back up.

STATUS:**RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:**

TAIPA Employees/Management
Vintage IT Services

SPECIFIC RISK EVENT:**TAIPA's voicemail server crashes**

(this would include our voicemail, TAIPA greetings, and routing of calls. If this occurred, the phone would go directly to voicemail.)

PROBABILITY:

Low- Zulty's has two locations, one in Boston and the other in Denver, each location provides backup of the data. They also do a system check that includes moving the data every 24 hours. Zulty's has several trunks that have the ability for redundancy dialing.

Using the cloud managed by the vendor. If Boston location crashed, the impact on TAIPA would be seamless. They have only had a less than 2 minute down time worldwide in several years.

IMPACT:

High- If it happened and Denver crashed as well, TAIPA would have to rely on Zulty's ability to get back up. We expect that it would be up shortly by using a different server.

CURRENT RISK MANAGEMENT:

Having our servers at Zulty's.

Provides better phone/VOIP service for our customers because they have two locations where each records the backup data and functionality for all of their clients. This is their main business and they provide the same service for other entities. In addition, we expect that they keep the servers up to date and functioning properly.

TAIPA has daily backup.

SPECIFIC RISK EVENT:

Spectrum Internet

PROBABILITY:

Medium- We have experienced this once already.

IMPACT:

Low to Medium- Low in that employees have work from home if they have internet access. Medium if the problem is citywide and Spectrum is the service provider for employees who work from home. Not all employees who work from home have Spectrum. We expect that this would be fixed promptly. This was our experience when it occurred previously.

CURRENT RISK MANAGEMENT:

If the problem lasts longer than a couple of hours, we would post something on our website to let the public know if an employee has access to the internet. In addition, TAIPA has been able to utilize the buildings internet to access TAIPA's cloud environment when Spectrum had an outage. TAIPA has the ability to work from home if the outage persists.

CONTROL IMPROVEMENT:

We do not believe that the outage would be long because Spectrum would be working to fix it for us and any of their other clients affected.

STATUS:

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management
Spectrum

SPECIFIC RISK EVENT:

Website through WP Engines crashes

PROBABILITY:

Low- We have not experienced any problems with our website to date. WP Engines is an independent company that manages servers for other entities as well so there is pressure to keep all websites up and operating.

IMPACT:

Medium- We expect that this would be fixed promptly.

CURRENT RISK MANAGEMENT:

CONTROL IMPROVEMENT:

We do not believe that the outage would be long because WP Engines would be working to fix it for us and any of their other clients affected.

STATUS:

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management
TAIPA.org Website Hosting (WP Engine)
<https://my.wpengines.com/>

SPECIFIC RISK EVENT:

AIPSO system crashes

(this includes EASi 2.0 and the APS system. APS system is our customer service database for companies and producers.)

PROBABILITY:

Low- AIPSO is the system provider for most states so there is pressure to keep all systems up and operating.

IMPACT:

Medium- We expect that this would be fixed promptly.

CURRENT RISK MANAGEMENT:

AIPSO maintains TAIPA's information and has data security plans in place as well as insurance to cover any security breaches. AIPSO has sent information about their data security.

CONTROL IMPROVEMENT:

STATUS:

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management
AIPSO

SPECIFIC RISK EVENT:

Servers are hacked/data breach

PROBABILITY:

Low- our servers and information is being managed by an off-site vendor whose business is to keep this from taking place.

IMPACT:

Medium to High- TAIPA does have producers' social security numbers or EINS in our system. This system is managed by AIPSO. The information that we do have on insured is very limited, but it does include their driver's license number and date of birth.

CURRENT RISK MANAGEMENT:

Our servers are at Vintage. These would include social security or EINS for people in our accounting system. AIPSO manages the system that holds our producers' social security numbers and EINS as well as our insureds' driver's licenses.

ADP manages our payroll system which contains our employees' personal information.

CONTROL IMPROVEMENT:

We feel that we have vendors to manage the systems that we use provides better security since they provide this service for multiple customers. We will comfortable that they are managing our servers and systems properly and that they have controls in place.

We have received confirmation from Vintage, AIPSO, and ADP about system security.

STATUS:

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management
Vintage IT

SPECIFIC RISK EVENT:

ADP payroll system goes down/data breach

(ADP manages our payroll system which contains our employees' personal information)

PROBABILITY:

Low- ADP is a large provider of payroll processing and as such has a lot of resources going to protecting this data.

IMPACT:

High- If data is breached, this negatively affects our employees.

CURRENT RISK MANGEMENT:

Because ADP is a large payroll provider, we feel confident that they are protecting the data that they collect.

We could manually process payroll and then enter the information into the system when it comes back up.

We could also go back to using our accounting system to process payroll.

CONTROL IMPROVEMENT:

ADP has sent us information on their data security.

Get confirmation on ADP's enterprise risk management system annually.

STATUS:

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management

Stacy Dutton (cell)- 512-779-8283

Mimi Leece (cell)- 512-468-6927

Loss of Vendor Risks

LOSS OF VENDORS

SPECIFIC RISK EVENT

Loss of Vendor- Spectrum Business

PROBABILITY

Low- There is no indication that Spectrum Business is getting out of this business.

IMPACT:

There are a number of other providers in the market.

CURRENT RISK MANAGEMENT:

We believe that there could be some down time with the telephones as we did experience this when we changes vendors previously.

CONTROL IMPROVEMENT:

STATUS:

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management

SPECIFIC RISK EVENT:

Loss of Vendor- Vintage IT

PROBABILITY:

Low- There is no indication that Vintage IT is getting out of this business.

IMPACT:

Low- There are several other providers in the market. There could be some downtime if we had to make a change rapidly and costs may be higher.

CURRENT RISK MANAGEMENT:

We are currently happy with our IT provider and have found them to be the best vendor that we have had since 2007.

CONTROL IMPROVEMENT:

We have experience looking for and finding IT providers so we could do this quickly if we ever needed to.

STATUS:

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management

SPECIFIC RISK EVENT

Loss of Vendor- AIPSO

PROBABILITY:

Low- There is no indication that AIPSO is getting out of this business. If they wanted to stop doing business with TAIPA, there would be some pressure applied to AIPSO by the industry to continue to work with TAIPA. We have seen this done in the past. We have improved our relationship with AIPSO over the years.

IMPACT:

High- There are no other organizations that provide this type of service in the market. We attempted to create our own system using a software development organization and they were unable to produce anything usable. That said, things have changed in the IT market since then.

CURRENT RISK MANAGEMENT:

We have improved our relationship with AIPSO starting in 2010 and continue to do so. AIPSO now works with TAIPA employees to improve their service to TAIPA as issues arise or as they develop new way of providing service.

CONTROL IMPROVEMENT:

STATUS:

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management

SPECIFIC RISK EVENT

Loss of Vendor-Frost Bank

PROBABILITY:

Very Low- TAIPA is very comfortable with our relationship with Frost Bank and it appears that Frost Bank is comfortable with TAIPA as well. The bank seems to understand our business and has worked to provide us with a \$300,000 line of credit.

IMPACT:

Low- There are many other banks and we are comfortable with how TAIPA operates and provide the same services that Frost currently does.

CURRENT RISK MANAGEMENT:

We work well with Frost Bank and continue to foster a good working relationship with them.

CONTROL IMPROVEMENT:

Both Mimi Leece and Stacy Dutton worked on changing our bank in the past so we have direct experience making this change if needed to.

STATUS:

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management

SPECIFIC RISK EVENT:

Loss of Vendor- Sage/ACCPAC

(Sage/ACCPAC is our accounting software)

PROBABILITY:

Low- TAIPA has used the ACCPAC system for a very long time and we are comfortable with it.

IMPACT:

Low- There are many other providers in the market.

CURRENT RISK MANAGEMENT:

If it happened that the software was no longer supported, we could continue to use the software because we own the software and we have a fire wall.

CONTROL IMPROVEMENT:

STATUS:

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management
Sage

SPECIFIC RISK EVENT:

Loss of Vendor-Telephone Connection

(Telephone Connection manages TAIPA's phones and has for several years.)

PROBABILITY:

Low- Telephone Connection does not appear to be leaving the market.

IMPACT:

Low- There are other providers in the market including Vintage IT now.

CURRENT RISK MANAGEMENT:

If it happened, we could easily find another provider.

CONTROL IMPROVEMENT:

STATUS:

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management

SPECIFIC RISK EVENT:

Loss of Vendor- ADP

(ADP is our software that we use for payroll and tax filing.)

PROBABILITY:

Low- ADP does not appear to be leaving the market.

IMPACT:

Low- There are many other providers in the market.

CURRENT RISK MANAGEMENT:

If it happened, we could easily find another provider or go back to using ACCPAC. We own the ACCPAC system. Stacy Dutton has experience with changing providers for payroll.

CONTROL IMPROVEMENT:

Since we have a couple of solutions, we are not currently looking for another solution.

STATUS:

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management
ADP Customer Service

Financial Risks

FINANCIAL ISSUES

SPECIFIC RISK EVENT:

Business risk relevant to financial reporting including fraud

PROBABILITY:

Low- The Governing Committee is made up of a number of company members who know and see what is happening in the insurance market. Whenever they see an issue that could affect TAIPA, it is generally discussed in Governing Committee meetings and/or management. This allows TAIPA management to make preparations for various possible situations such as increased or decreased applications.

Fraud has not been an issue since 2005-2006. We have implemented multiple checks to ensure that employees do not use the company credit cards for personal use and we ensure that we understand the reason for all payments made to our vendors.

If false information was reported, it would likely lead the staff and the Governing Committee to make poor decisions with regard to what TAIPA can/should do with regard to any issues that depend on TAIPA's financial position.

IMPACT:

High- If something in the market changed and applications would be increased, TAIPA would need to staff up and may need to either use our line of credit and/or have an additional assessment. If someone embezzled funds, we would most likely not be able to meet our financial obligations and would need to get additional funds through an assessment of the companies.

CURRENT RISK MANAGEMENT:

TAIPA does not have a debit card for any of our accounts.

Credit cards are only given to Stacy Dutton (Association Manager) and Mimi Leece (Manager of Operations/Financial Management).

Front office personnel are trained to enter all incoming and outgoing payments.

Mimi Leece is the first level of management to review and approve the payments in and out of our accounts. Stacy Dutton signs off on all of the checks, posts all journal entries so all payments in and out are ultimately seen and approved by her.

In addition, Stacy Dutton and Mimi Leece review the GL transaction listing to verify that all payments/credits are made in the proper GL.

Mimi Leece oversees the accounting information. She records journal entries and prepares internal financials. They ensure that all important information is processed and communicated accordingly. Information is reviewed at several levels, including by the association manager and the Governing Committee.

Any control breakdowns would be readily apparent. Because TAIPA is so small, and staff generally knows the normal invoices we need to pay each month so typically any issues would be caught within the same month. On the outside, it would be caught when the vendor contacts us to find out about payment and/or insurance company contacts us with questions about how their payments were applied.

Mimi Leece has an understanding of potential control deficiencies and tries to implement controls to mitigate activities relevant to the audit, and how the entity initiates remedial actions to deficiencies in its control.

The classes of transactions that are significant to the financial statements include all funds coming in and out of TAIPA are significant given that we are a small operation and try to operate on a budget that is fair to our member companies since they are ultimately responsible for paying for TAIPA. Mimi Leece is responsible for ensuring all transactions are accurate- i.e. paid in full, recorded in the correct GL, recorded in the correct reporting period, and to verify that each transaction recorded actually took place. Mimi Leece is also responsible for ensuring that all assets and liabilities are updated and reported and for ensuring that all of the balances exist. Stacy Dutton is responsible for overseeing this and is the final internal check. In addition, TAIPA sends the financials to Tyler Mosley at Atchley and Associates to review periodically.

The procedures, with both IT and manual system, by which those transactions are initiated, recorded, processed, corrected as necessary, transferred to the general ledger and reported in the financial statements.

The Manager of Operations/Financial Management is responsible for creating the assessments for each of the members of the association based on the assessment approved by the Governing Committee for the upcoming year and each company's share of the Texas Auto Liability Market. The assessments are sent out at the end of the

previous year and payable on or before February 1st of the current year. Assessments may be paid by issued check, ACH transfer, or wire transfer. These funds are matched to the corresponding invoice, then entered into TAIPA's accounting system and deposited into TAIPA's operations account.

Vendors send TAIPA invoices by email or mail, ACH transfers, or by credit card. The manager of operations/financial management is responsible for verifying that the payment should be made, pulling the documentation, and recording the payment, or cutting a check.

The customer service/administrative support specialists record these transactions in the accounting system and check these entries. The Manager of Operations/Financial Management is responsible for approval and posting, and Association Manager is responsible for signing any checks.

Whoever is creating an entry in the accounting system is responsible for: ensuring that the entry is documented in the system using a standard format, attaching the supporting documentation (invoice or ACH transaction) and used the information from the supporting documentation to make the entry. The entry is then reviewed for errors. If an error is made prior to posting, it is returned to the person who created the entry for correction. If an error is found after posting, generally a journal entry is made to correct the error.

TAIPA is a non-profit corporation with 501(c)(6) designation.

The 501(c)(6) designation includes membership-based organizations or clubs that promote the business interests of their members, such as trade associations and sports leagues.

TAIPA uses accrual basis of accounting.

TAIPA uses accounting estimates.

Budget: TAIPA estimates the upcoming budget based on the previous year and making adjustments on expected changes, expenses, and/or revenue.

Assessments: TAIPA then estimates the amount of cash it will have at the end of the year, amount of money it will need to pay bills until the assessment income arrives in the TAIPA office.

If the estimate of cash at the end of the year is more than TAIPA management estimates, it will need for the first couple of month of the year. It will apply that "excess cash" to the approved budget and then only assess the companies for the difference.

Revenue: TAIPA simply divides the assessments by 12 and recognizes 1/12 of the assessments each month.

Regulatory factors from plan of operations- no expenditure in excess of 5% or more the budgeted amount or which has not been included in the budget may be made without Governing Committee approval. Therefore, if we anticipate an area coming in over budget, TAIPA management discusses the concerns with the vendors involved, and the chair if applicable. The item is then discussed when TAIPA management goes over the financials at the Governing Committee meeting. To date, there has never been a situation where TAIPA has to request additional funds or draw from its line of credit.

TAIPA's frameworks and requirements follow U.S. GAAP

Management & personnel prepare financial statements keep up to date with new, relevant accounting and disclosure requirements through our auditors. TAIPA goes through a financial audit every year to ensure that our accounting information is up-to-date and accurate.

TAIPA utilizes Sage software for financial statements. TAIPA has a SOP for accounting procedures. This manual is utilized along with the Sage accounting software to enter data and document TAIPA's financial statements. The association manager and the manager of operations/financial manager review the financial statements before sending them to our auditors for review. They are then presented to the Governing Board for final approval.

Management relies on Sage software for reporting for financial statements. Reports are generated from the general ledger and sub ledger. These reports are reviewed by the manager of operations/financial manager and the association manager. TAIPA used journal entries to correct any errors to the sub-ledger and the general ledger. These corrections are discussed with TAIPA's auditors and the accounting team to ensure accurate accounting reporting. Prior to releasing financial statements, they are reviewed by both the manager of operations/financial management and the association manager. In addition, TAIPA also sends our financials to Tyler Mosley of Atchley and Associates to review for any errors.

TAIPA staff has worked with the Governing Committee to provide information in an easy-to-understand format that indicates the reason for any variance that is more than 5% more or 5% less than expected at the time of reporting and the reason for this. In addition, the standard financials are prepared and distributed to the Governing Committee at each meeting. The association manager specifically goes over where TAIPA stands financially in the meeting.

Manager of Operations/Financial Management works very closely with Atchley & Associates on how TAIPA records should be documented and presents its financials.

TAIPA uses very few estimates in its accounting process.

The sources of the information used in the entity's monitoring activities, and the basis upon which management considers the information to be sufficiently reliable include the general ledger transaction listing. Mimi Leece utilized this report from Sage to determine budgeted line items. The trial balance lists every general ledger account and its balance, making adjustments easier to check and errors easier to locate.

With regard to journal entries and other adjustments, Mimi Leece determines when journal entries are needed and creates the journal entry and attaches all supporting documents. If non-standard, Mimi Leece will get assistance from Jamie, Jeanette, and/or Tyler Mosley. The association manager reviews the journal entry and posts them. The manager of operations/financial manager and the association manager have physical control and access to posted journals.

The types of journal entries and other adjustments are:

Standard entries include: revenue, accruals for items paid in previous month, depreciation, amortization

Non-routine: generally corrections of an item that was posted incorrectly (i.e. posted to wrong GL)

Because TAIPA has separation of duties as defined by our accounting manual, manual and automated processes are of low risk.

Manual controls are in place, these entry input are processed in Sage. All invoices for both accounts payable and accounts receivable must have correlating documentation before it is entered into Sage. This ensures that: input data is accurate, complete, authorized, and correct. Data is processed as intended in an acceptable time period. Data stored is accurate and complete. Outputs are accurate and complete. Records are maintained to track the process of data from input to storage and to the eventual output.

Only the manager of operations/financial manager and the association manager have the ability to override any manual and automated process.

The manager of operations/financial manager and the association manager review and correct entries.

CONTROL IMPORVEMENT:

Manager of Operations/Financial Management continues to work with staff and TAIPA management to add the front office staff to the management of TAIPA's financial responsibilities so that we can have a greater division of labor and go back to managing TAIPA in the way that it was managed prior to March of 2019.

STATUS:

In 2023, Stacy Dutton and Mimi Leece worked with our Sage consultants to fix some long-term issues with our accounting system. In doing so, we learned a number of ways that we can do things differently and improve the results.

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management

SPECIFIC RISK EVENT:

Defined Benefit (Pension) Risk

PROBABILITY:

Medium

IMPACT:

Medium

CURRENT RISK MANAGEMENT:

Our plan administrators monitor the plan, and they have a set of criteria that they measure against. This obviously doesn't always work out if the market is volatile.

In addition, we limited the plan to current employees at the end of 2019. Therefore, we only have two employees in the plan who continue to accrue benefits. They said that we still have several terminated/retired employees who are drawing from the plan or will draw from the plan in the future.

CONTROL IMPROVEMENT:

At this point we are waiting to see how the plan does in a year that isn't volatile due to COVID, etc. When the outside consultants reviewed our plan, they indicated that they thought that our costs would go down in the future because of how well funded the plan is. It did so but is still close to \$100,000 per year.

STATUS:

2022 was the first year that TAIPA did not need to make additional payments to the TAIPA pension plan.

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management

PPIO

Principal Financial

SPECIFIC RISK EVENT:**Running out of money****PROBABILITY:**

Low- It has not been an issue to date and if it becomes a problem, we have the \$300,000 line of credit available.

IMPACT:

High-If we ran out of money, we could also send out an assessment to all of the member companies to cover it, but it would take about 30 days to collect.

CURRENT RISK MANAGEMENT:

We typically have about 3 months' supply of funds at hand during the year and we have a \$300,00 line of credit.

CONTROL IMPROVEMENT:**STATUS:****RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:**

TAIPA Employees/Management

SPECIFIC RISK EVENT**Line of credit not being renewed****PROBABILITY:**

Low- It has not been an issue to date.

IMPACT:

Medium- If our line of credit was not renewed, we would first try another bank. If this did not work, we could also send out an assessment to all of the member companies, but it would take about 30 days to collect.

CURRENT RISK MANAGEMENT:

We feel confident that we could get another bank to give us a line of credit or we could make an emergency assessment.

CONTROL IMPROVEMENT:**STATUS:****RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:**

TAIPA Employees/Management

Personnel Risks

PERSONNEL CHANGES

SPECIFIC RISK EVENT

Loss of two or more employees at the same time

PROBABILITY:

Medium- This happened in 2019. We lost one long term employee and one employee who had been at TAIPA for a year.

IMPACT:

High- It depends on which employees would leave but regardless it is difficult to have 2 employees performing all the duties.

CURRENT RISK MANAGEMENT:

We continue to cross train the employees. Because we have had this turnover, this is an ongoing process. If an employee resigns, we may need to retrieve TAIPA property left at employees' home.

CONTROL IMPROVEMENT:

Staff is currently working on developing a system that will include all of our SOPs in one place and to make that an accessible and manageable system that incorporates the calendar as well.

We have purchased small lockable file drawers for employees to keep all TAIPA information together in one location. It should be clearly identifiable and include the list of all the items that each employee has at home.

STATUS:

Added SOPs and trainings on various projects. All staff have participated in learning about quota, over/under reports,

Open discussions about employees not being here and how prepared we are.

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management

SPECIFIC RISK EVENT

Death of an employee/employee leaving without notice/employee retirement

PROBABILITY:

Medium- this has happened at TAIPA in 2016 there was an employee death and in 2019 an employee left with no notice.

We have two employees approaching retirement age in the next 5 years.

IMPACT:

High- It depends on which employee would pass but regardless it is difficult with such a small staff

CURRENT RISK MANAGEMENT:

We continue to cross train the employees. Since we have had this turnover, this is an ongoing process. We would need to retrieve TAIPA property left at employee's home, if an employee passes away.

CONTROL MANAGEMENT:

Staff is currently working on developing a system that will include all our SOPs in one place and to make that an accessible and manageable system that incorporates the calendar as well.

We have purchased small lockable file drawers for employees to keep all TAIPA information together in one location. It should be clearly identifiable and include the list of all the items that each employee has at home.

STATUS:

Added SOPs and trainings on various projects. All staff have participated in learning about quota, over/under reports,
Open discussions about employees not being here and how prepared we are.

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management

SPECIFIC RISK EVENT

Personal identifiable information being leaked

Insureds- Applications & AIPSO

Producers-AIPSO

Companies-AIPSO & Sage

Producer/Public Members of Governing Committee-Sage & AP Files

PROBABILITY:

Low

IMPACT:

High

CURRENT RISK MANAGEMENT:

Employee information is kept locked in a locked office.

It is contained in ADP's system.

Insured & producers' confidential information is kept within the AIPSO system.

CONTROL IMPROVEMENT:

STATUS:

RESPONSIBLE TAIPA EMPLOYEE, VENDOR CONTACT/COMMENTS:

TAIPA Employees/Management

4 Emergency Management

4.1 Policy and Organizational Statements

The purpose of this plan is to provide guidance for the management and staff of Texas Automobile Insurance Plan Association (TAIPA) to recover from the effects of a catastrophic incident that disrupts the operations of business functions and results in great damage or loss.

4.2 Purpose/Scope

The plan is developed and maintained in support of the following objectives:

- Safety & security of people, property, and information
- Meet or exceed customer requirements
- Perpetuate a positive organization image

Although this plan provides guidance for disaster recovery efforts, it is not a substitute for sound judgement.

4.3 Usage

The contents of this plan will be used by team members for preparatory actions to minimize the effects of catastrophic incidents and to manage a smooth and orderly recovery from the effects of a disaster event.

4.4 Distribution

Each team member will receive 2 copies of the plan. One to be kept in the workplace and one to be kept at home. In addition, we will have one copy on the shared drive.

It is important to read through the information now. If you are ever confronted with this situation, you will want to know what you need to do to keep yourself and your colleagues safe. You may not remember that you have this information near you, but you may remember and recall what you are reading now.

4.5 Definitions of Emergency

Any accidental, natural, environmental, incited or planned event which threatens to or does disrupt normal operations or services, and which is expected to continue for sufficient time to affect significantly, or to cause failure of the organization's ability to provide normal business services for more than 48 hours.

Examples are:

Accidental	Fire, Errors & Omissions
Natural	Flood, Winter Storm, Electrical Storm, Hurricane, Tornado
Environmental	Aircraft Crash, Explosion, Contamination, Power
Incited	Arson, Sabotage, Vandalism, Computer Related Fraud
Planned	Activity that prevents normal business activity

4.6 Response, Recovery, and Restoration

Response, recovery, and restoration will be based on the expected length of outage and affected operations rather than the type of incident.

Level I An interruption of more than 24 hours but less than 5 days

Level II An interruption of 5 to 7 days

Level III An interruption of more than 7 days

4.7 Notification

- Members of the team make an initial assessment of the damage and/or impact and report it to the Association Manager
- If a Level II or III incident is indicated, the Governing Committee will be notified
- The Association Manager or designee will advise the Governing Committee members of the status of the disaster
- If the office is not available, employees will be notified when and where to report to work

4.8 Evacuation Plan

Evacuation may be required if there is a fire or hazard in the building

Employees will be warned to evacuate the building using the following systems:

- Fire Alarm
- Building Management
- TAIPA Management

*Typically, employees will use the stairs to evacuate the building.

Employees should assemble at:

TAIPA management will verify that all employees and visitors to the TAIPA office are accounted for and determine if anyone is injured.

Shelter-In-Place

Severe Weather/Tornado Sheltering Plan

Team Leader- Stacy Dutton/Mimi Leece

TAIPA management will verify that all employees and visitors to the TAIPA office are accounted for and determine if anyone is injured.

Person monitoring weather sources for updated emergency instructions and broadcasts if issued by weather service- Stacy Dutton/Mimi Leece, Building Management

Familiarize yourself with these terms to help identify a tornado hazard

Tornado Watch: Tornadoes are possible. Remain alert for approaching storms. Stay tuned to weather radio, radio, or internet news for information.

Tornado Warning: A tornado has been sighted or indicated by weather radar. If you are under a tornado warning, seek shelter immediately.

If you are not in the TAIPA office:

- Go to a pre-designated shelter area such as a safe room, basement, storm cellar, or the lowest building level. If there is no basement, go to the center of an interior room on the lowest level (closet, interior hallway) away from corners, windows, doors, and outside walls. Put as many walls as possible between you and the outside. Get under a sturdy table and use your arms to protect your head and neck. Do not open windows.
- If you are in a vehicle, get out immediately and go to the lowest floor of a sturdy, nearby building or storm shelter.
- If no shelter is available, lie flat in a nearby ditch or depression and cover your head with your hands.

For Other Threats or Hazards

Shelter-in-place

Team Leader- Stacy Dutton/Mimi Leece

Determine whether it is safer to shelter in place or evacuate

- Lock door if it is safe to do so
- Call 911 if it is safe to do so
- Stay away from windows

Employees will be directed

TAIPA management will verify that all employees and visitors to the TAIPA office are accounted for and determine if anyone is injured

Person monitoring news sources and building management- Stacy Dutton/Mimi Leece, building management

Medical Emergency Plan

If medical emergency occurs

Dial 911 and request an ambulance. Provide the following information:

- Number and location of victims
- Nature of injury/illness
- Hazard involved
- Nearest entrance (emergency access point)
- Follow instructions of emergency personnel

Team Leader- Stacy Dutton/Mimi Leece

Location of first aid kit- Breakroom

Procedures

- Do not move the victim unless the location is unsafe
- Control access to the scene
- Take universal precautions to prevent contact with body fluids and exposure to blood-borne pathogens
- Meet the ambulance at the nearest entrance or emergency access point and direct them to victims

Fire Emergency Plan

Fire Safety

- Know where the emergency exits and fire alarm pull stations are in your building
- Know at least two ways out of your building or off your floor
- Know where the stairs are
- When you hear the fire alarm, evacuate. Do not assume it is a drill or false alarm

If fire is reported

- Pull the fire alarm (if available and not already activated)
- Immediately evacuate the building
- Check your evacuation route for smoke. If unsafe, take an alternate route
- Dial 911 and let the Fire Department know. Provide the following information:
 - Business name and address:
805 Las Cimas Parkway III
Austin, TX 78746
 - Nature of fire
 - Fire location-building and floor
 - Name of person reporting the fire
 - Telephone number for return call

Unless told otherwise by building announcements or emergency officials, go to your predetermined assembly location.

Do not re-enter the building until emergency officials declare it safe

Team Leader- Stacy Dutton/Mimi Leece

Bomb Threat Emergency Plan

Do not evacuate unless told to do so by emergency personnel

- If you receive a bomb threat
- Do not assume it is a hoax
- Remain calm; try to get someone's attention to listen in on the call; obtain as much information as possible from the caller
 - When is the bomb going to explode?
 - Where is it?
 - What does it look like?
 - What will cause it to explode?
 - Why did you place the bomb?
- If you have caller ID, write down the phone number that is displayed. Remember:
 - Woman or man's voice?
 - Approximate age?
 - Accent?
 - Tone of voice?
 - Background noise?
- Call 911; ask for immediate assistance and provide the following information:
 - Business name and address
805 Las Cimas Parkway III
Austin, TX 78746
 - Nature and extent of the emergency
 - Your name and a phone number to reach you
- Follow the instructions of emergency personnel

Team Leader- Stacy Dutton/Mimi Leece

5 Risk Management Plan Approval

The undersigned acknowledges they have reviewed the Risk Management Plan for TAIPA. Changes to this Risk Management Plan will be coordinated with and approved by the undersigned or their designated representative.

Exhibit 11

TAIPA PP Over/Under Report

Exhibit 11

09/25/2025

COMPANY

Year End 2020

Year End 2021

Year End 2022

Year End 2023

Year End 2024

1st QTR 2025

2nd QTR 2025

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
21ST CENTURY CENTENNIAL INS CO (SC)		82,479		173,295		94,829		284,547		185,436		211,508		213,848
ACUITY A MUT INS CO								1						
AFFIRMATIVE INS CO (co is in liquidation)		2,831	Went into storage											
ALINSCO INS CO									Corrected, 5,013 distributed to all co		TICO Error	5,013		
AMER FAMILY MUT INS CO SI		12		12		0	Entered LAD							
AXA INS CO		21		50		59		59		59		59		59
BERKLEY INS CO	Became grouped													
BRANCH INS EXCH						56	Entered LAD							
CIMARRON INS CO										17		54		
CLEARCOVER INS CO			Entered LAD											
DIRECT GEN INS CO	Became grouped													
FREESTONE INS CO	Went into storage													
GATEWAY INS CO									Corrected, 1,177 distributed to all co		TICO Error	1,177		
GM NATIONAL INS CO										9				
GOAUTO INS CO						6								
GOVERNMENT EMPLOYEES INS CO		28,150		58,246		73,402	3	Entered LAD						
GREENWICH INS CO			New to quota		1	21		86		242				
HALLMARK COUNTY MUT INS CO	440,269		440,169		440,105		439,975		440,553		439,816		440,213	
HOUSTON GENERAL INS EXCH (co is in liquidation)	New to quota	190		235		249		249		249		249		249
ICM INS CO														
IMPERIAL FIRE & CAS														
INTEGON NATIONAL INS CO		185,414		207,690		271,688		155,542		253,441		199,679		225,941
LOYA INS CO									Corrected, 18,812 distributed to all co		Tico Error	18,812		

TAIPA PP Over/Under Report

Exhibit 11

09/25/2025

COMPANY	Year End 2020		Year End 2021		Year End 2022		Year End 2023		Year End 2024		1st QTR 2025		2nd QTR 2025	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO)	Went into Storage													
METROPOLITAN GEN INS CO (this co has zero basic quotaresearch)								24		26		26		26
NATIONAL UNITY INS CO							Entered LAD							
NOBLR RECIPROCAL EXCHANGE					Entered LAD									
QUALITAS INS CO									Corrected, 86 distributed to all co		TICO Error	86		
SPINNAKER INS CO					Co is in LAD	5								
STATE FARM MUT AUTO INS CO		104,343	Entered LAD		15	Co is in LAD								
TESLA INS CO										1,165		1,518		
TEXAS FARM BUREAU CAS INS CO		36,078	Entered LAD											
TREXIS ONE INS CORP (prev co ALFA SPECIALTY INS CORP)		663		613	377		569		91		2			90
UNITED SEC HEALTH & CAS INS CO/UNITED SECURITY INS CO						3		39						
VAULT RECIPROCAL EXCHANGE			New to quota	17		155								
VISION INS CO									Corrected, 1,395 distributed to all co		TICO Error	1,395		
WINDHAVEN NATIONAL INS. CO (10348 ATX PREMIER INS CO) Co is in receivership as of 03/05/2020		88		10		3								
TOTALS	440,269	440,269	440,169	440,169	440,497	440,476	440,547	440,547	440,644	440,644	439,818	439,576	440,213	440,213
Out of balance 21. Sent email to AIPSO See State Farm +15 & Amer Family Mut 0, Spinnaker 5														
Out of balance 242. sent email to AIPSO about the difference.														
Out of balance 242 & TICO error have been corrected.														
PREMIUMS WRITTEN	1,262,528		1,000,446		928,016		1,319,669		1,889,735		1st qtr 370,817		2nd qtr 404,055	

TAIPA PP Over/Under Report

Exhibit 11

09/25/2025

COMPANY

Year End 2020

Year End 2021

Year End 2022

Year End 2023

Year End 2024

1st QTR 2025

2nd QTR 2025

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
21ST CENTURY CENTENNIAL INS CO (SC)		82,479		173,295		94,829		284,547		185,436		211,508		213,848
ACUITY A MUT INS CO								1						
AFFIRMATIVE INS CO (co is in liquidation)		2,831	Went into storage											
ALINSCO INS CO									Corrected, 5,013 distributed to all co		TICO Error	5,013		
AMER FAMILY MUT INS CO SI		12		12		0	Entered LAD							
AXA INS CO		21		50		59		59		59		59		59
BERKLEY INS CO	Became grouped													
BRANCH INS EXCH						56	Entered LAD							
CIMARRON INS CO										17		54		
CLEARCOVER INS CO			Entered LAD											
DIRECT GEN INS CO	Became grouped													
FREESTONE INS CO	Went into storage													
GATEWAY INS CO									Corrected, 1,177 distributed to all co		TICO Error	1,177		
GM NATIONAL INS CO										9				
GOAUTO INS CO						6								
GOVERNMENT EMPLOYEES INS CO		28,150		58,246		73,402	3	Entered LAD						
GREENWICH INS CO			New to quota		1	21		86		242				
HALLMARK COUNTY MUT INS CO	440,269		440,169		440,105		439,975		440,553		439,816		440,213	
HOUSTON GENERAL INS EXCH (co is in liquidation)	New to quota	190		235		249		249		249		249		249
ICM INS CO														
IMPERIAL FIRE & CAS														
INTEGON NATIONAL INS CO		185,414		207,690		271,688		155,542		253,441		199,679		225,941
LOYA INS CO									Corrected, 18,812 distributed to all co		Tico Error	18,812		

TAIPA PP Over/Under Report

Exhibit 11

09/25/2025

COMPANY	Year End 2020		Year End 2021		Year End 2022		Year End 2023		Year End 2024		1st QTR 2025		2nd QTR 2025	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO)	Went into Storage													
METROPOLITAN GEN INS CO (this co has zero basic quotaresearch)								24		26		26		26
NATIONAL UNITY INS CO							Entered LAD							
NOBLR RECIPROCAL EXCHANGE					Entered LAD									
QUALITAS INS CO									Corrected, 86 distributed to all co		TICO Error	86		
SPINNAKER INS CO					Co is in LAD	5								
STATE FARM MUT AUTO INS CO		104,343	Entered LAD		15	Co is in LAD								
TESLA INS CO										1,165		1,518		
TEXAS FARM BUREAU CAS INS CO		36,078	Entered LAD											
TREXIS ONE INS CORP (prev co ALFA SPECIALTY INS CORP)		663		613	377		569		91		2			90
UNITED SEC HEALTH & CAS INS CO/UNITED SECURITY INS CO						3		39						
VAULT RECIPROCAL EXCHANGE			New to quota	17		155								
VISION INS CO									Corrected, 1,395 distributed to all co		TICO Error	1,395		
WINDHAVEN NATIONAL INS. CO (10348 ATX PREMIER INS CO) Co is in receivership as of 03/05/2020		88		10		3								
TOTALS	440,269	440,269	440,169	440,169	440,497	440,476	440,547	440,547	440,644	440,644	439,818	439,576	440,213	440,213
Out of balance 21. Sent email to AIPSO See State Farm +15 & Amer Family Mut 0, Spinnaker 5														
Out of balance 242. sent email to AIPSO about the difference.														
Out of balance 242 & TICO error have been corrected.														
PREMIUMS WRITTEN	1,262,528		1,000,446		928,016		1,319,669		1,889,735		1st qtr 370,817		2nd qtr 404,055	

Exhibit 12

S.B. No. 458

AN ACT

relating to an appraisal process for disputed losses under personal automobile or residential property insurance policies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle A, Title 10, Insurance Code, is amended by adding Chapter 1813 to read as follows:

CHAPTER 1813. APPRAISAL OF DISPUTED LOSSES

Sec. 1813.001. APPLICABILITY OF CHAPTER. (a) This chapter applies only to a personal automobile or residential property insurance policy delivered, issued for delivery, or renewed in this state by an insurer, including:

(1) a capital stock insurance company;

(2) a mutual insurance company;

(3) a county mutual insurance company;

(4) a Lloyd 's plan;

(5) a reciprocal or interinsurance exchange;

(6) a farm mutual insurance company;

(7) an eligible surplus lines insurer if this state is the insured 's home state as defined by Section [981.002](#); and

(8) the FAIR Plan Association.

(b) This chapter does not apply to:

(1) an insurance policy delivered, issued for delivery, or renewed by the Texas Windstorm Insurance Association; or

S.B. No. 458

1 (2) a commercial insurance policy.

2 Sec. 1813.002. RULES. (a) The commissioner shall adopt
3 rules necessary to implement this chapter, including:

4 (1) rules establishing the period in which an
5 appraisal under a provision required by this chapter must be
6 completed; and

7 (2) rules mandating an appraisal for total loss and
8 damage of the property that is the subject of the appraisal.

9 (b) In adopting rules establishing the period described by
10 Subsection (a)(1), the commissioner must consider the
11 qualifications and selection of appraisers and umpires for the
12 appraisal.

13 Sec. 1813.003. REQUIRED POLICY PROVISION: APPRAISAL
14 PROCESS. (a) An insurance policy described by Section 1813.001(a)
15 must contain an appraisal provision that complies with this
16 chapter.

17 (b) The appraisal provision required by this chapter is
18 intended to provide a type of dispute resolution process solely to
19 determine the amount of loss when that amount is in dispute between
20 the policyholder and the insurer.

21 Sec. 1813.004. EFFECT OF APPRAISAL. (a) An appraisal under
22 the provision required by this chapter does not affect any
23 applicable policy terms, and an appraisal award must be made in
24 substantial compliance with the appraisal clause of the insurance
25 policy.

26 (b) Except for fraud, accident, or material mistake
27 relevant to the appraisal or an appraisal award made without

S.B. No. 458

1 authority, the amount of loss determined by an appraisal under this
2 chapter is binding as to the policyholder and the insurer.

3 SECTION 2. (a) Chapter 1813, Insurance Code, as added by
4 this Act, applies only to an insurance policy delivered, issued for
5 delivery, or renewed on or after January 1, 2026.

6 (b) An insurance policy form required to be filed under
7 Chapter 2301, Insurance Code, providing for an appraisal process
8 that is in use on January 1, 2026, and otherwise compliant with
9 Chapter 1813, Insurance Code, as added by this Act, is not required
10 to be filed with the Texas Department of Insurance as a consequence
11 of this Act.

12 SECTION 3. This Act takes effect September 1, 2025.

S.B. No. 458

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 458 passed the Senate on April 9, 2025, by the following vote: Yeas 29, Nays 0, one present not voting; and that the Senate concurred in House amendment on May 26, 2025, by the following vote: Yeas 30, Nays 0, one present not voting.

Secretary of the Senate

I hereby certify that S.B. No. 458 passed the House, with amendment, on May 20, 2025, by the following vote: Yeas 143, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor

#___AIP. AMENDMENT OF POLICY PROVISIONS - APPRAISAL

This endorsement amends and forms a part of the Texas Personal Auto Policy obtained through the Texas Automobile Insurance Plan Association.

PART D GENERAL DUTIES IS AMENDED TO INCLUDE:**I. APPRAISAL**

If we and you do not agree on the amount of loss to **your covered auto**, either may demand an appraisal of the loss. In this event, each party will select a competent appraiser. The two appraisers will select an umpire. The appraisers will state separately the actual cash value and the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the expenses of the appraisal and umpire equally.

We do not waive any rights under this policy by agreeing to an appraisal.