

**Texas Automobile Insurance Plan Association Governing Committee
Meeting Agenda
Friday, November 19, 2021 - 9:00 A.M.**

Given the continuing concerns related to the COVID-19 virus, TAIPA will be holding the TAIPA Governing Committee Meeting on November 19, 2021 as a Zoom Meeting.
The Zoom Meeting Address is:

Join Zoom Meeting

<https://us02web.zoom.us/j/88901544096>

Meeting ID: 889 0154 4096

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Meeting ID: 889 0154 4096

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

Attendees:

TAIPA Governing Committee Members

Ryan Shapiro

Michael Hass

Bill Brooks

Corise Morrison

Matt Snyder

Anh Vo

Mike Schalk

David Weber

Leslie Hurley

Carmelita Hogan

David Nardecchia

Mary Carol Awalt

Laura Hausman

Becky Jackson

Adam Payton

Ramon Montalvo

Attorney

Mike Jones

TAIPA Staff

Stacy Dutton

Mimi Leece

Amanda Reynolds

Ruth Wise

Other Company Members

Carol Berthold

John Lusardi

TDI

Andy McLauren

Katelyn Marak

John Mooney

OPIC

Kim Donovan

1. Call to Order

Chair Morrison called the meeting to order at 9:00 AM.

Mimi Leece explained how the zoom meeting would work.

2. Introductions

Stacy Dutton called roll.

3. Reading of the Anti-Trust Statement

Stacy Dutton read the 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. Review and Approval of the August 20, 2021 Meeting Minutes (Exhibit 1)

Chair Morrison turned the meeting over to Matthew Snyder to discuss the meeting minutes. There were no changes to be made and no discussion regarding the meeting minutes. Chair Morrison asked for a motion to accept the meeting notes. Ramon Montalvo made the motion and Becky Jackson seconded the motion. The motion passed unanimously.

5. Chair’s Report

A. Bill Brooks (Texas Farm Bureau) Leaving the Governing Committee

It was announced that Bill Brooks would be leaving the Governing Committee effective November 19, 2021. Chair Morrison noted that during his time with TAIPA Mr. Brooks has served in various roles and he was Governing Committee Chair when TAIPA’s previous Association Manager passed away. Mr. Brooks was an integral part of helping support TAIPA staff during that difficult time and he kept TAIPA moving forward. He is currently serving as both Operation Subcommittee Chair and Audit Finance Committee Chair. Chair Morrison noted that she has worked with staff and legal counsel to fill those positions and she announced that Doug Beck will be taking over as Operations Subcommittee Chair and Matthew Snyder will be taking over as the Audit Finance Subcommittee Chair.

B. Welcome Marti Luparello (Texas Farm Bureau, AFACT Representative)

Chair Morrison made the announcement that Marti Luparello would be replacing Bill Brooks as the AFACT representative on the Governing Committee.

C. Welcome Back Kit Morris

Kit Morris was welcomed back to the TAIPA Governing Committee by Chair Morrison. Mrs. Morris will be returning as the Alternate Producer Member.

D. Officers Meeting Regarding the Conflict of Interest (Exhibit 2)

Chair Morrison presented the newly revised Conflict of Interest policy which was brought up for revision at the August 2021 Governing Committee meeting. A comparison of the current policy, the revised/recommended policy, and reasons for the changes were noted. There was no further discussion regarding this topic. Chair Morrison asked for a motion to either approve the Conflict of Interest Policy (with or without changes), review the policy and come

up with a revised policy to review at the next meeting, or leave the Conflict of Interest Policy as is. David Weber made the motion to accept the revised policy. Mike Hass seconded the motion. All were in favor so the motion passed unanimously.

E. Next Meeting-March 25,2022 via Zoom

It was noted that TAIPA will hold their 2022 annual Meeting at 8:45 A.M. and TAIPA's regular meeting will be held on the same day at 9:00 A.M.

F. Discussion about Zoom Meeting Effectiveness

Chair Morrison stated that the effectiveness of meeting via Zoom was discussed briefly at the officers meeting. It was discussed that TAIPA would schedule the August 2022 as an in-person meeting. There was no motion needed with regard to holding future meetings via Zoom. There was no further discussion on this topic.

6. Manager's Report

Chair Morrison turned the meeting over to Stacy Dutton for the Manager's Report.

A. Application Count Update as of October 2021 (Exhibit 3)

In October of 2021 TAIPA received:

107 applications compared to 114 applications in October of 2020. This a 6.14% decrease.

Year-To-Date through October 2021, TAIPA received:

1,163 applications compared to 1,461 applications received year-to-date October 2020. This is a 20.39% decrease.

It was noted by Mrs. Dutton that TAIPA expects to receive about 1,500 applications which will be TAIPA's lowest number of applications ever.

There was no further discussion regarding this topic.

B. Financial Update as of September 2021 (Exhibit 4)

Mrs. Dutton stated that at the end of September TAIPA would expect to have used 75% of its budget. She also noted that TAIPA has used only 63.38% of its budget.

TAIPA's legal expenses show as over-budget at the end of September 2021 as there were unexpected legal expenses throughout the year. These expenses include research done for the Operations Subcommittee, reviewing information in regard to TAIPA's Strategic Planning Subcommittee and Governing Committee meetings. Also being that it was a legislative year, Mike Jones followed the legislation and reported on that.

A request to move \$8,250 from TAIPA's Governing Committee expenses be moved to TAIPA's legal expenses was made by Stacy Dutton. These funds would be allocated for a review of TAIPA's commercial policy, complete work on the November Governing Committee meeting, and other legal matters including following up on the rate filing information with TDI and Mike Miller.

Chair Morrison requested a motion to decrease TAIPA's Governing Committee Expense budget by \$8,250 and move it to TAIPA's Legal Expense budget. Matthew Snyder made the motion and Becky Jackson seconded the motion. The motion passed unanimously.

It was noted by Mrs. Dutton that all other items are under budget and that TAIPA expects to end under budget on salaries, employee benefits, taxes, Governing Committee expenses, Subcommittee expenses, employee education and travel, actuary, and dues. TAIPA is expected to end on budget for all other categories. There was no further discussion regarding TAIPA's financials.

C. 2021 Review of Vendor Agreements & TAIPA Recommendations (Exhibit 5)

TAIPA's Vendor and Service Provider Selection Procedure changed at the August 2021 Governing Committee meeting. The new procedure states that the manager must do an analysis annually (or sooner if necessary) regarding any vendor contract that has been in

place for 5 years and/or any vendor with poor performance. Mrs. Dutton noted that TAIPA does not have any vendors with poor performance but TAIPA does have agreements that are 5 or more years old. Those agreements include Thompson Coe, Atchley & Associates, Epic, application processing system, and quota system. It was also stated that last year the Governing Committee made a consensus to continue the existing arrangements the aforementioned vendors for another year. Stacy went on to explain TAIPA's relationships with their current vendors and recommended continuing with all of the current vendors. Chair Morrison asked for a motion to either continue the existing arrangements, to have the manager prepare a list of potential vendors/provider who may be interested in providing the services that are identified, or if TAIPA should do an RFP for any of the 3rd party relationships. The motion to continue with the existing arrangement was made by Anh Vo and was seconded by Matthew Snyder. The motion carried unanimously.

D. 2022 Budget (Revised Exhibit 6)

- a. Stacy Dutton stated that TAIPA's compensation consultant recommended that at least a 3.3% increase in compensation for 2022 and to add a mid-year salary change of 2.5% so TAIPA can compete for talent in 2022. The difference in this cost would be \$6,550 with \$5,600 for salary changes mid-year and \$950 for 401K and the noncontributory plan. Stacy said that she was able to take this amount out of the carryover cash without substantially changing the financial situation for TAIPA. Even with this change, it does not change the amount of the 2021 carryover to reduce the 2022 assessment which is \$120,000 or the recommended 2022 assessment amount of \$743,000. The requested operating budget for 2022 is \$873,250. The major line items that increased more the 5% from 2021 are salaries, computer supplies, postage/delivery, telephone/ internet, legal expenses, other office expenses, and the consultant for the salary study. The major line items that decreased more than 5% from 2021 are benefits/other insurance expenses and Governing Committee expenses.
- b. Recommended 2022 Assessment

TAIPA is recommending the 2022 assessment be \$743,000. This is the total 2022 budget minus amortization and depreciation, midyear salary and benefits changes, and the \$120,000 cash on hand at yearend 2021 to be used to reduce the assessment.

There was no further discuss regarding the budget. Chair Morrison asked for a motion to accept TAIPA's budget of \$873,250.00 and an assessment of \$743,000.00 for 2022. Ramon Montalvo made the motion to approve the 2022 budget and it was seconded by Matthew Snyder. Mary Carol Awalt made the motion to approve the 2022 assessment and Laura Hausman seconded the motion. The motions carried unanimously.

C. Line of Credit Update

Per the discussion about TAIPA's line of credit at Frost Bank at the August 2021 Governing Committee meeting, Stacy Dutton updated everyone on how the \$300,000 line of credit figure was determined. She noted that the idea for the line of credit was developed to cover TAIPA in the event that there was not enough money to cover the bills. The line of credit could cover TAIPA for approximately 3.94 months for the 2021 budget or 4.15 months for the 2022 budget. There was no further discussion regarding this topic.

D. 2022 Meeting Dates (Exhibit 7)

The 2022 meeting dates that were approved at TAIPA’s August Governing Committee meeting are:

1. Friday, March 25, 2022
2. Friday, August 19, 2022
3. Friday, November 18, 2022

That completed the manager’s report and the meeting was turned over to Bill Brooks for the Operation Subcommittee Report.

7. Operation Subcommittee Report

A. Over/Under Report (Exhibit 8)


Bill Brooks went over the issue that was on the over/under report in August 2021 regarding the miscalculation on TAIPA’s quota reports and how it was resolved. There had not been another Operations Subcommittee meeting since the August meeting, therefore, he had nothing else to report.

8. Report of Counsel

Chair Morrison turned the meeting over to Mike Jones for the Report of Counsel. Mike Jones discussed that TAIPA has not been able to get the rate information from TDI. Therefore, TAIPA will not have a rate filing in 2021. He stated that he hopes to have the information and be able to prepare a rate filing in time for the March 2022 meeting.

9. Adjournment

Chair Morrison indicated that the next Governing Committee meeting will be March 25, 2022 via Zoom. She noted that there were no personnel matters that needed to be discussed and asked for a motion to adjourn the meeting. Bills Brooks made the motion to adjourn the meeting and Leslie Hurley seconded the motion. The motion carried unanimously.

 Recoverable Signature

X Matthew Snyder

Matthew Snyder

Signed by: Okta MTL5 - matthew.snyder@farmersinsurance.com