

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION (TAIPA)

TWENTY-FOURTH REPORT

FOR THE PERIOD

JANUARY 1, 2017 THROUGH DECEMBER 31, 2017

AND

MINUTES OF ANNUAL MEETING

AUSTIN, TX

MARCH 23, 2018

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
TWENTY-FOURTH REPORT
FOR THE PERIOD FROM
JANUARY 1, 2017 THROUGH DECEMBER 31, 2017
ANNUAL MEMBERSHIP MEETING
Austin, Texas
March 23, 2018

The Twenty-fourth Annual Meeting of the Members of the Texas Automobile Insurance Plan Association was held at the Austin Omni Hotel Southpark, beginning at 8:35 AM, Friday, March 23, 2018.

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

Chair Brooks asked the Association Manager to report on the selection of the trade association representatives, as prescribed in Section 36.B.1. of the TAIPA Plan of Operation. The Association Manager stated that the trade association representatives selected were:

- American Insurance Association (AIA) - The Travelers,
- Property & Casualty Insurers Association (PCI) – Hochheim Prairie Insurance Company, and
- Association of Fire & Casualty Companies in Texas (AFACT)-Texas Farm Bureau Casualty Insurance Company.

Chair Brooks asked the Association Manager to report the results of the Non-Affiliated insurers' ballot. Ms. Dutton stated that the Non-Affiliated member elected was Allstate Insurance Company.

In keeping with Section 36.B.3, Chair Brooks, announced the four companies that had requested to serve in one of the four at-large positions on the committee. Those companies were:

- Farmers Insurance Company,
- Safeco/Liberty Mutual Insurance Company,
- State Farm Mutual Insurance Company and
- United Services Automobile Association (USAA).

Chair Brooks asked if there were any write-in candidates. Stacy Dutton indicated that there were not any write-in candidates. Chair Brooks stated that since there were only four candidates for four open positions that he would like to call for their election by acclamation. A motion was made to accept the slate of candidates presented, it was seconded. A vote was taken on whether to approve the recommendation of accepting the at-large candidates. All present affirmed that they would like to accept the candidates as presented, no one voted no and no one abstained.

Since there were no votes to be counted, a break was not taken.

Chair Brooks declared that the following companies will serve as At Large members on the 2018-2019 Governing Committee for a term of one year:

Farmers Insurance Group of Companies

Safeco/Liberty Mutual Insurance Company
State Farm Mutual Insurance Company
United Services Automobile Association (USAA)

Chair Bill Brooks then asked the Association Manager to give the Manager's Report. The Association Manager gave her report.

Chair Brooks then gave his Chair's report. The report was read.

Chair Brooks inquired if there was any new or unfinished business to be discussed. Since there was no further business, David Weber made a motion to adjourn and it was seconded by Stephen Hylka. The motion carried unanimously and the meeting was adjourned at 8:52 A.M.

Annual Meeting Attendees:

Company Members:

James Rowland, Allstate Insurance Company
Bill Brooks, Texas Farm Bureau Casualty Insurance Company
Anise Mulkey, The Travelers
Thomas Rolling, Farmers Insurance Group of Companies
David Weber, Hochheim Prairie
Todd Feltman, State Farm Insurance Company
Stephen Hylka, Safeco/Liberty Mutual
Brent McGill, Old American County Mutual Fire Insurance/Old American Indemnity Co

Counsel:

Mike Jones, Thompson, Coe, Cousins and Irons

TAIPA Staff:

Stacy Dutton, and Nicole Morgan

Other Attendees:

David Nardecchia, OPIC
Pete Hamel, Producer Member
Alisha Darden, Public Member

The following member companies were represented:

Allstate County Mutual Insurance Company
Allstate Fire And Casualty Insurance Company
Allstate Indemnity Company
Allstate Insurance Company
Allstate Northbrook Indemnity Company
Allstate Property And Casualty Insurance Company
Allstate Texas Lloyd's
Allstate Vehicle And Property Insurance Company

Encompass Home And Auto Insurance Company
Encompass Indemnity Company
Encompass Independent Insurance Company
Encompass Insurance Company Of America
Encompass Property And Casualty Company
Esurance Insurance Company
Esurance Insurance Company Of New Jersey
Esurance Property And Casualty Insurance Company
Allied Insurance Company Of America
Allied Property And Casualty Insurance Company
Amco Insurance Company
Colonial County Mutual Insurance Company
Crestbrook Insurance Company
Depositors Insurance Company
Farmland Mutual Insurance Company
Freedom Specialty Insurance Company
Harleysville Insurance Company
National Casualty Company
Nationwide Affinity Insurance Company Of America
Nationwide Agribusiness Insurance Company
Nationwide General Insurance Company
Nationwide Insurance Company Of America
Nationwide Lloyds
Nationwide Mutual Fire Insurance Company
Nationwide Mutual Insurance Company
Nationwide Property And Casualty Insurance Company
Scottsdale Indemnity Company
Titan Indemnity Company
Victoria Fire & Casualty Company
Transamerica Casualty Insurance Company
Avemco Insurance Company
Houston Casualty Company
Philadelphia Indemnity Insurance Company
Safety National Casualty Corporation
Tnus Insurance Company
Tokio Marine America Insurance Company
Trans Pacific Insurance Company
U.S. Specialty Insurance Company
American Agri-Business Insurance Company
Endurance American Insurance Company
Sompo America Fire & Marine Insurance Company
Sompo America Insurance Company
21st Century Assurance Company
21st Century Casualty Company
21st Century Centennial Insurance Company
21st Century Insurance Company

21st Century Insurance Company Of The Southwest
21st Century National Insurance Company
21st Century North America Insurance Company
21st Century Preferred Insurance Company
21st Century Premier Insurance Company
21st Century Security Insurance Company
Bristol West Specialty Insurance Company
Farmers Insurance Exchange
Farmers Texas County Mutual Insurance Company
Fire Insurance Exchange
Foremost County Mutual Insurance Company
Foremost Insurance Company Grand Rapids, Michigan
Foremost Lloyds Of Texas
Foremost Property And Casualty Insurance Company
Foremost Signature Insurance Company
Mid-Century Insurance Company
Mid-Century Insurance Company Of Texas
Texas Farmers Insurance Company
Truck Insurance Exchange
Capson Physicians Insurance Company
Frankenmuth Mutual Insurance Company
Federated Mutual Insurance Company
Federated Reserve Insurance Company
Federated Service Insurance Company
Amguard Insurance Company
Atlanta International Insurance Company
Berkshire Hathaway Direct Insurance Company
Berkshire Hathaway Homestate Insurance Company
Berkshire Hathaway Specialty Insurance Company
Central States Indemnity Co. Of Omaha
Columbia Insurance Company
Continental Indemnity Company
Eastguard Insurance Company
Finial Reinsurance Company
Geico Advantage Insurance Company
Geico Casualty Company
Geico Choice Insurance Company
Geico County Mutual Insurance Company
Geico General Insurance Company
Geico Indemnity Company
Geico Secure Insurance Company
General Reinsurance Corporation
General Star National Insurance Company
Genesis Insurance Company
Government Employees Insurance Company
Illinois Insurance Company

National Indemnity Company
National Liability & Fire Insurance Company
Norguard Insurance Company
Pennsylvania Insurance Company
Radnor Specialty Insurance Company
Redwood Fire And Casualty Insurance Company
Texas Insurance Company
U.S. Underwriters Insurance Company
United States Liability Insurance Company
Universal Insurance Company Of North America
Universal North America Insurance Company
Allied World Insurance Company
Allied World National Assurance Company
Allied World Specialty Insurance Company
Clearwater Select Insurance Company
Crum & Forster Indemnity Company
Hudson Insurance Company
North River Insurance Company, The
Odyssey Reinsurance Company
Seneca Insurance Company, Inc.
Tig Insurance Company
United States Fire Insurance Company
Vantapro Specialty Insurance Company
Zenith Insurance Company
Economy Fire & Casualty Company
Economy Preferred Insurance Company
Economy Premier Assurance Company
Metropolitan Casualty Insurance Company
Metropolitan Direct Property And Casualty Insurance Company
Metropolitan General Insurance Company
Metropolitan Group Property And Casualty Insurance Company
Metropolitan Lloyds Insurance Company Of Texas
Metropolitan Property And Casualty Insurance Company
Safeway Insurance Company
Ngm Insurance Company
Aegis Security Insurance Company
American Sentinel Insurance Company
American Alternative Insurance Corporation
American Family Home Insurance Company
American Modern Home Insurance Company
American Modern Lloyd's Insurance Company
American Modern Property And Casualty Insurance Company
American Modern Select Insurance Company
American Southern Home Insurance Company
Munich Reinsurance America, Inc.
Rockwood Casualty Insurance Company

American Family Mutual Insurance Company, S.I.
General Automobile Insurance Company, Inc., The
Homesite Indemnity Company
Homesite Insurance Company
Homesite Lloyd's Of Texas
Midvale Indemnity Company
Permanent General Assurance Corporation
Permanent General Assurance Corporation Of Ohio
Hdi Global Insurance Company
Omaha Indemnity Company, The
Pharmacists Mutual Insurance Company
Alterra America Insurance Company
City National Insurance Company
Essentia Insurance Company
Markel American Insurance Company
Markel Global Reinsurance Company
Markel Insurance Company
National Specialty Insurance Company
State National Insurance Company, Inc.
Amtrust Insurance Company Of Kansas, Inc.
Century-National Insurance Company
Corepointe Insurance Company
Developers Surety And Indemnity Company
Direct General Insurance Company
Direct National Insurance Company
First Nonprofit Insurance Company
Heritage Indemnity Company
Imperial Fire And Casualty Insurance Company
Integon Indemnity Corporation
Integon National Insurance Company
Mic General Insurance Corporation
Milford Casualty Insurance Company
Mountain Valley Indemnity Company
National General Assurance Company
National General Insurance Company
National General Insurance Online, Inc.
New South Insurance Company
Republic Lloyds
Republic Underwriters Insurance Company
Rochdale Insurance Company
Security National Insurance Company
Sequoia Indemnity Company
Sequoia Insurance Company
Southern County Mutual Insurance Company
Southern Insurance Company
Technology Insurance Company, Inc.

Wesco Insurance Company
Assuranceamerica Insurance Company
Armed Forces Insurance Exchange
Federated Rural Electric Insurance Exchange
National American Insurance Company
Hochheim Prairie Casualty Insurance Company
Emc Property & Casualty Company
Emc Reinsurance Company
Emcasco Insurance Company
Employers Mutual Casualty Company
Union Insurance Company Of Providence
America First Insurance Company
America First Lloyd's Insurance Company
American Economy Insurance Company
American Fire And Casualty Company
American States Insurance Company
American States Insurance Company Of Texas
American States Lloyds Insurance Company
American States Preferred Insurance Company
Colorado Casualty Insurance Company
Employers Insurance Company Of Wausau
First Liberty Insurance Corporation, The
First National Insurance Company Of America
General Insurance Company Of America
Ironshore Indemnity Inc.
Liberty County Mutual Insurance Company
Liberty Insurance Corporation
Liberty Insurance Underwriters Inc.
Liberty Lloyds Of Texas Insurance Company
Liberty Mutual Fire Insurance Company
Liberty Mutual Insurance Company
Lm General Insurance Company
Lm Insurance Corporation
LM Property And Casualty Insurance Company
National Insurance Association
Netherlands Insurance Company, The
Ohio Casualty Insurance Company, The
Ohio Security Insurance Company
Peerless Indemnity Insurance Company
Peerless Insurance Company
Safeco Insurance Company Of America
Safeco Insurance Company Of Illinois
Safeco Insurance Company Of Indiana
Safeco Lloyds Insurance Company
Wausau Business Insurance Company
Wausau Underwriters Insurance Company

West American Insurance Company
White Pine Insurance Company
Toyota Motor Insurance Company
State Farm County Mutual Insurance Company Of Texas
State Farm Fire And Casualty Company
State Farm General Insurance Company
State Farm Lloyds
State Farm Mutual Automobile Insurance Company
Brotherhood Mutual Insurance Company
American Guarantee And Liability Insurance Company
American Zurich Insurance Company
Centre Insurance Company
Colonial American Casualty And Surety Company
Empire Fire And Marine Insurance Company
Fidelity And Deposit Company Of Maryland
Home Insurance Company, The
Universal Underwriters Insurance Company
Universal Underwriters Of Texas Insurance Company
Zurich American Insurance Company
Zurich American Insurance Company Of Illinois
Selective Insurance Company Of America
Selective Insurance Company Of The Southeast
Horace Mann Insurance Company
Horace Mann Lloyds
Horace Mann Property & Casualty Insurance Company
Teachers Insurance Company
Mag Mutual Insurance Company
Accident Fund General Insurance Company
Accident Fund Insurance Company Of America
Accident Fund National Insurance Company
United Wisconsin Insurance Company
Ace American Insurance Company
Ace Fire Underwriters Insurance Company
Ace Property And Casualty Insurance Company
Agri General Insurance Company
Bankers Standard Insurance Company
Century Indemnity Company
Chubb Indemnity Insurance Company
Chubb Lloyds Insurance Company Of Texas
Chubb National Insurance Company
Executive Risk Indemnity Inc.
Federal Insurance Company
Great Northern Insurance Company
Indemnity Insurance Company Of North America
Insurance Company Of North America
Pacific Employers Insurance Company

Pacific Indemnity Company
Penn Millers Insurance Company
Vigilant Insurance Company
Westchester Fire Insurance Company
Preferred Professional Insurance Company
Proselect National Insurance Company, Inc.
Catlin Indemnity Company
Catlin Insurance Company, Inc.
Greenwich Insurance Company
T.H.E. Insurance Company
XI Insurance America, Inc.
XI Insurance Company Of New York, Inc.
XI Reinsurance America Inc.
XI Select Insurance Company
XI Specialty Insurance Company
American Equity Specialty Insurance Company
Automobile Insurance Company Of Hartford, Connecticut, The
Charter Oak Fire Insurance Company, The
Discover Property & Casualty Insurance Company
Farmington Casualty Company
Fidelity And Guaranty Insurance Company
Fidelity And Guaranty Insurance Underwriters, Inc.
Northland Casualty Company
Northland Insurance Company
Phoenix Insurance Company, The
Select Insurance Company
St. Paul Fire And Marine Insurance Company
St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
St. Paul Protective Insurance Company
Standard Fire Insurance Company, The
Travco Insurance Company
Travelers Casualty And Surety Company
Travelers Casualty And Surety Company Of America
Travelers Casualty Company Of Connecticut
Travelers Casualty Company, The
Travelers Casualty Insurance Company Of America
Travelers Commercial Casualty Company
Travelers Commercial Insurance Company
Travelers Constitution State Insurance Company
Travelers Home And Marine Insurance Company, The
Travelers Indemnity Company Of America, The
Travelers Indemnity Company Of Connecticut, The
Travelers Indemnity Company, The
Travelers Lloyds Insurance Company, The
Travelers Lloyds Of Texas Insurance Company

Travelers Personal Insurance Company
Travelers Personal Security Insurance Company
Travelers Property Casualty Company Of America
Travelers Property Casualty Insurance Company
United States Fidelity And Guaranty Company
Columbia Lloyds Insurance Company
Mdw Insurance Company
Allmerica Financial Alliance Insurance Company
Allmerica Financial Benefit Insurance Company
Hanover American Insurance Company, The
Hanover Insurance Company, The
Hanover Lloyd's Insurance Company
Massachusetts Bay Insurance Company
Nova Casualty Company
Donegal Mutual Insurance Company
New York Marine And General Insurance Company
Farm Bureau County Mutual Insurance Company Of Texas
Texas Farm Bureau Casualty Insurance Company
Texas Farm Bureau Mutual Insurance Company
Texas Farm Bureau Underwriters
American Agricultural Insurance Company
Catastrophe Reinsurance Company
Garrison Property And Casualty Insurance Company
United Services Automobile Association
Usaa Casualty Insurance Company
Usaa County Mutual Insurance Company
Usaa General Indemnity Company
Anchor General Insurance Company
Old American County Mutual Fire Insurance
Old American Indemnity Co

ASSOCIATION MANAGER'S REPORT

Texas Automobile Insurance Plan Association (TAIPA) Annual Meeting – March 23, 2018

The following are the number of applications TAIPA assigned in 2017, 2016, 2015, and 2014:

2017	3,508	(3170 private passenger applications and 338 commercial)
2016	3,089	
2015	3,217	
2014	3,628	

The number of applications received in 2017 was 419 more than assigned in 2016, a 13.56% increase.

The TAIPA budget for 2018 is \$846,800 which is \$164,400 less than the 2017 TAIPA budget of \$1,011,200. This is a 16.26% decrease.

The TAIPA assessment to the insurance companies for 2018 is \$825,000 which is \$170,900 less than the 2017 assessments. This is a 17.16% decrease.

A rate change to TAIPA rates for both private passenger and commercial rates were approved in 2016 to be effective February 1, 2017.

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

- Plus 4.8 percent for bodily injury liability
- Plus 4.9 percent for property damage liability
- Plus 4.3 percent for personal injury protection
- Plus 4.3 percent for uninsured/underinsured motorist bodily injury liability
- Plus 4.2 percent for uninsured/underinsured motorist property damage liability

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

- Plus 2.1 percent for bodily injury liability,
- Plus 1.1 percent for property damage liability,
- Plus 0.0 percent for personal injury protection,
- No changes to commercial auto uninsured/underinsured motorist bodily injury liability, or uninsured/underinsured motorist property damage liability rates.

TAIPA worked to secure new office space that reduced our space by more than 50% and decreased our office rent by 45% over the term of the lease. TAIPA moved to our new office space on March 17, 2018 and our new address is:

805 Las Cimas Parkway
Las Cimas III, Suite 210
Austin, TX 78701

TAIPA upgraded to EASI 2.0 for Commercial Applications on April 11, 2017. The advantages to this upgrade was that producers only need a single login, they can reset their own password, they can retract commercial applications electronically, and there is a single search facility for both private passenger and commercial applications.

TAIPA operated with five (5) full time employees in 2017. TAIPA management worked with the Management Transition Committee and Intelligent Compensation to optimize the organizational structure to better align with actual workloads and ensure total cross training for all positions. Two of the employees elected to take the financial package offered to them in December instead of applying for the new position. In January, we hired a temporary employee to work in the Customer Service Specialist I position and we are still training this employee.

I would like to thank you all for the support and encouragement that Nicole and I received from the TAIPA Governing Committee, the TAIPA officers, and the TAIPA sub-committees as well as TAIPA counsel this year. I would especially like to thank the members of the Management Transition Committee including Bill Brooks, James Rowland, Corise Morrison, Dick Lonquist, Pete Hamel, and the chair, Tom Rolling. We again had to lean on the officers pretty heavily (Dick Lonquist, David Weber, Jim Rowland, and in particular, our Chair, Bill Brooks.) We truly appreciate the extra time and effort everyone put in to help us in 2017. I think it deserves noting that finding time to help us was made even more difficult for some of the Governing Committee after Hurricane Harvey hit and their workloads were greatly increased or they watched it from their back porch.

I'd also like to thank the rest of the TAIPA staff, Mimi Leece, Joyce Boriack, and Wanda Crayton for their work in 2017. I'd especially like to thank Mimi for stepped up to help with the transition taking on all the non-exempt level duties as well as training Quinn in her job duties.

I personally feel indebted to Nicole for her continued diligent efforts to ensure the success of TAIPA particularly in the areas of:

1. Accounting/Budgeting
2. Operational efficiency
3. Planning and Organizing
4. Moral Support
5. And everything else in between.

Nicole started planning for TAIPA's move in 2017 and it all came to fruition this past week without a hitch. I really can't say enough about Nicole

Through the combined efforts of all of the TAIPA staff, TAIPA continued to provide excellent service to TAIPA applicants, producers, vendors, regulators and members of the TAIPA Governing Committee in 2017.

**TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION (TAIPA)
CHAIR'S REPORT MARCH 23, 2018 TAIPA ANNUAL MEETING**

Good morning everyone. I'm Bill Brooks and I represent Texas Farm Bureau Insurance Companies as the AFACT representative on the TAIPA Governing Committee and I have had the privilege and honor to serve as the Chair of the TAIPA Governing Committee in 2017.

In 2017, the Manager Transition Subcommittee, originally formed in 2016, continued their efforts, reviewing TAIPA staffing structure from both a management and support staff perspective.

On March 24, 2017, as a result of a recommendation from this subcommittee, the Governing Committee voted to name Stacy Dutton Association Manager of TAIPA and Nicole Morgan Manager of Operations/Financial Management.

The Manager Transition Subcommittee continued to review support staff and with guidance from the Governing Committee, worked with Stacy, Nicole, and Intelligent Compensation to accomplish the following:

- Created a Liaison position, staffed by a Governing Committee Member, for TAIPA employees to contact in cases where they were uncomfortable talking to management about a specific concern, for any reason. Laura Hausman was elected to this position and I would like to thank her for agreeing to provide this assistance for TAIPA staff should it ever be needed.
- Revised the job descriptions of the TAIPA non-exempt staff to ensure that staff would be totally cross-trained, meaning support staff could provide both customer service and administrative duties as needed.
 - Two new positions were created replacing the previous customer service and administrative positions.
 - Mimi Leece moved into the senior level of the two positions.
 - Two employees elected to take financial packages offered instead of applying for either of the new positions.
 - A temporary employee was hired and is currently working in the entry level position.

While the subcommittee and Governing Committee worked with Stacy and Nicole to develop this plan, provided guidance, etc., it takes management to put all this into place. I want to thank Nicole for her insight and contributions and I especially want to thank Stacy for her excellent leadership in executing the reorganization plan.

I of course would like to thank the members of the Manager Transition Subcommittee for their hard work and dedication to this effort. The committee included Dick Lonquist, who chairs our Strategic Planning Subcommittee where this reorganization effort was initially discussed, Corise Morrison, Pete Hamel, and James Rowland. And the Manager Transition Subcommittee was in the very capable hands of Chairman Tom Rolling. Thank you, Tom.

I also want to thank those who worked diligently on behalf of TAIPA in 2017.

I want to recognize and thank the TAIPA staff. I've already mentioned Stacy Dutton and Nicole Morgan but also want to thank Mimi Leece, Joyce Boriack, and Wanda Crayton for their contribution to TAIPA in 2017.

I want to thank our officers for their service. The Governing Committee officers include, Dick Lonquist, Vice Chair, David Weber, Second Vice Chair, and James Rowland, Secretary.

And thank you to the rest of the Governing Committee members for your support and direction; Anise Mulkey, Corise Morrison, Tom Rolling, James Rowland, Stephen Hylka, Todd Feltman, Becky Jackson, Carmelita Hogan, Mary Carol Awalt, Laura Hausman, Terry Fain, Alisha Darden, Pete Hamel, Adam Payton, and Ramon Montalvo.

And, thanks to Mike Jones, TAIPA's legal counsel, for his contributions and guidance.

It has been a pleasure serving as your chair for the past two years, and I thank you all for your professionalism and especially for your friendship.