

Texas Automobile Insurance Plan Association Governing Committee Meeting Agenda
Friday, November 17, 2023
9:00 A.M.

Meeting Held in person at Austin
Southpark Hotel and via Zoom

Topic: TAIPA Governing Committee Meeting - Friday, November 17th, 2023
Time: Nov 17, 2023 09:00 AM Central Time (US and Canada)

Join Zoom Meeting

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Meeting ID: 867 185 2835

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+1 312 626 6799 US (Chicago)

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+1 507 473 4847 US

+1 564 217 2000 US

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Texas Automobile Insurance Plan Association Governing Committee Meeting Agenda

Friday, November 17, 2023 – 9:00 A.M.

Austin Southpark Hotel 4140 Governor's Row, Austin, TX 78744

Dress: Business Casual

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.

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 18, 2023 Meeting (Exhibit 1)*
6. Chair's Report
 - A. Welcome to Betsy Blair
 - B. Welcome to Adam Hall
 - C. Welcome Doug Queenin
 - D. Thank you to Mike Voigt
 - E. Thank you to Mike Hass
 - F. Thank you to Company Governing Committee Members who volunteered to fill the open subcommittee positions.
7. Manager's Report
 - A. Application Count Update as of October, 2023 (Exhibit 2)
 - B. Time Study to determine how many applications current staff can manage. (Exhibit 3)
 - C. Financial Update as of September, 2023 (Exhibit 4)
 - D. Line of Credit Renewal is complete and in place until September of 2024
 - E. 2023 Review of 3rd Party Relationships & TAIPA Recommendations (Exhibit 5)
 - I. Actuary*
 - II. Legal*
 - III. Auditors*
 - IV. Systems*
 - F. 2024 Budget (Exhibit 6)*
 - G. 2024 Meeting Dates and Location of all 2024 Meetings (Exhibit 7)*
8. Strategic Planning Subcommittee Report
 - A. TAIPA's current staffing
 - B. Enterprise Risk Management Update (Exhibit 8)*
9. Operations Subcommittee Report
 - A. Over/Under Report (Exhibit 9)

10. Report of Counsel
A. TAIPA Rates*

12. Next Meeting – April 5, 2024 at Austin Marriott South

13. Personnel Matters

14. 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.

Exhibit 1

TAIPA Governing Committee Meeting - Friday, August 18th, 2023
Friday, Aug 18, 2023 at 09:00 AM Central Time (US and Canada)
Held at Austin Southpark Hotel & Via Zoom Meeting

Join Zoom Meeting

<https://us02web.zoom.us/j/8671852835?pwd=TmxTVi9MUU1vSG0wWUk3bTNhNlpZQT09>

Meeting ID: 867 185 2835

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+1 719 359 4580 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

+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

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Find your local number: <https://us02web.zoom.us/j/8671852835>

**Texas Automobile Insurance Plan Association Governing
Committee Meeting Agenda
Friday, August 18, 2023 – 9:00 A.M.
Austin Southpark Hotel 4140 Governor’s Row, Austin, TX 78744
Dress: Business Casual**

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.

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 2022 Audit (Exhibit 1) *
6. Review and Approval of the Minutes of the March 24, 2023 Meeting (Exhibit 2) *
7. Chair’s Report
 - A. David Nardecchia left the Governing Committee
 - B. Subcommittee Membership (Exhibit 3)
8. Manager’s Report
 - A. Application Count Update as of July 2023 (Exhibit 4)
 - B. Financial Update as of June 2023 (Exhibit 5) *
 - C. Line of Credit Renewal*
 - D. 2024 Meeting Dates (Exhibit 6) *
 - E. Update on Actuary – (Exhibit 7) *
 - 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 8)
9. Operations Subcommittee Report
 - A. Over/Under Report (Exhibit 9)
10. Report of Counsel
 - A. Legislative Update
 - B. \$5 Crime Prevention Fee – Company Administration
 - C. Rates
11. Next Meeting—November 17, 2023
12. Personnel Matters
13. 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*

Attendees:

TAIPA Staff

Stacy Dutton
Mimi Leece
Amanda Reynolds
Ruth Wise

Governing Committee Members

Keith Wechsler
Matthew Snyder
Brian Ferguson
Michael Hass
John Lusardi
Michael Burke
Mike Voigt
David Weber
Becky Jackson
Carmelita Hogan
Mary Carol Awalt
Laura Hausman
Janet Dewey
Ramon Montalvo
Adam Payton
Kit Morris

TAIPA Counsel

Michael W. Jones

TDI

John Mooney
Katelyn Boehm
Brian Leventhal

Atchley & Associates

Tyler Mosley

OPIC

Melissa Heggen

IIAT

Regan Ellmer

Other Company Members

Ron Wiest

1. Call to Order

Chair Jackson called the meeting to order at 9:02 A.M.
Mimi Leece explained how the Zoom meeting would proceed.

2. Introductions

Chair Jackson turned the meeting over to Stacy Dutton to call 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 interest of individual insurers or others.”

4. Conflict of Interest Disclosures

Chair Jackson turned the meeting over to Mike Jones to go over the Conflict of Interest Disclosures. Mr. Jones reminded everyone of TAIPA's Conflict of Interest Policy. He announced who had a conflict of interest in regards to AIPSO being voted on as a potential actuary for TAIPA. Those people were John Lusardi, Matthew Snyder, Brian Ferguson, Michael Burke, and Keith Weschler.

5. Audit/Finance Committee Report

A. Report on 2022 Audit (Exhibit 1) *

Chair Jackson turned the meeting over to Matthew Snyder for the Audit/Finance Committee. Mr. Snyder reminded everyone that the Governing Committee approved a motion to have Atchley & Associates complete TAIPA's 2022 audit. He noted that it was completed at the end of May 2023. Mr. Snyder then turned the meeting over to Tyler Mosley with Atchley & Associates to review their findings.

6. Review and Approval of the Minutes of the March 24, 2023 Meeting (Exhibit 2) *

The meeting was turned over to John Lusardi for the review and approval of the March 24, 2023 meeting minutes. There were no questions or comments regarding the minutes. Chair Jackson asked for a motion to approve the minutes. Keith Weschler made the motion. Adam Payton seconded the motion. Janet Dewey, Kit Morris and Ramon Montalvo abstained. The motion carried.

7. Chair's Report

A. David Nardecchia left the Governing Committee

Chair Jackson acknowledged that David Nardecchia recently left the Governing Committee because he had accepted a new position within the insurance industry. She noted that TAIPA would be sending him a plaque as a token of appreciation for his time spent on the Governing Committee. Ms. Jackson welcomed Janet Dewey as his replacement.

B. Subcommittee Membership (Exhibit 3)

Chair Jackson reminded everyone that she decided to go back to the policy of utilizing only Governing Committee members for positions on subcommittees. She noted that there were three open positions on subcommittees. She stated that there was a need for one company member on the Operations Subcommittee and two company members on the Strategic Planning Subcommittee. She noted that TAIPA staff had included background information in Exhibit 3 on the subcommittees so members could learn more about each subcommittee.

8. Manager's Report

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

A. Application Count Update as of July 2023 (Exhibit 4)

Ms. Dutton gave an update on the applications as of July 2023. She stated that year-to-date TAIPA has received 969 applications compared to 786 applications received by July 2022. This is an increase of 183 applications or 23.28%. One hundred and fifteen of those applications were received in July 2023. Applications have been up month over month since 2022.

B. Financial Update as of June 2023 (Exhibit 5) *

Ms. Dutton explained that year-to-date TAIPA has spent 38.65% of the budget so TAIPA is 11.35% under budget currently. She noted that at the end of June TAIPA was under budget in all categories except for computer equipment. She stated that currently TAIPA expects to end on budget in all categories with the exception of Postage Expense, Telephone Expense, and Governing Committee Meeting Expense all of which are projected to end under budget. Ms. Dutton advised that TAIPA would need approval from the Governing Committee to move \$85 from Computer Supplies to Computer Equipment as the price for the new computers was higher than the initial bid. Chair Jackson asked for a motion to approve moving 85% from the Computer Supplies to Computer Equipment. Ramon Montalvo made the motion. Adam Payton seconded the motion. The motion carried unanimously.

C. Line of Credit Renewal*

Ms. Dutton explained that TAIPA retains a \$300,000 line of credit with Frost Bank. The line of credit is up for renewal on October 11, 2023 and the fee associated with that renewal are about \$330.00. She noted that Frost Bank does require TAIPA staff receive approval from the Governing Committee to renew the line of credit and to have Stacy Dutton and Mimi Leece as signers. There was no discussion or questions. Chair Jackson asked for a motion to renew the line of credit and authorize Stacy Dutton and Mimi Leece as approved signers. Matthew Snyder made the motion. Mike Voigt seconded the motion. The motion carried unanimously.

D. 2024 Meeting Dates (Exhibit 6) *

Ms. Dutton shared the prospective 2024 meeting dates with the meeting members. Those dates were April 5, 2024, August 16, 2024 and November 22, 2024. There was no discussion regarding these dates. Chair Jackson asked for a motion to approve the 2024 meeting dates. John Lusardi made the motion. Brian Ferguson seconded the motion. The motion carried unanimously.

E. Update on Actuary – (Exhibit 7) *

Mrs. Dutton started out speaking about TAIPA's current actuary, Mike Miller, who is retiring. She stated that he has been working with TAIPA for quite some time. She noted that TAIPA did purchase Mr. Miller a plaque to commemorate his long service with TAIPA. Mike Jones also spoke adding how great Mike Miller is as a person and actuary.

Moving forward to discuss hiring a new actuary Mrs. Dutton explained that she had reached out to eight actuaries and actuary firms to gauge their interest in working with TAIPA and to get a proposal from any of the companies that were interested. She stated that four of the eight sent in proposals. Exhibit 7 showed a summary of each of the proposals. Mrs. Dutton explained that she had discussed each of the proposals with Mike Jones. She also noted that while they both came to the same conclusion on who they would like to hire, ultimately the decision is for the Governing Committee to make.

There was general discussion regarding the different companies, how rate filings proceed today as opposed to in the past, and pricing/pricing structures. John Lusardi reiterated that his company is on the board of AIPSO. Carmelita Hogan stated that based on the information given at the meeting, she was in favor of The Burkhalter Group. David Weber stated that he also supports The Burkhalter Group because they are independent seeing as how TAIPA has board members that are also a part of AIPSO. Mike Jones went over voting issues and how the board should proceed with making a motion. It was decided that the board would make a motion for The Burkhalter Group first and then proceed with a vote. Becky Jackson asked for a motion to accept The Burkhalter Group as TAIPA's actuary. Carmelita Hogan seconded the motion. Roll call was done to determine everyone's vote. Keith Wechsler, Matthew Snyder, Brian Ferguson, John Lusardi, Michael Burke, and Janet Dewey abstained. Adam Payton was opposed. All others voted in favor. The majority was in favor so the motion carried.

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

Ms. Dutton reiterated to everyone that they must complete the Open Meetings Act training once every two years.

G. Reminder that all Governing Committee members must sign the Conflict of Interest Policy annually (Exhibit 8)

Ms. Dutton reminded all of the Governing Committee members that they must sign TAIPA's Conflict of Interest Policy annually. She also noted that a copy of that policy was provided as Exhibit 8.

9. Operations Subcommittee Report

Chair Jackson turned the meeting over to David Weber to review the Operations Subcommittee Report.

A. Over/Under Report (Exhibit 9)

Mr. Weber noted that the only thing he had to report at the time of the meeting was the over/under report and there was nothing significant to report.

10. Report of Counsel

Chair Jackson turned the meeting over to Mike Jones for the Report of Counsel.

A. Legislative Update

Mike Jones noted that the legislative session for 2023 had ended. He stated that he monitored bills that could affect TAIPA policies, TAIPA operations, open meetings laws, or bills that might amend Texas statutes. He reported that there were no bills passed that would directly affect TAIPA in any of those ways. There were not questions or comments regarding this.

B. \$5 Crime Prevention Fee – Company Administration

Mike Jones informed the meeting that that on May 29th the Motor Vehicle and Crime Prevention Authority Fee had increased to 5 dollars. He noted that regulation requires making a rate and rule filing if companies were going to pass on the fee to the policyholders and if a company's form has the fee stated as a dollar amount that a change in form would have to be made. Mike Jones reached out to TDI and TDI stated that individual companies do not need to make any filing to pass on the fee in regards to TAIPA policies. Keith Wechsler asked if there was any communication to member companies regarding this change. Mike Jones indicated that there had not been any communications regarding this but TAIPA would put out a bulletin advising the member companies of this change. There was no further discussion or questions on this topic.

C. Rates

Mr. Jones began by stating that TAIPA's last rate filing was made on January 3, 2023. The rate change was approved on March 6, 2023 and those new rates went into effect on June 1, 2023. He noted that this was a 5% increase across the board for both commercial and private passenger rates. He noted that TAIPA is only eligible to make one rate filing per calendar year. John Mooney clarified that TAIPA can make a new rate filing one day after the twelfth month expires, so the earliest TAIPA could make another filing would be January 4, 2024. There was general discussion regarding whether TAIPA would be better off doing a 5% increase at the next available time and then give the actuaries ample time and data to file for a larger increase. There was a discussion that the commercial rates are significantly underpriced. It was stated that more information would be presented at the November 2023 Governing Committee meeting. There was no motion needed for this topic and there was no further discussion.

11. Next Meeting—November 17, 2023

Chair Jackson noted that TAIPA's next Governing Committee Meeting will be held November 17, 2023.

12. Personnel Matters

Ms. Jackson stated that there were no personnel matters that needed to be discussed.

13. Adjournment

Chair Jackson asked for a motion to adjourn the meeting. The motion was made by Adam Payton. Ramon Montalvo seconded the motion. The motion carried unanimously. The meeting was adjourned at 10:30 A.M.

X 

John Lusardi
TAIPA Governing Committee Secretary

Exhibit 2

Monthly Total (October 2023)

| | Private Passenger | Commercial |
|---|-------------------|------------|
| EASi Applications | 174 | 21 |
| Paper Applications | 0 | 0 |
| Total Applications Received | 174 | 21 |
| Applications Assigned | 169 | 21 |
| Apps Returned for Correction | 5 | 0 |
| Applications Deficient | 6 | 0 |
| Applications with SR-22s | 4 | 0 |
| Total Applications Received in October 2022: | | 109 |
| Total Applications Received in October 2023: | | 195 |

Year to Date Total (as of October 2023)

| | Private Passenger | Commercial |
|--|-------------------|---------------|
| EASi Applications | 1321 | 216 |
| Paper Applications | 0 | 0 |
| Total Applications Received | 1271 | 209 |
| Applications Assigned | 1247 | 204 |
| Apps Returned for Correction | 24 | 3 |
| Applications Deficient | 56 | 3 |
| Applications with SR-22s | 34 | 0 |
| Total Applications Received YTD (as of October 2022): | | 1,178 |
| Total Applications Received YTD (as of October 2023): | | 1,480 |
| YTD Percent Change from October 2022 to October 2023: | | 25.64% |

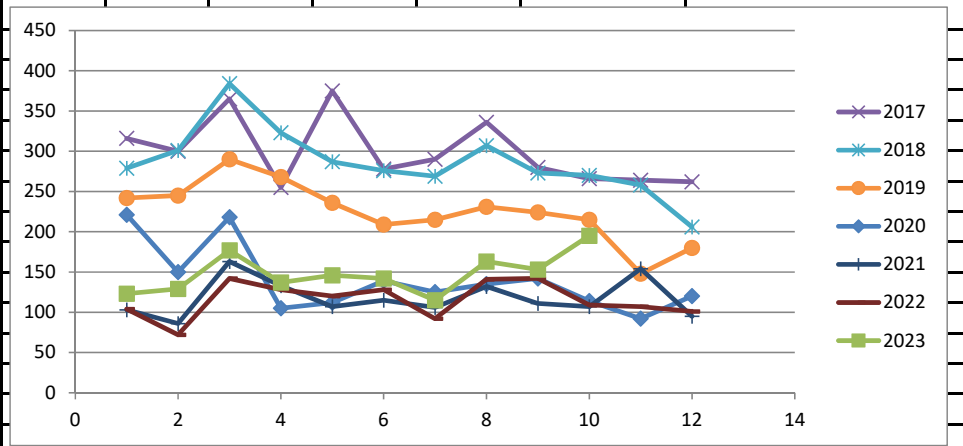
Application Assignment History*

| | | |
|---------------------|---------------------|--------------------|
| 1999: 47,108 | 2007: 16,780 | 2015: 3,217 |
| 2000: 44,945 | 2008: 12,896 | 2016: 3,089 |
| 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 |

*Application Assignment History based on applications assigned, not received.

Trend of Applications Received from 2016 to 2023

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| January | 316 | 279 | 242 | 221 | 103 | 104 | 123 |
| February | 300 | 301 | 245 | 150 | 86 | 72 | 129 |
| March | 365 | 384 | 290 | 218 | 163 | 142 | 177 |
| April | 255 | 323 | 268 | 105 | 133 | 128 | 137 |
| May | 375 | 287 | 236 | 112 | 107 | 120 | 146 |
| June | 278 | 276 | 209 | 139 | 115 | 128 | 142 |
| July | 290 | 269 | 215 | 125 | 106 | 92 | 115 |
| August | 336 | 307 | 231 | 135 | 132 | 141 | 163 |
| September | 280 | 273 | 224 | 142 | 111 | 142 | 153 |
| October | 266 | 270 | 215 | 114 | 107 | 109 | 195 |
| November | 264 | 258 | 148 | 92 | 154 | 107 | |
| December | 262 | 206 | 180 | 120 | 95 | 101 | |
| Total | 3,587 | 3,433 | 2,703 | 1,673 | 1,412 | 1,386 | 1480 |



Percent Change in Applications Received from 2016 to 2023

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------|--------------|---------------|----------------|----------------|----------------|--------------|---------------|
| January | 20.61% | -11.71% | -13.26% | -8.68% | -53.39% | 0.97% | 18.27% |
| February | 9.09% | 0.33% | -18.60% | -38.78% | -42.67% | -16.28% | 79.17% |
| March | 22.48% | 5.21% | -24.48% | -24.20% | -25.23% | -12.88% | 24.65% |
| April | -10.84% | 26.67% | -17.03% | -33.59% | 26.67% | -3.76% | 7.03% |
| May | 40.98% | -23.47% | -17.77% | -52.54% | -4.46% | 12.15% | 21.67% |
| June | -10.32% | -0.72% | -24.28% | -33.49% | -17.27% | 11.30% | 10.94% |
| July | 17.89% | -7.24% | -20.07% | -41.86% | -15.20% | -13.21% | 25.00% |
| August | 12.75% | -8.63% | -24.76% | -41.56% | -2.22% | 6.82% | 15.60% |
| September | -5.08% | -2.50% | -17.95% | -36.61% | -21.83% | 27.93% | 7.75% |
| October | -5.67% | 1.50% | -20.37% | -46.98% | -6.14% | 1.87% | 78.90% |
| November | -2.94% | -2.27% | -21.82% | -37.84% | 67.39% | -30.52% | |
| December | 6.50% | -21.37% | -21.26% | -33.33% | -20.83% | 6.32% | |
| Total YTD | 7.52% | -4.29% | -20.01% | -35.79% | -37.11% | 3.65% | 28.90% |

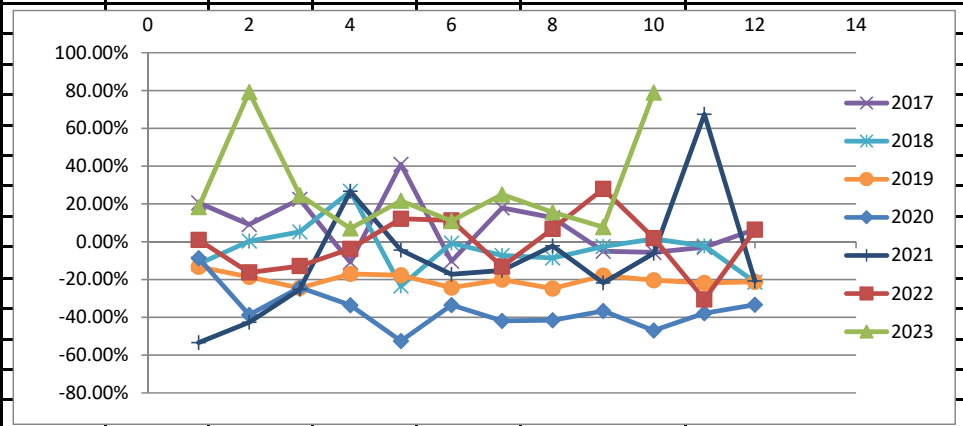


Exhibit 3

TIME STUDY OF TAIPA APPLICATIONS 2023

Non-Problem Applications

10.32 Minutes to process from the time it comes in the door until it leaves the following day
Used 10.5 minutes for study

Problem Applications

13.42 Minutes to process a problem application the first day it arrives in the office.
Note that these applications may spend additional time in the office until they are resolved so for purposes of this study, I multiplied the 13.5 minutes by 1.5 since some apps are resolved the same day and some take multiple days.
Used 20.1 minutes for study

The below assumes that the Administrative Assistant/Customer Service Employees did nothing but applications.

| Time Per Application | Application per hour | Applications per day | | Daily | Weekly | Monthly | Annually |
|---|----------------------|---------------------------|--|-------|--------|---------|----------|
| 10.5 | 5.71 | 40.0 per employee per day | | 40 | 200 | 800 | 9600 |
| 20.1 | 2.98 | 20.9 per employee per day | | 21 | 104 | 417 | 5007 |
| | | | | | | | 14607 |
| Assuming that employees spend 30% of their time on problem applications | | | | | | | |
| 10.5 | 5.71 | 28.0 per employee per day | | 56 | 280 | 1120 | 13440 |
| 20.13 | 2.98 | 6.3 per employee per day | | 13 | 63 | 250 | 3004 |
| | | | | | | | 16444 |
| Assuming that employees spend 45% of their time on problem applications | | | | | | | |
| 10.5 | 5.71 | 22.0 per employee per day | | 44 | 220 | 880 | 10560 |
| 20.13 | 2.98 | 9.4 per employee per day | | 19 | 94 | 376 | 4507 |
| | | | | | | | 15067 |

I would anticipate needing to hire an additional staff member if our applications started to go up substantially and averaged 500 per month or 6000 per year

*The above does not take into account any of the other duties that the Administrative Assistant/Customer Service employees currently perform nor does it take into account an employee being out for any vacation or sick days.

Exhibit 4

Texas Auto Ins. Plan Assoc.

ACTUAL VS. BUDGET

For the period ended September 30, 2023

| | Actual | 2023 Year To Date Budget | Variance | 2023 Annual Budget | % Used | Reason for Variance |
|--|----------------|--------------------------------|---------------|--------------------------|---------------|---|
| REVENUE | | | | | | |
| Assessments & Penalties | 663,267 | 650,250 | 13,017 | 867,000 | 76.50% | 80.00% |
| Other Revenue | 11,934 | 0 | 11,934 | 0 | 0.00% | 70.00% |
| TOTAL | 675,201 | 650,250 | 24,951 | 867,000 | 77.88% | Within range |
| EXPENDITURES | | | | | | |
| Salaries | 275,711 | 288,375 | 12,664 | 384,500 | 71.71% | Within range |
| Emp. Benefits & Other Ins. Exp. | 154,105 | 173,325 | 19,220 | 231,100 | 66.68% | There was an increase in premiums for our current coverages for TAIPA's Med/Dent/Vis coverage. We were able to continue with our current medical plan until May of 2024 and therefore did not have move to an Affordable Healthcare Plan. |
| Office Equipment Expense | 11,882 | 12,375 | 494 | 16,500 | 72.01% | Within range |
| Printing & Stationary Exp. | 0 | 3,225 | 3,225 | 4,300 | 0.00% | We have not purchased envelopes. We expect to end on budget. |
| Computer Expenses | 5,875 | 11,100 | 5,225 | 14,800 | 39.69% | We have not yet purchased all of the recommended computer supplies that Vintage suggested. We expect to end on budget. |
| Postage & Shipping Exp. | 11,354 | 19,800 | 8,446 | 26,400 | 43.01% | We continue to try & minimize what we send out by hard copy. TAIPA mailouts are down, also some of the follow up assessment invoices have been sent electronically. We expect to end under budget |
| Telephone Expense | 4,658 | 7,725 | 3,067 | 10,300 | 45.22% | TAIPA's telephones are now all using VIOP, through the internet. We expect to end under budget. |
| Rent Expense | 44,221 | 52,735 | 8,514 | 70,313 | 62.89% | TAIPA signed a new lease with Las Cimas, the free rent from the old lease was reduced the last three months; however, the new increased rate of rent started August 2023. |
| Moving Expense | 0 | 0 | 0 | 0 | 0.00% | Within range. (moving expense funds were moved to "rent" in order to cover the additional expense for increased rent) |
| Taxes | 0 | 900 | 900 | 1,200 | 0.00% | Have not paid any of TAIPA's taxes. We expect to end on budget. |
| Other Office Expenses | 2,191 | 5,250 | 3,059 | 7,000 | 31.30% | TAIPA has not had very many assessment write-offs, and service awards happen more towards the end of the year. |
| Governing Committee | 9,562 | 29,175 | 19,613 | 38,900 | 24.58% | TAIPA's March 2023 Governing Board Meeting that was held by teleconference/zoom, thus travel expenses have been reduced. Expect to end under budget, because only 2 in person meetings are scheduled. |
| Subcommittee Meetings | 500 | 3,375 | 2,875 | 4,500 | 11.11% | TAIPA only had 1 Ops-Sub Committee meeting and 1 Strategic Planning meeting prior to the November 2023 Gov. Board Meeting. We expect to end under budget. |
| Producer Review Panel | 0 | 0 | 0 | 0 | 0.00% | Within range |
| Employee Meetings, Seminars & Staff Travel | 7,412 | 19,500 | 12,088 | 26,000 | 28.51% | Employees are starting to attend more courses/seminars as well do some one-on-one training with accounting consultants. We expect to end under budget. |
| Legal Expenses | 33,040 | 45,450 | 12,410 | 60,600 | 54.52% | Legal expenses are currently under budget, but we expect them to go up given that we will have a new actuary for the next rate filing. We expect to end on budget. |
| Audit Expense | 18,273 | 20,100 | 1,827 | 26,800 | 68.18% | Within range |
| Dues, Subscriptions & Publications | 225 | 2,475 | 2,250 | 3,300 | 6.82% | Some of the expected dues will be paid later in the year. We expect to end on budget. |
| TAIPA Tradition, Visitor Meals & Gifts | 1,682 | 2,475 | 793 | 3,300 | 50.98% | We have had only had 1 life event for Governing Committee Members/Employees this year. We expect to end on budget. |
| System Consultants | 41,219 | 49,800 | 8,581 | 66,400 | 62.08% | TAIPA has not been billed by AIPSO for annual 2022 quota reports. We expect to end on budget. |

Texas Auto Ins. Plan Assoc.

ACTUAL VS. BUDGET

For the period ended September 30, 2023

| | Actual | 2023 Year To Date Budget | Variance | 2023 Annual Budget | % Used | Reason for Variance |
|--|----------------|--------------------------------|----------------|--------------------------|----------------|--|
| Consultants - Other | 14,254 | 22,725 | 8,471 | 30,300 | 47.04% | TAIPA has not been billed for some accounting programing that is still in process. We expect to end on budget. |
| Actuary | 0 | 6,375 | 6,375 | 8,500 | 0.00% | TAIPA has not used any actuarial services to date. We expect to end over budget. |
| Other | 0 | 0 | 0 | 0 | 0.00% | |
| SUBTOTAL | 636,162 | 776,260 | 140,098 | 1,035,013 | 61.46% | |
| Depreciation | 1,908 | 3,825 | 1,917 | 5,100 | 37.42% | |
| Amortization | 0 | 0 | 0 | 0 | 0.00% | |
| Gain (Loss) on Disposition of Fixed Assets | 0 | 0 | 0 | 0 | 0.00% | |
| SUBTOTAL | 1,908 | 3,825 | 1,917 | 5,100 | 37.42% | |
| TOTAL OPERATING EXPENSE | 638,070 | 780,085 | 142,014 | 1,040,113 | 61.35% | We are currently under budget by 13.65%. We'd expect to be at 75% of budget at the end of this period. |
| NET FROM OPERATIONS | 37,131 | -129,835 | 166,965 | -173,113 | | |
| Non-Operating Pension Costs | 0 | 0 | 0 | 0 | 0.00% | |
| NET | 37,131 | -129,835 | 166,965 | -173,113 | | |
| CAPITAL BUDGET | | | | | | |
| Software Development in Progress | 0 | 0 | 0 | 0 | 0.00% | |
| Office Furniture & Equipment | 0 | 0 | 0 | 0 | 0.00% | |
| Computer Equipment | 3,500 | 2,625 | -875 | 3,500 | 100.01% | Within range |
| Computer Software | 0 | 0 | 0 | 0 | 0.00% | |
| Leasehold Improvements | 0 | 0 | 0 | 0 | 0.00% | |
| TOTAL | 3,500 | 2,625 | -875 | 3,500 | 100.01% | |

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

Texas Auto Ins. Plan Assoc.

Statement of Activities

For the period ended September 30, 2023

Audited

Changes in unrestricted net assets

| | Current YTD |
|---|--------------------------|
| Revenues | |
| Member assessments | \$ 649,676 |
| Interest income | 11,934 |
| Assessment penalties | 13,591 |
| Total revenues | <u>675,201</u> |
| Expenses | |
| Salaries and related expenses | 429,816 |
| Occupancy expenses | 48,879 |
| Professional Services | 106,785 |
| Depreciation & amortization | 1,908 |
| Postage and delivery | 11,354 |
| Office supplies and expense | 11,882 |
| Governing committee | 9,562 |
| Computer supplies & expenses | 5,875 |
| Subcommittee meetings | 500 |
| Staff education & seminars | 7,412 |
| Miscellaneous | 2,191 |
| Staff expense | 1,682 |
| Dues and subscriptions | 225 |
| Total operating expenses | <u>638,070</u> |
| Other revenues (expenses) | |
| Total other revenue (expenses) | <u>-</u> |
| <i>Increase (decrease) in unrestricted net assets</i> | 37,131 |
| <i>Net assets (deficiency) at beginning of year</i> | <u>401,651</u> |
| <i>Net assets (deficiency) as of September 30, 2023</i> | <u><u>\$ 438,782</u></u> |

Texas Auto Ins. Plan Assoc.

Statement of Financial Position

As Of September 30, 2023

Audited

ASSETS

| | |
|---|-------------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 621,343 |
| Accounts receivable | 62,796 |
| Prepaid expenses | <u>25,166</u> |
| Total current assets | <u>709,305</u> |
| Security Deposits | 5,379 |
| Prepaid Pension Benefit Costs | 54,079 |
| Property and Equipment | |
| Furniture and equipment | 26,653 |
| Computer equipment | 20,757 |
| Leasehold improvements | 2,222 |
| Computer software | <u>25,000</u> |
| | <u>74,632</u> |
| Less accumulated depreciation | <u>68,561</u> |
| | <u>6,071</u> |
| Other Assets | |
| Operating lease right of use asset, net | 254,568 |
| Total assets | <u><u>1,029,403</u></u> |

LIABILITIES AND NET ASSETS

| | |
|----------------------------------|----------------------------|
| Current Liabilities | |
| Accounts payable | 21,335 |
| Accrued vacation | 40,939 |
| Accrued payroll liabilities | 25,105 |
| Deferred revenue | 216,986 |
| Short Term Lease Liability | <u>33,647</u> |
| Total current liabilities | <u>338,012</u> |
| Other Liabilities | |
| Long Term Lease Liability | <u>252,609</u> |
| Total other liabilities | <u>252,609</u> |
| Net (Deficiency) Assets | |
| Without donor restrictions | <u>438,782</u> |
| Total net assets | <u>438,782</u> |
| Total liabilities and net assets | <u><u>\$ 1,029,403</u></u> |

Exhibit 5

TAIPA – 2023-2024
3rd Party Relationships

| Category | Name of Organization | Services Provided | 2023 Rate and Expected Expenses | 2024 Rate and Expected Expenses | Change |
|----------|----------------------|--|--|---|---|
| Legal | Thompson Coe | Legal services for all business matters except HR & Benefits | <ul style="list-style-type: none"> • \$350 per hour • \$58,600 budgeted <p>*Note - There was an error in last year’s document which indicated that the 2023 rate would remain at \$340. The rate was moved from \$340 to \$350 for 2023.</p> | <ul style="list-style-type: none"> • \$350 per hour • \$61,530 budgeted plus \$20,000 for a rate hearing | <ul style="list-style-type: none"> • Last change was from \$340 to \$350 in 2023 • \$2930 budgeted plus \$20,000 for rate hearing. • New agreement provided in 2023 for 2024 • In place prior to 2007 • Last RFP 2009 • Recommend renewing for 2024 |
| Actuary | Burkhalter Group | Actuary services related to TAIPA's private passenger & Commercial Rates | <ul style="list-style-type: none"> • \$9000 for continuing with current rate making process. <p>After the August Governing Committee Meeting, Mike Jones and Stacy Dutton talked with The Burkhalter Group and told them that the Governing Committee</p> | <ul style="list-style-type: none"> • If we have a rate hearing in 2024, the charge would be 300-400 per hour depending on who performed the work. He doesn’t believe it will go over the \$35000.00 and doesn’t really | <ul style="list-style-type: none"> • \$300-400 per hour - up to \$35,000 for rate hearing for 2024 rates. • \$9000.00 for work on 2025 rates to be completed in 2024. • Proposal given in 2023 • Started work for TAIPA in 2023 • Last RFP 2023 • Recommend renewing for 2024 |

| | | | | | |
|--|--|--|--|--|--|
| | | | <p>wanted to know what the TAIPA rates should actually be and not to cap it at 5% unless that was where it should be. We understood that this would be more than the \$9000 they quoted.</p> <p>I talked with Matt Stephenson and he is still gathering information so he doesn't know yet how much additional time will be involved with looking at other information because so far the other information is not available. My impression at this point is that he doesn't think it will be a lot over the \$9000 quote.</p> | <p>anticipate it going to \$35,000.</p> <ul style="list-style-type: none">• Assuming that we have a rate filing in 2024, I anticipated that we would just do the regular filing that we have done for the 2025 rates and keeping it at or under 5%. If that is the case, Matt anticipated completing that work for \$9000 as was quoted in their bid for 2023. | |
|--|--|--|--|--|--|

| | | | | | |
|-------------------|----------------------|--|---|---|---|
| Auditor | Atchley & Associates | Financial Audit and completion of TAIPA's form 990 and now consulting for accounting | <ul style="list-style-type: none"> • \$400 per hour for Sr. Auditor (Tyler) • \$26,800 budgeted | <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. | <ul style="list-style-type: none"> • \$425 per hour for Sr. Auditor (Tyler) • \$0 increase in budget • New agreement every year. • In place after 2006 audit • Recommend renewing for 2024 |
| 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 | <ul style="list-style-type: none"> • Data Services \$110/hr. – Expect 198 hours for total of \$21,582. • Programing - \$128/hr. • EASi Maintenance \$8,300 per year • EASi Enhancements | <ul style="list-style-type: none"> • Data Services \$107/hr. – Expect 198 hours for total of \$21,186. • Programing - \$132/hr. • EASi Maintenance \$8,300 per year • EASi Enhancements | <ul style="list-style-type: none"> • Data Services -\$3/hr. – Expect 198 hours for total of \$21,186. • Programing – \$4/hr. in 2024 • EASi Maintenance – No Change • EASi Enhancements- No Change |

| | | | | | |
|--|--|------------------|---|---|--|
| | | \$7,900 per year | \$7,900 per year <ul style="list-style-type: none">• Total \$37,382 | \$7,900 per year <ul style="list-style-type: none">• Total \$37,386 | <ul style="list-style-type: none">• Send updated cost sheet every year. Agreement signed 2015• In place prior to 2007• Recommend renewing for 2024 |
|--|--|------------------|---|---|--|

Exhibit 6

| Recommended 2024 Assessment | | | | | |
|---|----|---|-----------------|----------------|------------------------|
| | | Total 2024 Budget | | | \$ 1,137,760.00 |
| | | Total 2024 Capital Budget | + | | \$ 10,200.00 |
| | | 2024 Depreciation & Amortization | - | | \$ 3,600.00 |
| Cash Needed for 2024 | | | = | | \$ 1,144,360.00 |
| | | Cash Expected at Yearend 2023 | | | \$ 383,000.00 |
| | | Amount of 2023 Carryover to be Used to Reduce 2024 Assessment | - | | \$ 150,000.00 |
| Remaining Amount of Cash to Carryover to 2024* | | | = | | \$ 233,000.00 |
| Recommended 2024 Assessment Amount | | | = | | \$ 994,360.00 |
| <p><i>*Note: 2023 carryover is equivalent to a little less than 2.5 full months of 2024 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></p> | | | | | |
| 2023/2024 Comparison | | | | | |
| | | 2024 | 2023 | Difference | |
| Operating Budget Amount | \$ | 1,137,760.00 | \$ 1,045,100.00 | \$ 92,660.00 | 8.87% |
| Capital Budget Amount | \$ | 10,200.00 | \$ 7,000.00 | \$ 3,200.00 | 45.71% |
| -Depr./Amort | \$ | 3,600.00 | \$ 5,100.00 | \$ (1,500.00) | -29.41% |
| -Carryover Used | \$ | 150,000.00 | \$ 180,000.00 | \$ (30,000.00) | -16.67% |
| Assessment Amount | \$ | 994,360.00 | \$ 867,000.00 | \$ 127,360.00 | 14.69% |

2024 TAIPA Budget Considerations:

Major Assumptions Used For Developing 2024 Budget

*Note that any items in the budget category that are new for 2024 are noted in blue below at the end of the explanation.

The biggest change to TAIPA's budget for 2024 is budgeting for a rate hearing for the 2024 rates. This assumes that the actuaries will find a need to increase TAIPA's rates more than 5%. The cost of having the hearing is expected to cost up to \$55,000, (\$20,000 for legal and \$35,000 for the actuarial work associated with it). This makes up 50% of the increase in this budget over last year's budget. **The rate hearing cost is new this year.**

-Currently it appears that application volume will continue to grow slightly. This will be dependent on TAIPA's rate change compared to Market. 2023 volume increased 25% through October so we expect the same growth for 2024.

-Includes salaries and benefits for four employees (all current staff--Stacy, Mimi, Ruth, and Amanda). Salaries include a merit-based salary increase budget of 5% for staff increases plus an additional 1.% hold-back for pay adjustments for 2024 to address compensation and economic gaps as needed as well as the amount needed to pay the temp agency fee in case of turnover. (Salary budget increased 6% or \$21,800)

-Employee benefit and other insurance costs - Our pension did well in 2024 due to the increase in interest rates. The trustees asked that we keep our contribution the same as the previous year although our minimum contribution was lowered to \$78,012. I elected to lowered our contribution to \$90,000 because TAIPA's portion of the plan is in better shape than some of the other companies in the plan. I increased the medical by 40% in May because TAIPA cannot remain on our current grandfathered medical plan because our provider, Humana, is leaving the group medical market. I am most worried about this as we did try to move to a different plan in 2023, but we were turned down. If we can't qualify in 2024, we will have to take an Obama plan which will be at least 25% more than our current plan and then may be adjusted due to age. Any change in an employee's dependent coverage or change in employee could change our budget substantially. We expect dental and vision to go up about 5%, and Life & LTD rates are expected to remain the same and only change based on changes in employees pay to remain the same. We expect the cost for administration for the 401(K) plan & Noncontributory plan through Voya to stay the same. In 2024, we have 4 employees eligible for the match and 2 employees participating in the noncontributory plan, we expect the change in 401(K) contribution to go up slightly with any change in pay. Our commercial insurance agent expect a large increase because of all the losses in the market this year but the could not say exactly how much of an increase to expect on our particular plans. I increased the premiums from between 15% to 25% based on how much they had previously gone up for all our commercial insurance policies which include workers compensation, business owner/umbrella and EPLI. Even though we had some large percentage increases, the amount and percentage overall were lower because we decreased the pension contribution by \$10,000. Even though we had some large increases, the amount and percentage were lower because we decreased the pension contribution by \$10,000.(Employee Benefits & Other Insurance Budget increased 6.5% to \$14,600)

-Office Equipment Expense is up because we leased the new mail machine in 2023. (Pitney Bowes wouldn't support our 2004 machine any longer.) We also increased our office supplies expense by \$800 for next year. (Office equipment expense increased 15.76% or \$2600)

-Computer Supplies budget remained the same in 2023.

-Telephone and Internet are down since all of the phone lines including those for fax machines have been eliminated and we use Voice Over Internet Phones.

-Rent is up due to renewing our lease at our current location. We added 7% to the operational expense as this was the amount it went up last year and the new amount is not known yet. (Rent expense increase is 12.64% or \$8887.)

-Postage and Delivery increased due to increased cost of postage, and an increase for our courier service; (Postage & Delivery is up 6.02% or \$1500)

-Moving expense is reduced to 0 since there is no move scheduled.

- Property taxes - are expected to remain the same.

-Governing Committee Meeting Expenses are up slightly because the Austin Marriott South was the only hotel that could accommodate our meeting dates next year and their charge for their guest rooms was higher than the Austin Southpark. (Governing Committee Meetings is up 1.29% or \$500.)

-Two Operations Subcommittee meetings (held via zoom) - down from 4

-Other office expenses is up since we will purchase a chair's gift in 2024 and we increased the incidents where TAIPA sends flowers or food for funerals or hospital stays from 1 to 2. (Other office expense is up 17.48% or \$1800)

-One Nominating Subcommittee meeting (held via teleconference)

-One Strategic Planning Subcommittee meeting to review TAIPA's Enterprise Risk Plan (held via zoom)

-No Producer Review Panel meetings

-No new subcommittees

-Budget includes \$5000 for each employee to pursue education

-Legal is up Budgeted 5% increase in legal expenses for Thompson Coe, \$20,000 for Thompson Coe for rate hearing expense and \$3000 for HR attorney to review TAIPA's handbook (Legal expense is up 39.7% or \$24,060) **The rate hearing cost is new this year.**

| |
|---|
| -Dues and subscriptions is down \$2500 since TAIPA didn't move to the same location as ICT, we didn't join ICT. |
| -No RFPs planned in 2024 for any vendors; would continue existing arrangements with legal counsel, actuary, auditors, and AIPSO. |
| -System Consultants -The biggest change in System Consultants is the monthly fee for our IT provider Vintage is going up from \$2117.75. to \$2725. This additional \$607.25 is for TAIPA's components and resources required to keep their infrastructure functioning that TAIPA has been utilizing but not paying for including Memory, Computer per vCPU, and managed cloud back up data. There is now a \$25 fee for managed VDI, and the Microsoft requires a higher license requirement for use in our VDI related to software licensing. (System consultants is up 7.83% or \$5200) |
| -Consultants Other - In 2023, we utilized Adv Applications to streamline TAIPA's assessment calculation from a 92 page SOP using access, excel, word and Sage to utilizing Sage to complete the entire process and to assist TAIPA staff in learning additional features of the accounting software. In 2024 we want to continue to utilize Sage software better and use it to eliminate the "Master List of company addresses" maintained in excel and move it to Sage utilizing their CRM system that TAIPA already owns. We want to do this to eliminate the risks associated with excel sheets that multiple employees use. We anticipate that these 2 projects will increase our use of Advanced Applications. (Consultants Other is up 13.86% or \$4200). |
| -Actuary - The \$44,000 budget includes \$35,000 for the actuaries attending a rate hearing for TAIPA's 2024 rates and \$9,000 for calculating TAIPA's 2025 rates. (Actuary is up 417.65% or \$35,500) The rate hearing cost is new this year. |
| -Computer equipment was increased as all four of TAIPA's work stations (laptop, docking station, monitors, etc.) are now 5 years old. We plan to purchase 4 new workstations to replace the ones the are 5 years old. (Computer Equipment is up 191% or \$6,700) The 4 new workstations are new this year. |
| -Leasehold improvement is 0 since no move is scheduled. |
| |

TAIPA's 2024 Annual Budget vs. 2023 Budget

| Budget Category | 2023 Budget | 2024 Requested Budget | Amount of Increase or decrease in 2024 Budget vs. 2023 Budget | % Change | Explanation of Difference* |
|---------------------------------|-------------|-----------------------|---|----------|--|
| Salaries | \$ 384,500 | \$ 403,600 | \$ 21,800 | 6.01% | Increased budget by 6% as we did last year includes merit-based salary increase budget of 5.0% for staff increases plus an additional 1% hold-back for pay adjustments for 2024 to address compensation and economic gaps as needed as well as the amount needed to pay the temp agency fee in case of turnover. |
| | | | \$ - | | |
| Emp. Benefits & Other Ins. Exp. | \$ 224,500 | \$ 239,100 | \$ 14,600 | 6.50% | TAIPA's pension investments did well in 2024 due to the increase in interest rates. TAIPA's minimum contribution was lowered to \$78,012. I budgeted \$90,000 instead of \$100,000 as requested by plan sponsors because TAIPA's plan is in good shape. I increased the medical by 40% in May because TAIPA cannot remain on our current grandfathered medical plan and we may have to take an Obama plan in 2024 which will be much more costly. We expect dental and vision to go up about 5%, and Life & LTD rates are expected to remain the same. We expect the cost for administration for the 401(K) plan & Noncontributory plan through Voya to stay the same. Expect slight change in 401(K) contribution to go up with change in pay. Our commercial insurance agent expects a large increase because of all the losses in the market so I increased the premiums from between 15% to 25% based on how much they had previously gone up. This includes workers compensation, business owner/umbrella and EPLI. Even though we had some large percentage increases, the amount and percentage overall were lower because we decreased the pension contribution by \$10,000. |
| Office Equipment Expense | \$ 16,500 | \$ 19,100 | \$ 2,600 | 15.76% | Increase due to leasing a new mail machine and increase in cost of office supplies. |
| Printing | \$ 4,300 | \$ 4,300 | \$ - | 0.00% | Within range |
| Computer Supplies & Exp | \$ 14,800 | \$ 14,800 | \$ - | 0.00% | Within range |
| Postage & Delivery | \$ 26,400 | \$ 21,800 | \$ (4,600) | -17.42% | Decrease due to using less postage and sending items out electronically where possible. |
| Telephone & Internet | \$ 10,300 | \$ 7,300 | \$ (3,000) | -29.13% | Decrease is due to moving to VoIP phone systems and eliminating all phone lines including fax lines. |
| Rent | \$ 70,313 | \$ 79,200 | \$ 8,887 | 12.64% | Increase in rent per new lease and raised operating expense by 7% |
| Moving Expenses | \$ - | \$ - | \$ - | 0.00% | No Move is scheduled |
| Property Taxes | \$ 1,200 | \$ 1,200 | \$ - | 0.00% | Within range |

| Budget Category | 2023 Budget | 2024 Requested Budget | Amount of Increase or decrease in 2024 Budget vs. 2023 Budget | % Change | Explanation of Difference* |
|---|---------------------|-----------------------|---|---------------|--|
| Governing Committee | \$ 38,900 | \$ 39,400 | \$ 500 | 1.29% | Within range |
| Operations Subcommittee | \$ 4,500 | \$ 3,000 | \$ (1,500) | -33.33% | Reduced the meetings from 4 to 2. |
| Producer Review Panel | \$ - | \$ - | \$ - | 0.00% | Within range |
| Employee Meetings, Seminars, & Staff | \$ 26,000 | \$ 26,800 | \$ 800 | 3.08% | Within range |
| Legal Expenses | \$ 60,600 | \$ 84,660 | \$ 24,060 | 39.70% | Budget includes a 5% increase for Mike Jones and \$3000 for our HR attorney to review our handbook. It also includes \$20,000 for rate hearing for 2024 rates. |
| Audit | \$ 26,800 | \$ 26,400 | \$ (400) | -1.49% | Within range. |
| Dues, Subscrip, Pub. | \$ 3,300 | \$ 800 | \$ (2,500) | -75.76% | Didn't join ICT as planned when we didn't move to same location. |
| Other Office Expenses | \$ 10,300 | \$ 12,000 | \$ 1,700 | 16.50% | Chairs gift for 2024 and increased from 1 to 2 major incidents |
| System Consultants | \$ 66,400 | \$ 72,200 | \$ 5,800 | 8.73% | -The biggest change in System Consultants is the monthly fee for our IT provider Vintage is going up from \$2117.75. to \$2669.45. This additional \$551.70 is for TAIPA's Memory, Computer per vCPU, and managed cloud back up data. |
| Consultants-Other | \$ 30,300 | \$ 34,500 | \$ 4,200 | 13.86% | In 2024 we want to continue to utilize Sage software better and use it to eliminate the "Master List of company addresses" maintained in excel and move it to Sage utilizing their CRM system that TAIPA already owns. We anticipate that these 2 projects will increase our use of Advanced Applications. |
| Actuary | \$ 8,500 | \$ 44,000 | \$ 35,500 | 417.65% | This includes \$35,000 for a rate hearing for 2024 rates and \$9,000 for calculating 2025 rates |
| SUBTOTAL | \$ 1,028,413 | \$ 1,134,160 | \$ 105,747 | 10.28% | |
| Depreciation | \$ 5,100 | \$ 3,600 | \$ (1,500) | -29.41% | decrease is due to initial set up computer work stations being fully depreciated. |
| Amortization | \$ - | \$ - | \$ - | 0.00% | Within range |
| Total | \$ 1,033,513 | \$ 1,137,760 | \$ 104,247 | 10.09% | |
| 15000--Software Development in Progress | \$ - | \$ - | \$ - | 0.00% | Within range. |
| 15100--Office Furniture & Equipment | \$ - | \$ - | \$ - | 0.00% | Within range. |

| Budget Category | 2023 Budget | 2024 Requested Budget | Amount of Increase or decrease in 2024 Budget vs. 2023 Budget | % Change | Explanation of Difference* |
|--|---------------------|-----------------------|---|----------------|--|
| 15200--Computer Equipment | \$ 3,500 | \$ 10,200 | \$ 6,700 | 191.43% | Ordering 4 new work stations since all 4 work stations are 5 years old. |
| 15300--Computer Software | \$ - | \$ - | \$ - | 0.00% | Within range. |
| 15500--Leasehold Improvements | \$ - | \$ - | \$ - | 0.00% | No Move scheduled |
| CAPITAL BUDGET TOTAL | \$ 3,500 | \$ 10,200 | \$ 6,700 | 191.43% | |
| GRAND TOTAL | \$ 1,037,013 | \$ 1,147,960 | \$ 110,947 | 10.70% | Total 2023 budget is 5.01% lower than 2021 budget. Most of the change is due to not making any contributions to the pension plan in 2023. |
| *NOTE: Items that are considered "within range" are within \$5,000 and 5% of last year's expenses. | | | | | |

Exhibit 7

Approved 2024 TAIPA Governing Committee Dates

Friday, April 5th, 2024

Location: Austin Marriot South & Zoom

Friday, August 16th, 2024

Location: Austin Marriot South & Zoom

Friday, November 22nd, 2024

Location: Austin Marriot South & Zoom

*Austin Marriot South is located at:

4415 South IH 35
Austin, TX 78744

Exhibit 8

Summary
10/23/2023 2:44:20 PM

Differences exist between documents.

New Document:

[updated Enterprise Risk And Emergency Management Manual 2.2 for Statagic Planning Subcommittee approval 2023 A](#)

40 pages (597 KB)

10/23/2023 2:43:11 PM

Used to display results.

Old Document:

[Enterprise Risk And Emergency Management Manual 2.1_Gov Com Approved 8 19 2022](#)

39 pages (536 KB)

10/23/2023 2:43:10 PM

[Get started: first change is on page 1.](#)


No pages were deleted

How to read this report

Highlight indicates a change.

Deleted indicates deleted content.

 indicates pages were changed.

 indicates pages were moved.

ENTERPRISE RISK & EMERGENCY MANAGEMENT PLAN

Version 2.2

TAIPA Enterprise Risk and Emergency Management Plan

VERSION HISTORY

This Risk Management Plan was developed by TAIPA Staff under the direction of the Strategic Planning Subcommittee and approved by the Texas Automobile Insurance Plan Association's (TAIPA's) Governing Committee.

| Version # | Implemented By | Revision Date | Approved By | Approval Date | Reason |
|------------------|--|----------------------|--|----------------------|---|
| 1.0 | <i>James Langford, Association Manager</i> | | <i>TAIPA Governing Committee</i> | <i>04/01/2016</i> | <i>Initial Risk Management Plan</i> |
| 2.0 | <i>Stacy Dutton Association Manager</i> | <i>08/09/2021</i> | <i>Governing Committee</i> | <i>08/20/2021</i> | <i>Created formal plan that incorporates Emergency Management Plan as well</i> |
| 2.1 | <i>Stacy Dutton Association Manager</i> | <i>8/19/2022</i> | <i>Strategic Planning Subcommittee</i> | <i>8/19/2022</i> | <i>Updated contacts and risks and added additional risk regarding TAIPA application volume increasing substantially.</i> |
| 2.2 | <i>Stacy Dutton Association Manager</i> | | <i>Strategic Planning Subcommittee</i> | | <i>Updated contacts and risks- Completed phone training so all employees can use TAIPA phone system from their home and cell phone, added staffing risks and what we are doing to train</i> |
| | | | | | |
| | | | | | |

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1 INTRODUCTION

This risk management plan was developed by Texas Automobile Insurance Plan Association (TAIPA) staff under the direction of the 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. This 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 risks to pursue and respond to and which risks can be ignored.

2.31 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

2.32 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 ways 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.

2.33 RISK MONITORING, CONTROLLING, AND 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

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|--|--|---|--|---|--|
| | PROBABILITY | IMPACT | | | | |
| TAIPA offices unavailable (one week or less) | MEDIUM | LOW-MEDIUM | | | | |
| (Due to bad weather, tornado, flood, fire, or damage to building, electricity/Water Outage) | 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. | <p>SINCE EMPLOYEES CAN AND HAVE EXPERIENCE WORKING FROM HOME THE IMPACT IS LOW</p> <p>IMPACT BECOMES HIGHER WHEN EMPLOYEES DO NOT HAVE ELECTRICITY OR INTERNET</p> | <p>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</p> <p>IN ADDITION, -DUE TO COVID PANDEMIC IN 2020 STAFF NOW HAS EXTENSIVE EXPERIENCE WORKING FROM HOME AND WAS ABLE TO DO SO FOR SEVERAL MONTHS.</p> <p>SINCE OUR PHONE SYSTEM WAS NO LONGER SUPPORTED, TAIPA MOVED TO VOIP PHONES IN FEBRUARY 2021 AND WE WILL BE ABLE TO ACCESS OUR PHONES FROM HOME IN THE NEAR FUTUR</p> <p>-DUE TO SNOVID – THE ONLY ISSUE WAS THAT WE WERE UNABLE TO OBTAIN TAIPA MAIL DUE THE STREETS NOT BEING PASSABLE.</p> <p>IF THERE WAS A SITUATION WHERE WE COULD NOT USE THE TAIPA BUILDING & HAD NO NOTICE, BOTH STACY & MIMI CAN ACCESS THE CLOUD FROM THEIR</p> | <p>DUE TO COVID, EMPLOYEES STARTED WORKING FROM HOME SO NOW ALL WORK CAN BE COMPLETED FROM HOME.</p> <p>WE WOULD JUST NEED TO HAVE OUR COURIER BRING THE MAIL TO AN EMPLOYEES HOME.</p> <p>THE BIGGEST ISSUE FACING TAIPA STAFF NOW IS GETTING OUR MAIL WHEN THE STREETS ARE NOT PASSABLE, COURIERS AREN'T RUNNING, AND OR POST OFFICE IS NOT RUNNING. CURRENTLY THERE IS NOTHING TAIPA STAFF CAN DO TO OBTAIN THE MAIL IN THAT CASE.</p> <p>IN A CASE WHERE MAIL IS NOT DELIVERED, TAIPA STAFF MONITORS THE MAIL AND MAKE EFFORTS TO ASSIST</p> | <p>ONLY ONGOING ISSUE IS MAIL WHEN COURIER SERVICE ISN'T RUNNING OR POST OFFICE ISN'T RUNNING DUE TO WEATHER ISSUES.</p> <p>PHONE TRAINING IS COMPLETED - ALL EMPLOYEES CAN USE TAIPA PHONE SYSTEM FROM HOME.</p> | <p>STACY DUTTON (CELL) 512-779-8283 MIMI LEECE (CELL) 512-468-6927</p> <p>LAS CIMAS BUILDING MANAGEMENT: DANE RODRIGUEZ O: 737-270-9566 C: 512-202-5815 drodriguez@rockhillmanagement.com</p> <p>REBEKAH LISH C: 512-568-7966 rlish@rockhillmanagement.com 807 LAS CIMAS PARKWAY, SUITE 120 AUSTIN, TX 78746 USA</p> <p>CONTACTS WHO WOULD NEED TO KNOW:</p> <p>-TAIPA GOVERNING COMMITTEE CHAIR BECKY JACKSON 512-694-4456</p> <p>-MAIL COURIERS – COURIER DEPOT - 512-892-1876</p> <p>-BALCONES SHRED – 512-744-4999</p> <p>-TELEPHONE CONNECTION – 512-451-6101</p> <p>VINTAGE IT – 512-481-1117</p> |

| | | | | | | |
|--|---|--|---|---|----------------------|----------------------|
| | | | <p>HOME COMPUTERS. DEPENDING ON THE LENGTH OF TIME THAT WE WERE NOT ABLE TO ACCESS THE BUILDING WE COULD SET STAFF UP AS WELL.</p> | <p>COMPANIES IN RECEIVING APPLICATIONS AS TIMELY AS POSSIBLE ONCE MAIL IS DELIVERED.</p> <p>WE HAVE WORKED OUT THE KINKS IN 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 TAIPA CALLS AT HOME.</p> | | |
| | <p>AUSTIN DOESN'T TYPICALLY HAVE SEVERE WEATHER FOR LONG PERIODS OF TIME.</p> <p>SNOVID -ONE 5 DAY OCCURRENCE HAPPENED IN 2021 WHERE PREVIOUSLY WE HAVE EXPEREINCED ONLY 1-2 DAYS OF SEVERE WEATHER RELATED CLOSURES IN LAST 14 YEARS</p> <p>AUSTIN DOESN'T HAVE HISTORY OF LONG TERM ISSUES WITH WATER OR ELECTRICITY</p> <p>TAIPA'S OFFICE BUILDING AND EVERY EMPLOYEE HAD SOME WATER AND/OR ELECTRICITY ISSUES</p> | <p>EMPLOYEES WERE ABLE TO DO MOST WORK FROM HOME, HOWEVER WITHOUT MAIL DELIVERY, WE WERE NOT ABLE TO PROCESS MAIL.</p> | <p>HAVE FLOOD AND EARTHQUAKE INSURANCE</p> <p>TEXAS GOVERNMENT IS REVIEWING AND ADDRESSING LONG TERM ISSUES WITH ELECTRICITY/TEXAS GRID</p> <p>IT MAY ALSO HELP THAT TESLA'S BATTERY COMPANY IS MOVING TO TEXAS</p> | <p>SAME AS ABOVE</p> | <p>SAME AS ABOVE</p> | <p>SAME AS ABOVE</p> |

TAIPA Enterprise Risk and Emergency Management Plan

| | | | | | | |
|--|------------------------|--|--|--|--|--|
| | DURING SNOVID IN 2021. | | | | | |
|--|------------------------|--|--|--|--|--|

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|--|---|--|---|---|--|
| | PROBABILITY | IMPACT | | | | |
| TAIPA offices unavailable (More than one week) | LOW | LOW | | | | |
| (Due to bad weather, tornado, flood, fire, or damage to building, electricity/Water Outage) | This hasn't happened and our building was back up and running before employees were able to get there after SNOVID | Since employees can and have experience working from home the Impact is LOW | <p>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</p> <p>IN ADDITION, -DUE TO COVID PANDEMIC IN 2020 STAFF NOW HAS EXTENSIVE EXPERIENCE WORKING FROM HOME AND WAS ABLE TO DO SO FOR SEVERAL MONTHS.</p> <p>SINCE OUR PHONE SYSTEM WAS NO LONGER SUPPORTED, TAIPA MOVED TO VOIP PHONES IN FEBRUARY, 2022 .</p> <p>-DUE TO SNOVID – THE ONLY ISSUE WAS THAT WE WERE UNABLE TO OBTAIN TAIPA MAIL DUE THE STREETS NOT BEING PASSABLE.</p> | <p>DUE TO COVID, EMPLOYEES STARTED WORKING FROM HOME SO NOW ALL WORK CAN BE COMPLETED FROM HOME.</p> <p>WE WOULD JUST NEED TO HAVE OUR COURIER BRING THE MAIL TO AN EMPLOYEES HOME.</p> <p>THE BIGGEST ISSUE FACING TAIPA STAFF NOW IS GETTING OUR MAIL WHEN THE STREETS ARE NOT PASSABLE, COURIERS AREN'T RUNNING, AND OR POST OFFICE IS NOT RUNNING. CURRENTLY THERE IS NOTHING TAIPA STAFF CAN DO TO OBTAIN THE MAIL IN THAT CASE.</p> <p>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.</p> <p>WE HAVE</p> | <p>ONLY ONGOING ISSUE IS MAIL WHEN COURIER SERVICE ISN'T RUNNING OR POST OFFICE ISN'T RUNNING DUE TO WEATHER ISSUES.</p> <p>PHONE TRAINING IS COMPLETE - ALL EMPLOYEE S CAN USE TAIPA PHONE SYSTEM FROM HOME.</p> | <p>STACY DUTTON 512.531.7271 (CELL) 512-779-8283</p> <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p> <p>LAS CIMAS BUILDING MANAGEMENT: DANE RODRIGUEZ O: 737-270-9566 C: 512-202-5815 drodriquez@rockhillmanagement.com</p> <p>REBEKAH LISH C: 512-568-7966 rlish@rockhillmanagement.com</p> <p>807 LAS CIMAS PARKWAY, SUITE 120 AUSTIN, TX 78746 USA</p> <p>CONTACTS WHO WOULD NEED TO KNOW:</p> <p>-TAIPA GOVERNING COMMITTEE CHAIR BECKY JACKSON 512-694-4456</p> <p>-MAIL COURIERS – COURIER DEPOT - 512-892-1876</p> <p>-BALCONES SHRED – 512-744-4999</p> <p>-TELEPHONE CONNECTION – 512-451-6101</p> <p>VINTAGE IT – 512-481-1117</p> |

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| | | | | <p>WORKED OUT THE KINKS IN NEW PHONE SYSTEM RELATED TO OUR FIRE WALL.</p> <p>ALL EMPLOYEES HAVE BEEN TRAINED ON HOW TO UTILIZE VOIP TECHNOLOGY AT HOME SO EMPLOYEES CAN MAKE/RECEIVE TAIPA CALLS AT HOME.</p> | | |
| | <p>AUSTIN DOESN'T TYPICALLY HAVE SEVERE WEATHER FOR LONG PERIODS OF TIME</p> <p>AUSTIN DOESN'T HAVE HISTORY OF LONG TERM ISSUES WITH WATER OR ELECTRICITY</p> | <p>EMPLOYEES NOW HAVE A LOT OF EXPERIENCE WORKING AT HOME.</p> | <p>HAVE FLOOD AND EARTHQUAKE INSURANCE</p> <p>TEXAS GOVERNMENT IS REVIEWING AND ADDRESSING LONG TERM ISSUES WITH ELECTRICITY/TEXAS GRID</p> <p>IT MAY ALSO HELP THAT TESLA'S BATTERY COMPANY IS MOVING TO TEXAS</p> | SAME AS ABOVE | SAME AS ABOVE | SAME AS ABOVE |
| | | | | | | <p>POSSIBLE CONTACTS FOR OFFICE SPACE</p> <p>REGUS 855-400-3575 - RENTS OFFICE SPACE HOURLY, DAILY, MONTHLY, ETC.</p> <p>TARGET OFFICE 888-753-1777- RENT OFFICE SPACE PER PERSON MONTHLY</p> |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|--|---|---|--|--|--|--|
| | PROBABILITY | IMPACT | | | | |
| Employees are not able to come to work due to personal or organizational risks and/or governmental restrictions) | MEDIUM | LOW-MEDIUM | | | | |
| (Pandemic, Government Regulations) | UNTIL 2020, THIS HAD NOT HAPPENED BUT WITH COVID, WE HAD TO FIND A WAY FOR ALL EMPLOYEES TO WORK FROM HOME. | NOW EMPLOYEES CAN AND HAVE EXPERIENCE WORKING FROM HOME THE IMPACT IS LOW IMPACT BECOMES HIGHER IF EMPLOYEES DO NOT HAVE ELECTRICITY OR INTERNET | WE HAD EMPLOYEES WORK FROM VARIOUS LOCATIONS DURING COVID AND EVERYONE WAS ABLE TO WORK IF THERE WERE A PROBLEM WITH AN EMPLOYEES 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 IN FEBRUARY AND WE WILL BE ABLE TO ACCESS OUR PHONES FROM HOME IN THE NEAR FUTURE | 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 EMPLOYEES HOME. THE BIGGEST ISSUE FACING TAIPA STAFF NOW IS GETTING OUR MAIL WHEN THE STREETS ARE NOT PASSABLE, COURIERS AREN'T RUNNING, AND OR 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 | ONLY ONGOING ISSUE IS MAIL WHEN COURIER SERVICE ISN'T RUNNING OR POST OFFICE ISN'T RUNNING DUE TO WEATHER ISSUES. PHONE TRAINING IS COMPLETED - ALL EMPLOYEES CAN USE TAIPA PHONE SYSTEM FROM HOME. | STACY DUTTON (CELL) 512-779-8283 MIMI LEECE (CELL) 512-468-6927 LAS CIMAS BUILDING MANAGEMENT: DANE RODRIGUEZ O: 737-270-9566 C: 512-202-5815 drodriguez@rockhillmanagement.com REBEKAH LISH C: 512-568-7966 rlish@rockhillmanagement.com 807 LAS CIMAS PARKWAY, SUITE 120 AUSTIN, TX 78746 USA CONTACTS WHO WOULD NEED TO KNOW: -TAIPA GOVERNING COMMITTEE CHAIR BECKY JACKSON 512-694-4456 -MAIL COURIERS – COURIER DEPOT - 512-892-1876 -BALCONES SHRED – 512-744-4999 -TELEPHONE CONNECTION – 512-451-6101 VINTAGE IT – 512-481-1117 |

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| | | | | <p>ASSIST COMPANIES IN RECEIVING APPLICATIONS AS TIMELY AS POSSIBLE ONCE MAIL IS DELIVERED.</p> <p>WE HAVE WORKED OUT THE KINKS IN NEW PHONE SYSTEM RELATED TO OUR FIRE WALL.</p> <p>ALL EMPLOYEES HAVE BEEN TRAINED ON HOW TO UTILIZE VOIP TECHNOLOGY AT HOME SO EMPLOYEES CAN MAKE/RECEIVE TAIPA CALLS AT HOME.</p> | | |
|--|--|--|--|---|--|--|

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---------------------------------------|-------------------------|--------|---|---------------------|--------|--|
| | PROBABILITY | IMPACT | | | | |
| Emergency governing committee meeting | MEDIUM | MEDIUM | | | | |
| | | | <p>ABILITY TO MEET VIA TELECONFERENCE OR ZOOM WITH AT LEAST ONE GOVERNING COMMITTEE MEMBER PRESENT AT THE MEETING.</p> <p>*NOTE THAT THIS WAS WAIVED BY ORDER OF THE GOVERNOR WHEN COVID INITIALLY HIT.</p> | | | <p>STACY DUTTON 512.531.7271 (CELL) 512-779-8283</p> <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p> <p>CURRENT TAIPA GOVERNING COMMITTEE CHAIR</p> |

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| | 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. | WE NOW HAVE QUITE A BIT OF EXPERIENCE WITH CONFERENCE CALLS AND ZOOM MEETINGS. | POSTING REQUIREMENTS ARE 7 DAYS FOR REGULAR MEETINGS AND 2 HOURS FOR EMERGENCY MEETING | | | CONTACTS WHO WOULD NEED TO KNOW: -TAIPA GOVERNING COMMITTEE -SECRETARY OF STATE – OPEN MEETINGS ACT POSTING: HTTPS://WWW.SOS.STATE.TX.US/OPEN/INDEX.SHTML LOGIN THROUGH: HTTPS://TEXREG.SOS.STATE.TX.US/TAC/LIAISON_CENTERS.STARTUP |
|--|--|--|--|--|--|---|

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|--|---|---|--|--|---|
| | PROBABILITY | IMPACT | | | | |
| TAIPA volume increasing substantially in a short period of time | LOW | LOW-MEDIUM | | | | |
| (Due to a change in the open market conditions – such as underwriting guidelines tightening) | OVER THE YEARS, TAIPA'S APPLICATIONS HAVE INCREASED AND DECREASED. THE LARGEST INCREASE TOOK PLACE IN 1992 WHEN APPLICATIONS INCREASED BY 311,666 APPLICATIONS. CURRENTLY APPLICATIONS ARE AT THEIR LOWEST LEVEL AS WE EXPECT 1300 APPLICATIONS BY THE END OF 2022 UNLESS SOMETHING SUBSTANTIALLY CHANGES IN THE MARKET. | <p>STAFFING: 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.</p> <p>IF APPLICATIONS INCREASED AT A RATE HIGHER THAN WHAT CURRENT STAFF COULD HANDLE, THE THREAT WOULD MOVE TO</p> | <p>STAFFING FOR INCREASE IN APPLICATIONS: CURRENT STAFF CAN HANDLE A SUBSTANTIAL INCREASE IN APPLICATIONS.</p> <p>CURRENT STAFF CAN TRAIN NEW EMPLOYEES IN THE BASIC APPLICATION PROCESSING.</p> <p>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</p> <p>1. WALKING PRODUCERS THROUGH THE APPLICATION</p> | <p>TAIPA STAFF WILL</p> <ol style="list-style-type: none"> 1. CONDUCT A TIME MOTION STUDY TO DETERMINE THE AVERAGE TIME IT TAKES CURRENT STAFF TO PROCESS APPLICATIONS. THIS WILL GIVE US A BETTER IDEA OF EXACTLY HOW MANY APPLICATIONS CURRENT STAFF CAN HANDLE. 2. CONTINUE TO WORK ON PUTTING THE TRAINING INFORMATION IN A TRAINING LIBRARY SO THAT PRODUCERS CAN SEARCH FOR DOCUMENTS. 3. WORK ON | <p>IN AN EFFORT 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.</p> <p>COMPLETED A TIME STUDY AND LOOKED AT DIFFERENT WAYS TO ADJUST STAFFING AND WORK SOLUTIONS BASED ON THIS.</p> | <p>STACY DUTTON (CELL) 512-779-8283 MIMI LEECE (CELL) 512-468-6927</p> <p>CONTACTS WHO WOULD NEED TO KNOW: -TAIPA GOVERNING COMMITTEE CHAIR BECKY JACKSON (512) 694-4456 -TAIPA CUSTOMER SERVICE 512-444-4441 -PRODUCERS USING TAIPA'S EMAIL LIST AS WELL AS OTHER EMAIL LISTS TAIPA CAN OBTAIN THROUGH ORGANIZATIONS SUCH AS IIAT.</p> |

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| | | <p>MEDIUM OR HIGH.</p> <p>THIS WOULD BE MITIGATED TO SOME DEGREE BECAUSE OUR CURRENT STAFF COULD TRAIN NEW STAFF ON THE BASICS OF PROCESSING APPLICATIONS.</p> <p>OFFICE SPACE - WE CURRENTLY HAVE LIMITED SPACE (2 CUBICLES) AVAILABLE IN THE OFFICE FOR ADDITIONAL STAFF.</p> <p>IF 2 ADDITIONAL STAFF WAS NOT ENOUGH, WE COULD HAVE EMPLOYEES WHO WERE WELL TRAINED WORK FROM HOME BY HAVING THEM PICK UP THEIR WORKD FROM THE OFFICE OR HAVING IT DELIVERED TO THEIR HOME.</p> | <p>PROCESS ON THE PHONE. UNFORTUNATELY, THIS OFTEN TAKES ABOUT 30 MINUTES TO DO.</p> <p>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 ON THEIR OWN.</p> <p>3. TAIPA HAS A NUMBER OF TRAINING DOCUMENTS INCLUDING: TRAINING DOCUMENTS FOR TRAINING REQUIRED TO TRAIN PRODUCERS IN ALL OF THE "PROBLEM AREAS". STAFF HAS USED THESE DOCUMENTS IN THE INDEPTH TRAINING GIVEN TO PRODUCERS TO AVOID TURNING THEM OVER TO THE PRODUCER REVIEW PANEL.</p> <p>4. SINCE TAIPA NOW REQUIRES THE PRODUCERS TO USE THE EASI SYSTEM</p> | <p>CREATING A TRAINING VIDEO TO WALK A PRODUCER THROUGH THE APPLICATION PROCESS.</p> <p>4. PURSUE WORKING WITH IIAT TO COME UP WITH A LIST OF PRODUCER'S THAT TAIPA COULD SEND OCCASIONAL EMAILS ABOUT TAIPA</p> <p>5. CREATE DOCUMENTS EXPLAINING WHAT TAIPA DOES AND HOW TAIPA CAN ASSIST PRODUCERS WITH PLACING CLIENTS WHEN THERE ARE NO OPEN MARKET OPTIONS.</p> <p>6. PREPARE AN "ORIENTATION PROGRAM" FOR PRODUCERS THAT COULD BE DELIVERED TO A GROUP IN PERSON. THIS 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.</p> | | |
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| | | | <p>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 IN THE APPLICATION. IT HAS A LIMITED AMOUNT OF HELP THROUGH “DROP DOWNS” ETC.</p> <p>HOW PRODUCERS LEARN ABOUT TAIPA – IT IS OUR UNDERSTANDING THAT PRODUCERS RECEIVE SOME</p> <ol style="list-style-type: none"> 1. TRAINING DURING LICENSING. <p>IN ADDITION, THEY CAN RECEIVE ADDITIONAL TRAINING BY REQUESTING IT DIRECTLY FROM TAIPA</p> | | | |
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IT/TELEPHONE RISKS

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|--|--|---|---|---|--------|--|
| | PROBABILITY | IMPACT | | | | |
| Any of TAIPA’s Servers hosted by Vintage crashes | LOW | HIGH | | | | |
| This would AFFECT ALL TAIPA OPERATIONS. | VINTAGE HAS TWO LOCATIONS. ONE IN AUSTIN, THE OTHER IN CHICAGO. EACH LOCATION PROVIDES | IF IT HAPPENED AND CHICAGO CRASHED AS WELL, TAIPA WOULD HAVE TO RELY ON | HAVING OUR SERVERS AT VINTAGE PROVIDES BETTER SECURITY FOR OUR SYSTEMS, BECAUSE THEY | WE COULD PERFORM SOME DUTIES MANUALLY AND KEEP TRACK ON SPREADSHEETS UNTIL THE SYSTEM IS BACK UP. | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |

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|--|---|---|---|--|--|---|
| | BACKUP OF THE DATA. | VITANGE'S ABILITY TO GET BACK UP. | 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. | | | VINTAGE IT 512-481-1117 HELPDESK@VINTAGEITS.COM |
| | USING CLOUD MANAGED BY VENDOR. IF AUSTIN LOCATION CRASHED, THE IMPACT ON TAIPA WOULD BE SEEMLESS. | WE EXPECT THAT IT WOULD BE UP SHORTLY BY USING A DIFFERENT SERVER | TAIPA HAS A DAILY BACKUP | | | |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|---|--|--|--|--------|--|
| | PROBABILITY | IMPACT | | | | |
| TAIPA's Voicemail Server crashes | LOW | HIGH | | | | |
| This would include our voicemail, TAIPA greetings, and routing of calls. If this OCCURRED, the phone would GO DIRECTLY TO VOICEMAIL. | ZULTYS HAS TWO LOCATIONS. ONE IN BOSTON, THE OTHER IN DENVER. EACH LOCATION PROVIDES BACKUP OF THE DATA. THEY ALSO DO A SYTEM CHECK THAT INCLUDES MOVEING THE DATA EVERY 24 HOURS. ZULTYS HAS SEVERAL TRUNKS THAT HAVE THE ABILITY FOR REDUNDANCY | IF IT HAPPENED AND DENVER CRASHED AS WELL, TAIPA WOULD HAVE TO RELY ON ZULTYS' ABILITY TO GET BACK UP. | HAVING OUR SERVERS AT ZULTYS 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, | WE COULD ANSWER MOST THROUGH THE CELL PHONE APP OR WILL GO TO VOICEMAIL UNTIL THE SYSTEM IS BACK UP. | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 MATTHEW MONROE, ACCOUNT MANAGER AT TC TECH SYSTEMS 525 ROUND ROCK WEST DR., STE. A100, ROUND ROCK, TX 78681 MAIN: (512) 451-6101 MOBILE: (512) 334-7813 MATTHEW.MONROE@TCTECHSYSTEMS.COM |

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| | DIALING. | | AND THEY PROVIDE THE SAME SERVICE FOR OTHER ENTITIES. IN ADDITION, WE EXPECT THAT THEY KEEP THE SERVERS UP TO DATE AND FUNCTIONING PROPERLY. | | | |
| | USING CLOUD MANAGED BY VENDOR. IF BOSTON LOCATION CRASHED, THE IMPACT ON TAIPA WOULD BE SEEMLESS. THEY HAVE ONLY HAD A LESS THAN 2 MINUNT DOWN TIME WORLD WIDE IN SEVERAL YEARS. | WE EXPECT THAT IT WOULD BE UP SHORTLY BY USING A DIFFERENT SERVER | TAIPA HAS A DAILY BACKUP | | | |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|----------------------|---------------------------------------|--|---|--|--------|--|
| | PROBABILITY | IMPACT | | | | |
| Spectrum Internet | MEDIUM | LOW to MEDIUM | | | | |
| | WE HAVE EXPERIENCED THIS ONCE ALREADY | LOW IN THAT EMPLOYEES CAN WORK FROM HOME IF THEY HAVE INTERNET. 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 | 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 WNEN SPECTRUM HAD AN OUTAGE | WE DON'T BELIEVE THAT THE OUTAGE WOULD BE LONG BECAUSE SPECTRUM WOULD BE WORKING TO FIX IT FOR US AND ANY OF THEIR OTHER CLIENTS AFFECTED. | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 ACCOUNT NUMBER: 8260163000015473 WEBSITE: SPECTRUMBUSINESS.NET PHONE: 1-888-812-2591 |

TAIPA Enterprise Risk and Emergency Management Plan

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|---|--|--|---|---|--|--|
| | | HAVE SPECTRUM. WE EXPECT THAT THIS WOULD BE FIXED PROMPTLY. THIS WAS OUR EXPERIENCE WHEN IT OCCURRED PREVIOUSLY | | | | |
| THIS WOULD EFFECT ALL TAIPA OPERATIONS. | | | TAIPA HAS THE ABILITY TO WORK FROM HOME IF THE OUTAGE PERSISTS. | TAIPA HAS THE ABILITY TO WORK FROM HOME IF THE OUTAGE PERSISTS. | | |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|------------------------------------|---|--|--------------------------|--|--------|--|
| | PROBABILITY | IMPACT | | | | |
| Website through WP Engines crashes | LOW | MEDIUM | | | | |
| | 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 | WE EXPECT THAT THIS WOULD BE FIXED PROMPTLY. | | WE DON'T 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. | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 TAIPA.org Website Hosting (WP Engine) https://my.wpengine.com/ |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|--|--|--|---|---------------------|--------|--|
| | PROBABILITY | IMPACT | | | | |
| AIPSO System crashes | LOW | HIGH | | | | |
| THIS INCLUDES EASI 2.0 AND THE APS SYSTEM APS SYSTEM IS OUR CUSTOMER SERVICE DATA BASE FOR COMPANIES & PRODUCERS. | AIPSO IS THE SYSTEM PROVIDER FOR MOST STATES AS WELL SO THERE IS PRESSURE TO | WE EXPECT THAT THIS WOULD BE FIXED PROMPTLY. | AIPSO MAINTAINS TAIPA'S INFORMATION AND HAS DATA SECURITY PLANS IN PLACE AS WELL AS | | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE |

TAIPA Enterprise Risk and Emergency Management Plan

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| <p>EASI 2.0 IS THE SYSTEM THAT WE USE TO ENTER APPLICATIONS</p> <p>EASI ADMIN 2.0 IS THE SYSTEM THAT WE USE TO MONITOR APPLICATION PROCESSES</p> <p>ALL THE ABOVE SYSTEMS HAVE THE GREATEST IMPACT ON TAIPA'S ABILITY TO SERVICE INSUREDS, PRDUCERS, & COMPANIES.</p> <p>WITHOUT THE USE OF THE LISTED ABOVE ALL PROCESS WOULD HAVE TO BE DONE MANUALLY.</p> | <p>KEEP ALL SYSTEMS UP AND OPERATING</p> | | <p>INSURANCE TO COVER ANY SECURITY BREECHES</p> | | | <p>512-531-7258 (CELL) 512-468-6927</p> <p>AIPSO 888-424-0026 OR 401-429-1567</p> |
| | | | <p>AIPSO HAS SENT INFORMATION ABOUT THEIR DATA SECURITY</p> | | | |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---------------------------------------|---|--|---|---|--------|--|
| | PROBABILITY | IMPACT | | | | |
| <p>Servers are hacked/data breech</p> | <p>LOW</p> | <p>MEDIUM to HIGH</p> | | | | |
| | <p>OUR SERVERS AND INFORMAITON IS BEING MANAGED BY AN OFF-SITE VENDORS WHOSE BUSINESS IT IS TO KEEP THIS FROM TAKING PLACE.</p> | <p>TAIPA DOES HAVE PRODUCER'S SOCIAL SECURITY NUMBERS OR EINS IN OUR SYSTEM. THIS SYSTEM IS MANAGED BY AIPSO. THE INFORMATION THAT WE DO HAVE ON INSUREDS IS VERY LIMITED BUT IT DOES INCLUE THEIR DRIVERS LICENSE NUMBER & DATE OF BIRTH.</p> | <p>OUR SERVERS ARE AT VINTAGE. THESE WOULD INCLUDE SOCIAL SECURITY OR EINS FOR PEOPLE IN OUR ACCOUNTING SYSTEM.</p> | <p>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 FEEL COMFORTABLE THAT THEY ARE MANAGING OUR SERVERS AND SYSTEMS PROPERLY AND THE THEY HAVE CONTROLS IN PLACE.</p> | | <p>STACY DUTTON 512.531.7271 (CELL) 512-779-8283</p> <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p> <p>VINTAGE IT 512-481-1117 HELPDESK@VINTAGEITS.COM</p> |
| | | | <p>AIPSO MANAGES THE SYSTEM THAT HOLDS OUR PRODUCER'S SOCIAL SECURITY NUMBERS AND</p> | <p>WE HAVE RECEIVED CONFIRMATION FROM: VINTAGE AIPSO ADP</p> | | |

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| | | | EINS AS WELL AS OUR INSURED'S DRIVERS LICENSES. | ABOUT SYSTEM SECURITY. | | |
| | | | ADP MANAGES OUR PAYROLL SYSTEMS WHICH CONTAINS OUR EMPLOYEE'S PERSONAL INFORMATION. | | | |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|--|---|--|--|--------|--|
| | PROBABILITY | IMPACT | | | | |
| ADP Payroll System goes down/data breach | LOW | HIGH | | | | |
| ADP MANAGES OUR PAYROLL SYSTEMS WHICH CONTAINS OUR EMPLOYEE'S PERSONAL INFORMATION. | ADP IS A LARGE PROVIDER OF PAYROLL PROCESSING AND AS SUCH HAS A LOT OF RESOURCES GOING TO PROTECTING THIS DATA | IF DATA IS BREACHED, THIS NEGATIVELY AFFECTS OUR EMPLOYEES. | BECAUSE ADP IS A LARGE PAYROLL PROVIDER, WE FEEL CONFIDENT THAT THEY ARE PROTECTING THE DATA THAT THEY COLLECT. | ADP HAS SENT US INFORMATION ON THEIR DATA SECURITY. | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |
| | | | WE COULD MANNUALLY PROCESS PAYROLL AND THEN ENTER THE INFORMATION INTO THE SYSTEM WHEN IT COMES UP. WE ALSO COULD GO BACK TO USING OUR ACCOUNTING SYSTEM TO PROCESS PAYROLL | GET CONFIRMATION ON ADP'S ENTERPRISE RISK MANAGEMENT SYSTEM ANNUALLY | | |

LOSS OF VENDORS

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|--|---|---|---------------------|--------|--|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF VENDOR – SPECTRUM BUSINESS | LOW | LOW | | | | |
| | THERE IS NO INDICATION THAT SPECTRUM BUSINESS IS GETTING OUT OF THIS BUSINESS. | THERE ARE A NUMBER OF OTHER PROVIDERS IN THE MARKET | WE BELIEVE THAT THERE COULD BE SOME DOWN TIME WITH THE TELEPHONES AS WE DID EXPERIENCE THIS WHEN WE CHANGED VENDORS PREVIOUSLY. | | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|------------------------------------|--|---|--|---|--------|--|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF VENDOR – Vintage IT | LOW | LOW | | | | |
| | THERE IS NO INDICATION THAT VITNTAGE IT IS GETTING OUT OF THIS BUSINESS. | THERE ARE A NUMBER OF OTHER PROVIDERS IN THE MARKET. THERE COULD BE SOME DOWNTIME IF WE HAD TO MAKE A CHANGE RAPIDLY AND COSTS MAY BE HIGHER. | WE ARE CURRENTLY HAPPY WITH OUR IT PROVIDER AND HAVE FOUND THEM TO BE THE BEST VENDOR THAT WE HAVE HAD SINCE 2007. | WE HAVE EXPERIENCE LOOKING FOR AND FINDING IT PROVIDERS SO WE COULD DO THIS FAIRLY FAST IF WE EVER NEEDED TO. | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|-------------------------------|--|--|---|---------------------|--------|--|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF VENDOR – AIPSO | LOW | HIGH | | | | |
| | THERE IS NO INDICATION THAT AIPSO IS GETTING OUT OF THIS BUSINESS. IF THEY DID WANT TO STOP DOING BUSINESS WITH TAIPA, THERE WOULD BE SOME | 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 | 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 | | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |

TAIPA Enterprise Risk and Emergency Management Plan

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| | 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. | ORGANIZATION AND THEY WERE UNABLE TO PRODUCE ANYTHING USABLE. | ARISE OR AS THEY DEVELOP NEW WAYS OF PROVIDING SERVICE. | | | |
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| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|------------------------------------|--|---|--|---|--------|--|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF VENDOR – FROST BANK | VERY LOW | LOW | | | | |
| | TAIPA IS VERY COMFORTABLE WITH OUR RELATIONSHIP WITH FROST BANK AND IT APPEARTS 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. | THERE ARE MANY OTHER BANKS AND WE ARE COMFORTABLE THAT THEY COULD BECOME COMFORTABLE WITH HOW TAIPA OPERATES AND PROVIDE THE SAME SERVICES THAT FROST CURRENTLY DOES. | WE WORK WELL WITH FROST BANK AND CONTINUE TO FOSTER A GOOD WORKING RELATIONSHIP WITH THEM. | BOTH MIMI LEECE AND STACY DUTTON WORKED ON CHANGING OUR BANK IN THE PAST SO WE HAVE DIRECT EXPERIENCE MAKING THIS CHANGE IF WE NEEDED TO. | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|--|---|---|---------------------|--------|---|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF VENDOR – SAGE/ACCPAC | LOW | LOW | | | | |
| SAGE/ACCPAC is our accounting software | TAIPA HAS USED THE ACCPAC SYSTEM FOR A VERY LONG TIME AND WE ARE | THERE ARE MANY OTHER PROVIDERS IN THE MARKET. | IF IT HAPPENED THAT THE SOFTWARE WAS NO LONGER SUPPORTED, | | | MIMI LEECE 512-531-7258 (CELL) 512-468-6927 TEXAS AUTO INSURANCE PLAN ACCOUNT: A00032479 |

TAIPA Enterprise Risk and Emergency Management Plan

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| | COMFORTABLE WITH IT. | | WE COULD CONTINUE TO USE BECAUSE WE OWN THE SOFTWARE AND WE HAVE A FIRE WALL. | | | www.customers.sagenorthamerica.com 866-996-7243 |
| | | | | | | |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|--|---|--|--|---------------------|--------|---|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF VENDOR – TELEPHONE CONNECTION | LOW | LOW | | | | |
| Telephone Connection manages TAIPA’s phones and has for several years. | TELEPHONE CONNECTION DOES NOT APPEAR TO BE LEAVING THE MARKET | THERE ARE OTHER PROVIDERS IN THE MARKET INCLUDING VINTAGE IT NOW | IF IT HAPPENED WE COULD EASILY FIND ANOTHER PROVIDER | | | MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |
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| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|--|--|---|---|--|--------|--|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF VENDOR – ADP | LOW | LOW | | | | |
| ADP is our software that we use for payroll and tax filing | ADP DOES NOT APPEAR TO BE LEAVING THE MARKET | THERE ARE MANY OTHER PROVIDERS IN THE MARKET. | 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. | SINCE WE HAVE A COUPLE OF SOLUTIONS, WE ARE NOT CURRENTLY LOOKING FOR ANOTHER SOLUTION | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 ADP CUSTOMER SERVICE # 1-877-603-7079 ACCT # RNAYQ |
| | | | | | | |

FINANCIAL ISSUES

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|---|------------------------------------|---|---|-------------------------------|--|
| | PROBABILITY | IMPACT | | | | |
| Business risks relevant to financial reporting including fraud | LOW | HIGH | | | | |
| | THE GOVERNING COMMITTEE IS MADE UP OF A | IF SOMETHING IN THE MARKET CHANGED | TAIPA DOES NOT HAVE A DEBIT CARD FOR ANY OF OUR ACCOUNTS. | MANAGER OF OPERATIONS/FI NANCIAL MANAGEMENT | IN 2023 STACY AND MIMI WORKED | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 |

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| | <p>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 MEETING AND/OR WITH TAIPA'S LEGAL COUNSEL AND/OR MANAGEMENT. THIS ALLOWS TAIPA MANAGEMENT TO MAKE PREPARATIONS FOR VARIOUS POSSIBLE SITUATIONS SUCH AS INCREASE OR DECREASED APPLICATIONS.</p> <p>FRAUD HAS NOT BEEN AN ISSUE SINCE 2005-2006. WE HAVE IMPLEMENTED MULTIPLE CHECKS TO ENSURE THAT EMPLOYEES DON'T USE THE COMPANY CREDIT CARDS FOR PERSONAL USE AND WE ENSURE THAT WE UNDERSTAND THE REASON FOR ALL PAYMENTS MADE TO OUR VENDORS</p> <p>IF FALSE INFORMATION WERE REPORTED, IT WOULD LIKELY LEAD THE STAFF AND THE GOVERNING COMMITTEE TO</p> | <p>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 TO THE COMPANIES.</p> | <p>CREDIT CARDS ARE ONLY GIVEN TO STACY DUTTON, ASSOCIATION MANAGER AND MIMI LEECE, MANAGER OF OPERATIONS/ FINANCIAL MANAGEMENT.</p> <p>FRONT OFFICE PERSONNEL ARE IN THE PROCESS OF BEING TRAINED TO ENTER ALL INCOMING AND OUTGOING PAYMENTS.</p> <p>MIMI IS THE FIRST LEVEL OF MANAGEMENT TO REVIEW AND APPROVE THE PAYMENTS IN AND OUT OF OUR ACCOUNTS. STACY 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 AND MIMI REVIEW THE GL TRANSACTION LISTING TO VERIFY THAT ALL PAYMENTS/CREDITS ARE MADE IN THE PROPER GL.</p> <p>MIMI 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.</p> <p>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 OR AND INSURANCE COMPANY CONTACTS US WITH QUESTIONS ABOUT HOW THEIR PAYMENTS WERE APPLIED.</p> <p>MIMI LEECE HAS AN UNDERSTANDING OF THE POTENTIAL CONTROL DEFICIENCIES, AND TRIES TO IMPLEMENT CONTROLS TO MITIGATE ACTIVITIES RELEVANT TO THE AUDIT, AND HOW THE ENTITY INITIATES REMEDIAL</p> | <p>CONTINUES TO WORK WITH STAFF AND TAIPA MANAGEMENT INTENDS 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.</p> | <p>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</p> | <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p> |
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| | <p>MAKE POOR DECISIONS WITH REGARD TO WHAT TAIPA CAN/SHOULD DO WITH REGARD TO ANY ISSUES THAT DEPEND ON TAIPA'S FINANCIAL POSITION.</p> | | <p>ACTIONS TO DEFICIENCIES IN ITS CONTROLS;</p> <p>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 IS RESPONSIBLE TO ENSURE <u>ALL</u> 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 IS ALSO RESPONSIBLE TO ENSURE THAT ALL ASSETS AND LIABILITIES ARE UPDATED AND REPORTED AND ENSURE THAT ALL OF THE BALANCES EXIST. STACY IS RESPONSIBLE TO OVERSEE THIS AND BE A FINAL INTERNAL CHECK. IN ADDITION, TAIPA SENDS ITS MONTHLY FINANCIALS TO TYLER MOSLEY AT ATCHLEY AND ASSOCIATES TO REVIEW.</p> <p>THE PROCEDURES, WITHIN BOTH IT AND MANUAL SYSTEMS, BY WHICH THOSE TRANSACTIONS ARE INITIATED, RECORDED, PROCESSED, CORRECTED AS NECESSARY, TRANSFERRED TO THE GENERAL LEDGER AND REPORTED IN THE FINANCIAL STATEMENTS;</p> <p>- 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. THE ASSESSMENTS COME IN BY CHECK AND ARE</p> | | | |
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| | | | <p>ENTERED AND DEPOSITED OR BY EFTS TO TAIPA'S OPERATIONS ACCOUNT.</p> <p>VENDORS SEND TAIPA INVOICES BY MAIL OR EMAIL, 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.</p> <p>THE CUSTOMER SERVICE/ ADMINISTRATIVE SUPPORT SPECIALISTS ARE IN THE PROCESS OF BEING TRAINED ON HOW TO RECORD OR CHECK THESE ENTRIES. THE ASSOCIATION MANAGER IS RESPONSIBLE FOR FINAL APPROVAL, POSTING, AND SIGNING ANY CHECKS.</p> <p>-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 TRANSFER) AND USES 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 IT FOR CORRECTION. IF IT IS FOUND AFTER POSTING, GENERALLY A JOURNAL ENTRY IS MADE TO CORRECT THE ERROR.</p> <p>TAIPA IS A NON-PROFIT CORPORATION WITH 501(C) (6) DESIGNATION.</p> <p>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.</p> <p>TAIPA USES ACCRUAL BASIS OF ACCOUNTING.</p> <p>TAIPA USES ACCOUNTING ESTIMATES</p> <p>BUDGET:</p> <p>TAIPA ESTIMATES THE UPCOMING BUDGET BASED ON</p> | | | |
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| | | | <p>THE PREVIOUS YEAR AND MAKING ADJUSTMENTS ON EXPECTED CHANGES, EXPENSES, AND/OR REVENUE.</p> <p>ASSESSMENTS: TAIPA THEN ESTIMATES THE AMOUNT OF CASH IT WILL HAVE AT THE END OF THE YEAR</p> <p>AMOUNT OF MONEY IT WILL NEED TO PAY BILLS UNTIL THE ASSESSMENT INCOME ARRIVES IN THE TAIPA OFFICE.</p> <p>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 MONTHS OF THE YEAR, IT WILL APPLY THAT "EXCESS CASH" TO THE APPROVED BUDGET AND THEN ONLY ASSESS THE COMPANIES FOR THE DIFFERENCE.</p> <p>APPROVE BUDGET – EXCESS CASH = ASSESSMENTS)</p> <p>REVENUE: TAIPA SIMPLY DIVIDES THE ASSESSMENTS BY 12 AND RECOGNIZES 1/12 OF THE ASSESSMENT EACH MONTH.</p> <p>REGULATORY FACTOR FROM PLAN OF OPERATIONS – NO EXPENDITURE IN EXCESS OF AN APPROVED BUDGETED AMOUNT OR WHICH HAS NOT BEEN INCLUDED IN THE BUDGET MAY BE MADE WITHOUT GOVERNING COMMITTEE APPROVAL.</p> <p>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</p> <p>TAIPA MANAGEMENT GOES OVER THE FINANCIALS AT THE GOVERNING COMMITTEE MEETING. TO DATE, THERE HAS NEVER BEEN A SITUATION WHERE TAIPA HAD TO REQUEST ADDITIONAL FUNDS OR DRAW FROM ITS LINE OF CREDIT.</p> <p>TAIPA'S FRAMEWORKS AND REQUIREMENTS FOLLOW U.S. GAAP.</p> | | | |
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| | | | <p>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.</p> <p>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 (ATCHLEY AND ASSOCIATES) FOR REVIEW. THEY ARE THEN PRESENTED TO THE GOVERNING BOARD FOR FINAL APPROVAL.</p> <p>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 (ATCHLEY AND ASSOCIATES) AND THE ACCOUNTING TEAM TO ENSURE ACCURATE ACCOUNTING REPORTING.</p> <p>-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</p> | | | |
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| | | | <p>MOSLEY OF ATCHLEY AND ASSOCIATES TO REVIEW FOR ANY ERRORS.</p> <p>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.</p> <p>MANAGER OF OPERATIONS/FINANCIAL MANAGEMENT WORKS VERY CLOSELY WITH ATCHLEY AND ASSOCIATES ON HOW TAIPA RECORDS SHOULD BE DOCUMENTED AND PRESENTS ITS FINANCIALS.</p> <p>TAIPA USES VERY FEW ESTIMATES IN ITS ACCOUNTING PROCESS.</p> <p>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 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.</p> <p>WITH REGARD TO JOURNAL ENTRIES AND OTHER ADJUSTMENTS. MIMI DETERMINES WHEN JOURNAL ENTRIES ARE NEEDED AND CREATES THE JOURNAL ENTRY AND ATTACHES ALL SUPPORTING DOCUMENTATION. IF NON-STANDARD -MIMI WILL GET ASSISTANCE FROM</p> | | | |
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| | | | <p>JAIME..., JEANETTE... AND/OR TYLER MOSLEY. THE ASSOCIATION MANAGER REVIEWS THE JOURNAL ENTRY AND POSTS THEM.</p> <p>THE MANAGER OF OPERATIONS/FINANCIAL MANAGER AND THE ASSOCIATION MANAGER HAVE PHYSICAL CONTROL AND ACCESS TO POSTED JOURNALS.</p> <p>THE TYPES OF JOURNAL ENTRIES AND OTHER ADJUSTMENTS ARE: -STANDARD ENTRIES INCLUDE: REVENUE..., ACCRUALS FOR ITEMS PAID IN PREVIOUS MONTH, DEPRECIATION, AMORTIZATION, -NON-ROUTINE ARE GENERALLY CORRECTIONS OF AN ITEM THAT WAS POSTED INCORRECTLY (I.E. POSTED TO WRONG GL)</p> <p>BECAUSE TAIPA HAS SEPARATION OF DUTIES AS DEFINED BY OUR ACCOUNTING MANUAL, MANUAL AND AUTOMATED PROCESSES ARE OF LOW RISK.</p> <p>MANUAL CONTROLS ARE IN PLACE, THESE ENTRY INPUT ARE PROCESSED IN SAGE (TAIPA'S AUTOMATED ACCOUNTING SOFTWARE). ALL INVOICES FOR BOTH ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE MUST HAVE CORRELATING DOCUMENTATION BEFORE IT IS ENTERED INTO SAGE.</p> <p>THIS ENSURES THAT:</p> <ul style="list-style-type: none"> • 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. • A RECORDS ARE MAINTAINED TO TRACK THE PROCESS OF DATA FROM INPUT TO STORAGE AND TO THE EVENTUAL OUTPUT. | | | |
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TAIPA Enterprise Risk and Emergency Management Plan

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|---------------------------------------|---|---|--|---|--|---|
| | | | 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. | | | |
| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | PROBABILITY IMPACT | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
| DEFINED BENEFIT (PENSION) RISK | MEDIUM | MEDIUM | | | | |
| | WHENEVER THE MARKET DOESN'T DO WELL, THERE IS A RISK THAT THE PLAN WILL NOT DO WELL AND TAIPA WILL HAVE TO PAY ADDITIONAL FUNDS. THIS IS CONSIDERED MEDIUM AS OUR PLAN IS WELL FUNDED BUT WE HAVE YEARS WHERE THE COSTS GO UP SUBSTANTIALLY | SINCE WE ARE NOT A PUBLIC COMPANY, OUR FINANCIALS ARE NOT AS IMPORTANT AS IT IS FOR PUBLIC COMPANIES. THAT SAID, HAVING TO THROW EXTRA DOLLARS IN THE PLAN IS NOT APPRECIATED BY THE COMPANY MEMMBERS WHO FUND THE PLAN | 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 VOLITILE. 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. THAT SAID, WE STILL HAVE A NUMBER OF TERMINATED/RETIRED EMPLOYEES WHO ARE DRAWING FROM THE PLAN OR WILL DRAW FROM THE PLAN IN THE FUTURE. | AT THIS POINT WE ARE WAITING TO SEE HOW THE PLAN DOES IN A YEAR THAT ISN'T AS VOLITILE 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. | 2022 WAS THE FIRST YEAR THAT TAIPA DID NOT NEED TO MAKE ADDITIONAL PAYMENTS TO THE TAIPA PENSION PLAN. | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 LARRY HELLER (201) 741-7449 PPIO GARY STOVER (515) 452-4279 PRINCIPAL FINANCIAL |
| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
| | PROBABILITY | IMPACT | | | | |
| RUNNING OUT OF MONEY | LOW | HIGH | | | | |
| | IT HAS NOT BEEN AN ISSUE TO DATE AND IF IT BECAME A PROBLEM, WE HAVE THE \$300,000 LINE OF CREDIT AVAILABLE. | 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. | WE TYPICALLY HAVE ABOUT 3 MONTHS SUPPLY OF FUNDS AT HAND DURING THE YEAR AND WE HAVE A \$300,000 LINE OF CREDIT. | | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|----------------------------------|-----------------------------------|---|---|---------------------|--------|--|
| | PROBABILITY | IMPACT | | | | |
| LINE OF CREDIT NOT BEING RENEWED | LOW | MEDIUM | | | | |
| | IT HAS NOT BEEN AN ISSUE TO DATE. | IF OUR LINE OF CREDIT WAS NOT RENEWED, WE WOULD FIRST TRY ANOTHER BANK AND 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. | WE FEEL CONFIDENT THAT WE COULD GET ANOTHER BANK TO GIVE US A LINE OF CREDIT OR WE COULD ALSO MAKE AN EMERGENCY ASSESSMENT. | | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |

PERSONNEL CHANGES

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|--|-------------------------|--------|-------------------------|---------------------|--------|---|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF TWO OR MORE EMPLOYEES AT THE SAME TIME | MEDIUM | HIGH | | | | |

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| | THIS HAPPENED IN 2019. WE LOST ONE LONG TERM EMPLOYEE AND ONE EMPLOYEE WHO HAD BEEN HERE A YEAR | IT DEPENDS ON WHICH EMPLOYEES WOULD LEAVE BUT REGARDLESS IT IS DIFFICULT TO HAVE 2 EMPLOYEES PERFORMING ALL OF THE DUTIES | WE CONTINUE TO CROSSTRAIN THE EMPLOYEES. DUE TO THE FACT THAT WE HAVE HAD THIS TURNOVER, THIS IS AN ONGOING PROCESS. THERE ARE CURRENTLY A NUMBER OF DUTIES THAT ONLY ONE EMPLOYEE IS CURRENTLY TRAINED ON INCLUDING – CALCULATING ASSESSMENTS, CREATING AND SENDING TAIPA'S RATES TO TDI FOR HELP INSURE, ADDING TAIPA'S RATES TO THE RULES AND RATING MANUAL, COMPLETING TAIPA'S BANK RECONCILIATION COMPLETING PAYROLL, | STAFF IS CURRENTLY WORKING ON DEVELOPING A SYSTEM THAT WILL INCLUDE ALL OF OUR SOPS IN ONE PLACE AND TO MAKE THAT AN ACCESSABLE AND MANAGABLE SYSTEM THAT INCORPORATES THE CALENDAR AS WELL | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 AMANDA REYNOLDS 737-256-2888 RUTH WISE 512-531-7263 |
|--|---|---|---|---|--|--|

| PERSONNEL CHANGES SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|-------------------------|--------|--|---|---|--|
| | PROBABILITY | IMPACT | | | | |
| Death of an Employee, Employee Leaving without notice, Employee Retirement | MEDIUM | HIGH | | | | |
| This has happened at TAIPA – 2016 – Employee Death 2019 – Employee left with no notice We have two employees approaching retirement age in next 3 to 5 years. | | | WE CONTINUE TO CROSSTRAIN THE EMPLOYEES. DUE TO THE FACT THAT WE HAVE HAD THIS TURNOVER, THIS IS AN ONGOING PROCESS. | STAFF IS CURRENTLY WORKING ON DEVELOPING A SYSTEM THAT WILL INCLUDE ALL OF OUR SOPS IN ONE PLACE AND TO MAKE THAT AN ACCESSABLE AND MANAGABLE SYSTEM THAT INCORPORATES THE CALENDAR AS WELL | ADDED SOPS AND TRAININGS ON VARIOUS PROJECTS. ALL STAFF HAS PARTICIPATED IN LEARNING ABOUT QUOTA, OVER/UNDER REPORTS, OPEN | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 AMANDA REYNOLDS 737-256-2888 RUTH WISE |

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|--|--|---|---|---|---|--------------|
| | | | | | DISCUSSIONS ABOUT EMPLOYEES NOT BEING HERE AND HOW PREPARED WE ARE. | 512-531-7263 |
| | | IT DEPENDS ON WHICH EMPLOYEES WOULD PASS BUT REGARDLESS IT IS DIFFICULT WITH SUCH A SMALL STAFF | WE WOULD NEED TO RETRIEVE TAIPA PROPERTY LEFT AT EMPLOYEES HOME | 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 OF THE ITEMS THAT EACH EMPLOYEE HAS AT HOME | | |

DATA BREACH

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|-------------------------|--------|--|---------------------|--------|--|
| | PROBABILITY | IMPACT | | | | |
| PERSONAL IDENTIFIABLE INFORMATION BEING LEAKED | LOW | HIGH | | | | |
| TAIPA HAS AN EXCEL SPREADSHEET THAT LISTS THE PERSONAL IDENTIFIABLE INFORMATION THAT TAIPA HAS & WHERE IT IS AND WHO IT EFFECTS. TITLED "TAIPA ENTERPRISE RISK MANAGEMENT SPREADSHEET 2-2021" | | | EMPLOYEE INFORMATION IS KEPT LOCKED IN A LOCKED OFFICE. IT IS CONTAINED IN ADP'S SYSTEM. INSUREDS & PRODUCERS CONFIDENTIAL INFORMATION IS KEPT WITHIN THE AIPSO SYSTEM | | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |
| EMPLOYEE INFO – HR FILE, ADP, PRINCIPAL, PRUDENTIAL, HUMANA, SUN LIFE, INSUREDS – APPLICATIONS & AIPSO PRODUCERS – AIPSO COMPANIES – AIPSO AND SAGE | | | | | | |

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| PRODUCER/PUBLIC MEMBERS OF GOV COM – SAGE & AP FILES | | | | | | |
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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

This 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 judgment.

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 this 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:

| | |
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| Accidental | Fire, Errors and 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.

TAIPA Enterprise Risk and Emergency Management Plan

- The Association Manager or designee will advise the Governing Committee members know 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.

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| Employees will be warned to evacuate the building using the following systems. | <p>Fire Alarm Building Management TAIPA Management</p> <p>Typically employees will use the stairs to evacuate the building.</p> |
| 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**

| | |
|--|--|
| Shelter-In-Place | |
| Team Leader | Stacy Dutton/Mimi Leece |
| Employees will be directed to go to | |
| 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 |
| Designated tornado shelters | |
| Familiarize yourself with these terms to help identify a tornado hazard: | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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

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| Shelter-In-Place | |
| Team Leader | Stacy Dutton/Mimi Leece |
| Determine whether it is safer to shelter-in-place or evacuate. | <ul style="list-style-type: none"> • Lock door if it is safe to do so. • Call 911 if 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 |

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| directives | Building Management |
| Typically will be sent to Interior spaces | |

MEDICAL EMERGENCY PLAN

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| If medical emergency occurs | <p>Dial 911 and request an ambulance. Provide the Following information:</p> <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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 of 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 | <p>Pull the fire alarm (if available and not already activated.)</p> <p>Immediately evacuate the building.</p> <p>Check your evacuation route for smoke. If unsafe, take an alternate route.</p> <p>Dial 911 and let the Fire Department know. Provide the following information:</p> <ul style="list-style-type: none"> • Business Name and address – TAIPA, 805 Las Cimas, Las Cimas III Austin, TX 78746 • Nature of Fire • Fire Location – Building and Floor • Name of person reporting the fire • Telephone number for return call <p>Unless told otherwise by building announcements or emergency officials, go to your predetermined assembly location.</p> <p>Do not re-enter the building until emergency officials declare it safe.</p> |
| Team Leader | Stacy Dutton/Mimi Leece |

BOMB THREAT EMERGENCY PLAN

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|---|--|
| DO NOT EVACUATE UNLESS TO DO SO BY EMERGENCY PERSONNEL | |
| If you receive a bomb threat | <ul style="list-style-type: none"> • Do Not assume it is a hoax. • Remain calm; try to get someone's attention to listen in on the call; and obtain as much information as possible from the caller: <ul style="list-style-type: none"> ○ When is the bomb going to explode? |

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| | <ul style="list-style-type: none">○ 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:<ul style="list-style-type: none">○ Woman's or man's voice?○ Approximate age?○ Accent?○ Tone of voice?○ Background noise?• Call 911 Ask for immediate assistance and provide the following information:<ul style="list-style-type: none">○ Business Name and address – TAIPA, 805 Las Cimas, Las Cimas III, Austin, TX 78746○ Nature and extent of the emergency○ Your name and a number to reach you○ Follow the instructions of emergency personnel |
| Team Leader | Stacy Dutton/Mimi Leece |

5 RISK MANAGEMENT PLAN APPROVAL

The undersigned acknowledge 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 representatives.

Signature: _____ Date: _____

Print Name: Stacy Dutton

Title: Association Manager

Role: _____

Signature: _____ Date: _____

Print Name: _____

Title: _____

Role: _____

Signature: _____ Date: _____

Print Name: _____

Title: _____

Role: _____

Signature: _____ Date: _____

Print Name: _____

Title: _____

Role: _____

| CONTACT OR VENDOR | CONTACT INFORMATION | |
|--|------------------------------------|--|
| TAIPA GOVERNING COMMITTEE | TAIPA GOVERNING COMMITTEE CHAIRMAN | BECKY JACKSON 512-694-4456 |
| TAIPA GOVERNING COMMITTEE | TAIPA GOVERNING COMMITTEE | SEE ATTACHED LIST |
| COMPANIES THAT COME ON-SITE | MAIL COURIERS | COURIER DEPOT: 512-459-7472 ROBERT@COURIERDEPOT.COM CUSTOMER NUMBER: 1812 POST OFFICE (NORTHCROSS LOCATION): (800) 275-8777 FED EX (CUSTOMER SERVICE): 1 (800) 463-3339 UPS (CUSTOMER SERVICE): 1 (800) 742-5877 |
| | SHRED COMPANY – | BALCONES SHRED (512) 744-4999 ACCOUNT NUMBER:SDA0103662 |
| | LAS CIMAS MANAGEMENT COMPANY | LAS CIMAS BUILDING MANAGEMENT: DANE RODRIGUEZ O: 737-270-9566 C: 512-202-5815 drodriquez@rockhillmanagement.com REBEKAH LISH C: 512-568-7966 rlish@rockhillmanagement.com 807 LAS CIMAS PARKWAY, SUITE 120 AUSTIN, TX 78746 USA |
| COMPANIES THAT PROVIDE SERVICES TO TAIPA | TELEPHONE PROVIDER – | TELEPHONE CONNECTION – MATTHEW MONROE, ACCOUNT MANAGER AT TC TECH SYSTEMS 525 ROUND ROCK WEST DR., STE. A100, ROUND ROCK, TX 78681 MAIN: (512) 451-6101 MOBILE: (512) 334-7813 MATTHEW.MONROE@TCTECHSYSTEMS.COM |
| | IT PROVIDER | VINTAGE IT - 512-481-1117 |
| | INTERNET PROVIDER | SPECTRUM TELEPHONE NUMBER: 1-888-812-2591 ACCOUNT NUMBER:8260163000015473 |
| | SAGE/ACCPAC | JAMIE SCHMULSON (TECH SUPPORT MANAGER): (713) 520-8022 X 102 ACCPAC CUSTOMER SERVICE # SAGE CUSTOMER SERVICE 1-866-996-7243 SAGE ACCT # 4000628103 |
| | PAYROLL PROVIDER | ADP CUSTOMER SERVICE # 1-877-603-7079 ACCT # RNAYQ |
| | SECRETARY OF STATE | (512)463-5555 |
| | WEBSITE PROVIDER | WP ENGINES LOGIN: NMORGAN PASSWORD: TEXASTAIPA123!! (LOWERCASE “EXAS”) |
| | AIPSO | QUOTA SUPPORT (QUOTA RELATED INFORMATION & DOCUMENTATION) TAIPAQUOTASUPPORT TAIPAQUOTASUPPORT@AIPSO.COM COMPANY UPDATES: LEITE, KAREN KAREN.LEITE@AIPSO.COM ALLISON FIKRI ALLISON.FIKRI@AIPSO.COM APS REWRITE (ISSUES WITH APS-BATCH, EASI ENTRIES, ETC.) APS REWRITE SUPPORT APSREWRITESUPPORT@AIPSO.COM AUTOMATION SUPPORT (RSV TOKENS & PASSWORDS) AUTOMATION.SUPPORT@AIPSO.COM |

| | | |
|-------------------|------------------------|---|
| | | COMPUTER OPERATIONS (EXPORT & RELATED ISSUES) COMPUTER OPERATIONS ComputerOperations@aipso.com |
| | FROST BANK | FROST BANK CONTACT- RYAN BENNETT(VP)- RYAN.BENNETT@FROSTBANK.COM (512) 473-4308 |
| POTENTIAL VENDORS | TEMPORARY OFFICE SPACE | REGUS 855-400-3575 – RENTS OFFICE SPACE HOURLY, DAILY, MONTHLY, ETC. TARGET OFFICE 888-753-1777- RENT OFFICE SPACE PER PERSON MONTHLY |

VERSION HISTORY

This Risk Management Plan was developed by TAIPA Staff under the direction of the Strategic Planning Subcommittee and approved by the Texas Automobile Insurance Plan Association's (TAIPA's) Governing Committee.

| Version # | Implemented By | Revision Date | Approved By | Approval Date | Reason |
|-----------|---|---------------|---------------------------------------|---------------|--|
| 1.0 | James Langford, Association Manager | | TAIPA Governing Committee | 04/01/2016 | Initial Risk Management Plan |
| 2.0 | Stacy Dutton Association Manager | 08/09/2021 | Governing Committee | 08/20/2021 | Created formal plan that incorporates Emergency Management Plan as well |
| 2.1 | Stacy Dutton Association Manager | 8/19/2022 | Strategic Planning Subcommittee | 8/19/2022 | Updated contacts and risks and added additional risk regarding TAIPA application volume increasing substantially. |
| 2.2 | Stacy Dutton Association Manager | | Strategic Planning Subcommittee | | Updated contacts and risks- Completed phone training so all employees can use TAIPA phone system from their home and cell phone, added staffing risks and what we are doing to train |
| | | | | | |
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1 INTRODUCTION

This risk management plan was developed by Texas Automobile Insurance Plan Association (TAIPA) staff under the direction of the 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. This 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 risks to pursue and respond to and which risks can be ignored.

2.31 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

2.32 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 ways 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.

2.33 RISK MONITORING, CONTROLLING, AND 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

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|--|---|--|---|--|--|
| | PROBABILITY | IMPACT | | | | |
| TAIPA offices unavailable (one week or less) | MEDIUM | LOW-MEDIUM | | | | |
| (Due to bad weather, tornado, flood, fire, or damage to building, electricity/Water Outage) | 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. | SINCE EMPLOYEES CAN AND HAVE EXPERIENCE WORKING FROM HOME THE IMPACT IS LOW IMPACT BECOMES HIGHER WHEN EMPLOYEES DO NOT HAVE ELECTRICITY OR INTERNET | 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 COVID 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 IN FEBRUARY 2021 AND WE WILL BE ABLE TO ACCESS OUR PHONES FROM HOME IN THE NEAR FUTUR -DUE TO SNOVID - THE ONLY ISSUE WAS THAT WE WERE UNABLE TO OBTAIN TAIPA MAIL DUE THE STREETS NOT BEING PASSABLE. IF THERE WAS A SITUATION WHERE WE COULD NOT USE THE TAIPA BUILDING & HAD NO NOTICE, BOTH STACY & MIMI CAN ACCESS THE CLOUD FROM THEIR | 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 EMPLOYEES HOME. THE BIGGEST ISSUE FACING TAIPA STAFF NOW IS GETTING OUR MAIL WHEN THE STREETS ARE NOT PASSABLE, COURIERS AREN'T RUNNING, AND OR 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 | ONLY ONGOING ISSUE IS MAIL WHEN COURIER SERVICE ISN'T RUNNING OR POST OFFICE ISN'T RUNNING DUE TO WEATHER ISSUES. PHONE TRAINING IS COMPLETED - ALL EMPLOYEES CAN USE TAIPA PHONE SYSTEM FROM HOME. | STACY DUTTON (CELL) 512-779-8283 MIMI LEECE (CELL) 512-468-6927 LAS CIMAS BUILDING MANAGEMENT: DANE RODRIGUEZ O: 737-270-9566 C: 512-202-5815 drodriguez@rockhillmanagement.com REBEKAH LISH C: 512-568-7966 rlish@rockhillmanagement.com 807 LAS CIMAS PARKWAY, SUITE 120 AUSTIN, TX 78746 USA CONTACTS WHO WOULD NEED TO KNOW: -TAIPA GOVERNING COMMITTEE CHAIR BECKY JACKSON 512-694-4456 -MAIL COURIERS – COURIER DEPOT - 512-892-1876 -BALCONES SHRED – 512-744-4999 -TELEPHONE CONNECTION – 512-451-6101 VINTAGE IT – 512-481-1117 |

| | | | | | | |
|--|---|--|---|---|----------------------|----------------------|
| | | | <p>HOME COMPUTERS. DEPENDING ON THE LENGTH OF TIME THAT WE WERE NOT ABLE TO ACCESS THE BUILDING WE COULD SET STAFF UP AS WELL.</p> | <p>COMPANIES IN RECEIVING APPLICATIONS AS TIMELY AS POSSIBLE ONCE MAIL IS DELIVERED.</p> <p>WE HAVE WORKED OUT THE KINKS IN 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 TAIPA CALLS AT HOME.</p> | | |
| | <p>AUSTIN DOESN'T TYPICALLY HAVE SEVERE WEATHER FOR LONG PERIODS OF TIME.</p> <p>SNOVID -ONE 5 DAY OCCURRENCE HAPPENED IN 2021 WHERE PREVIOUSLY WE HAVE EXPEREINCED ONLY 1-2 DAYS OF SEVERE WEATHER RELATED CLOSURES IN LAST 14 YEARS</p> <p>AUSTIN DOESN'T HAVE HISTORY OF LONG TERM ISSUES WITH WATER OR ELECTRICITY</p> <p>TAIPA'S OFFICE BUILDING AND EVERY EMPLOYEE HAD SOME WATER AND/OR ELECTRICITY ISSUES</p> | <p>EMPLOYEES WERE ABLE TO DO MOST WORK FROM HOME, HOWEVER WITHOUT MAIL DELIVERY, WE WERE NOT ABLE TO PROCESS MAIL.</p> | <p>HAVE FLOOD AND EARTHQUAKE INSURANCE</p> <p>TEXAS GOVERNMENT IS REVIEWING AND ADDRESSING LONG TERM ISSUES WITH ELECTRICITY/TEXAS GRID</p> <p>IT MAY ALSO HELP THAT TESLA'S BATTERY COMPANY IS MOVING TO TEXAS</p> | <p>SAME AS ABOVE</p> | <p>SAME AS ABOVE</p> | <p>SAME AS ABOVE</p> |

TAIPA Enterprise Risk and Emergency Management Plan

| | | | | | |
|------------------------|--|--|--|--|--|
| DURING SNOVID IN 2021. | | | | | |
|------------------------|--|--|--|--|--|

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|--|---|--|---|---|--|
| | PROBABILITY | IMPACT | | | | |
| TAIPA offices unavailable (More than one week) | LOW | LOW | | | | |
| (Due to bad weather, tornado, flood, fire, or damage to building, electricity/Water Outage) | This hasn't happened and our building was back up and running before employees were able to get there after SNOVID | Since employees can and have experience working from home the Impact is LOW | <p>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</p> <p>IN ADDITION, -DUE TO COVID PANDEMIC IN 2020 STAFF NOW HAS EXTENSIVE EXPERIENCE WORKING FROM HOME AND WAS ABLE TO DO SO FOR SEVERAL MONTHS.</p> <p>SINCE OUR PHONE SYSTEM WAS NO LONGER SUPPORTED, TAIPA MOVED TO VOIP PHONES IN FEBRUARY, 2022 .</p> <p>-DUE TO SNOVID – THE ONLY ISSUE WAS THAT WE WERE UNABLE TO OBTAIN TAIPA MAIL DUE THE STREETS NOT BEING PASSABLE.</p> | <p>DUE TO COVID, EMPLOYEES STARTED WORKING FROM HOME SO NOW ALL WORK CAN BE COMPLETED FROM HOME.</p> <p>WE WOULD JUST NEED TO HAVE OUR COURIER BRING THE MAIL TO AN EMPLOYEES HOME.</p> <p>THE BIGGEST ISSUE FACING TAIPA STAFF NOW IS GETTING OUR MAIL WHEN THE STREETS ARE NOT PASSABLE, COURIERS AREN'T RUNNING, AND OR POST OFFICE IS NOT RUNNING. CURRENTLY THERE IS NOTHING TAIPA STAFF CAN DO TO OBTAIN THE MAIL IN THAT CASE.</p> <p>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.</p> <p>WE HAVE</p> | <p>ONLY ONGOING ISSUE IS MAIL WHEN COURIER SERVICE ISN'T RUNNING OR POST OFFICE ISN'T RUNNING DUE TO WEATHER ISSUES.</p> <p>PHONE TRAINING IS COMPLETE - ALL EMPLOYEE S CAN USE TAIPA PHONE SYSTEM FROM HOME.</p> | <p>STACY DUTTON 512.531.7271 (CELL) 512-779-8283</p> <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p> <p>LAS CIMAS BUILDING MANAGEMENT: DANE RODRIGUEZ O: 737-270-9566 C: 512-202-5815 drodriguez@rockhillmanagement.com</p> <p>REBEKAH LISH C: 512-568-7966 lish@rockhillmanagement.com</p> <p>807 LAS CIMAS PARKWAY, SUITE 120 AUSTIN, TX 78746 USA</p> <p>CONTACTS WHO WOULD NEED TO KNOW:</p> <p>-TAIPA GOVERNING COMMITTEE CHAIR BECKY JACKSON 512-694-4456</p> <p>-MAIL COURIERS – COURIER DEPOT - 512-892-1876</p> <p>-BALCONES SHRED – 512-744-4999</p> <p>-TELEPHONE CONNECTION – 512-451-6101</p> <p>VINTAGE IT – 512-481-1117</p> |

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|--|---|--|---|---|---------------|--|
| | | | | <p>WORKED OUT THE KINKS IN NEW PHONE SYSTEM RELATED TO OUR FIRE WALL.</p> <p>ALL EMPLOYEES HAVE BEEN TRAINED ON HOW TO UTILIZE VOIP TECHNOLOGY AT HOME SO EMPLOYEES CAN MAKE/RECEIVE TAIPA CALLS AT HOME.</p> | | |
| | <p>AUSTIN DOESN'T TYPICALLY HAVE SEVERE WEATHER FOR LONG PERIODS OF TIME</p> <p>AUSTIN DOESN'T HAVE HISTORY OF LONG TERM ISSUES WITH WATER OR ELECTRICITY</p> | <p>EMPLOYEES NOW HAVE A LOT OF EXPERIENCE WORKING AT HOME.</p> | <p>HAVE FLOOD AND EARTHQUAKE INSURANCE</p> <p>TEXAS GOVERNMENT IS REVIEWING AND ADDRESSING LONG TERM ISSUES WITH ELECTRICITY/TEXAS GRID</p> <p>IT MAY ALSO HELP THAT TESLA'S BATTERY COMPANY IS MOVING TO TEXAS</p> | SAME AS ABOVE | SAME AS ABOVE | SAME AS ABOVE |
| | | | | | | <p>POSSIBLE CONTACTS FOR OFFICE SPACE</p> <p>REGUS 855-400-3575 - RENTS OFFICE SPACE HOURLY, DAILY, MONTHLY, ETC.</p> <p>TARGET OFFICE 888-753-1777 - RENT OFFICE SPACE PER PERSON MONTHLY</p> |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|--|---|---|--|--|--|--|
| | PROBABILITY | IMPACT | | | | |
| Employees are not able to come to work due to personal or organizational risks and/or governmental restrictions) | MEDIUM | LOW-MEDIUM | | | ▲ | |
| (Pandemic, Government Regulations) | UNTIL 2020, THIS HAD NOT HAPPENED BUT WITH COVID, WE HAD TO FIND A WAY FOR ALL EMPLOYEES TO WORK FROM HOME. | NOW EMPLOYEES CAN AND HAVE EXPERIENCE WORKING FROM HOME THE IMPACT IS LOW IMPACT BECOMES HIGHER IF EMPLOYEES DO NOT HAVE ELECTRICITY OR INTERNET | WE HAD EMPLOYEES WORK FROM VARIOUS LOCATIONS DURING COVID AND EVERYONE WAS ABLE TO WORK IF THERE WERE A PROBLEM WITH AN EMPLOYEES 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 IN FEBRUARY AND WE WILL BE ABLE TO ACCESS OUR PHONES FROM HOME IN THE NEAR FUTURE | 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 EMPLOYEES HOME. THE BIGGEST ISSUE FACING TAIPA STAFF NOW IS GETTING OUR MAIL WHEN THE STREETS ARE NOT PASSABLE, COURIERS AREN'T RUNNING, AND OR 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 | ONLY ONGOING ISSUE IS MAIL WHEN COURIER SERVICE ISN'T RUNNING OR POST OFFICE ISN'T RUNNING DUE TO WEATHER ISSUES. PHONE TRAINING IS COMPLETED - ALL EMPLOYEES CAN USE TAIPA PHONE SYSTEM FROM HOME. | STACY DUTTON (CELL) 512-779-8283 MIMI LEECE (CELL) 512-468-6927 LAS CIMAS BUILDING MANAGEMENT: DANE RODRIGUEZ O: 737-270-9566 C: 512-202-5815 drodriguez@rockhillmanagement.com REBEKAH LISH C: 512-568-7966 rlish@rockhillmanagement.com 807 LAS CIMAS PARKWAY, SUITE 120 AUSTIN, TX 78746 USA CONTACTS WHO WOULD NEED TO KNOW: -TAIPA GOVERNING COMMITTEE CHAIR BECKY JACKSON 512-694-4456 -MAIL COURIERS – COURIER DEPOT - 512-892-1876 -BALCONES SHRED – 512-744-4999 -TELEPHONE CONNECTION – 512-451-6101 VINTAGE IT – 512-481-1117 |

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|--|--|--|--|---|--|
| | | | | <p>ASSIST COMPANIES IN RECEIVING APPLICATIONS AS TIMELY AS POSSIBLE ONCE MAIL IS DELIVERED.</p> <p>WE HAVE WORKED OUT THE KINKS IN NEW PHONE SYSTEM RELATED TO OUR FIRE WALL.</p> <p>ALL EMPLOYEES HAVE BEEN TRAINED ON HOW TO UTILIZE VOIP TECHNOLOGY AT HOME SO EMPLOYEES CAN MAKE/RECEIVE TAIPA CALLS AT HOME.</p> | |
|--|--|--|--|---|--|

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---------------------------------------|-------------------------|--------|---|---------------------|--------|--|
| | PROBABILITY | IMPACT | | | | |
| Emergency governing committee meeting | MEDIUM | MEDIUM | | | | |
| | | | <p>ABILITY TO MEET VIA TELECONFERENCE OR ZOOM WITH AT LEAST ONE GOVERNING COMMITTEE MEMBER PRESENT AT THE MEETING.</p> <p>*NOTE THAT THIS WAS WAIVED BY ORDER OF THE GOVERNOR WHEN COVID INITIALLY HIT.</p> | | | <p>STACY DUTTON 512.531.7271 (CELL) 512-779-8283</p> <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p> <p>CURRENT TAIPA GOVERNING COMMITTEE CHAIR</p> |

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| | 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. | WE NOW HAVE QUITE A BIT OF EXPERIENCE WITH CONFERENCE CALLS AND ZOOM MEETINGS. | POSTING REQUIREMENTS ARE 7 DAYS FOR REGULAR MEETINGS AND 2 HOURS FOR EMERGENCY MEETING | | CONTACTS WHO WOULD NEED TO KNOW: -TAIPA GOVERNING COMMITTEE -SECRETARY OF STATE – OPEN MEETINGS ACT POSTING: HTTPS://WWW.SOS.STATE.TX.US/OPEN/INDEX.SHTML LOGIN THROUGH: HTTPS://TEXREG.SOS.STATE.TX.US/TAC/LIAISON_CENTERS.STARTUP |
|--|--|--|--|--|---|

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|--|---|---|--|--|---|
| | PROBABILITY | IMPACT | | | | |
| TAIPA volume increasing substantially in a short period of time | LOW | LOW-MEDIUM | | | | |
| (Due to a change in the open market conditions – such as underwriting guidelines tightening) | OVER THE YEARS, TAIPA'S APPLICATIONS HAVE INCREASED AND DECREASED. THE LARGEST INCREASE TOOK PLACE IN 1992 WHEN APPLICATIONS INCREASED BY 311,666 APPLICATIONS. CURRENTLY APPLICATIONS ARE AT THEIR LOWEST LEVEL AS WE EXPECT 1300 APPLICATIONS BY THE END OF 2022 UNLESS SOMETHING SUBSTANTIALLY CHANGES IN THE MARKET. | <p>STAFFING: 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.</p> <p>IF APPLICATIONS INCREASED AT A RATE HIGHER THAN WHAT CURRENT STAFF COULD HANDLE, THE THREAT WOULD MOVE TO</p> | <p>STAFFING FOR INCREASE IN APPLICATIONS: CURRENT STAFF CAN HANDLE A SUBSTANTIAL INCREASE IN APPLICATIONS.</p> <p>CURRENT STAFF CAN TRAIN NEW EMPLOYEES IN THE BASIC APPLICATION PROCESSING.</p> <p>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</p> <p>1. WALKING PRODUCERS THROUGH THE APPLICATION</p> | <p>TAIPA STAFF WILL</p> <ol style="list-style-type: none"> 1. CONDUCT A TIME MOTION STUDY TO DETERMINE THE AVERAGE TIME IT TAKES CURRENT STAFF TO PROCESS APPLICATIONS. THIS WILL GIVE US A BETTER IDEA OF EXACTLY HOW MANY APPLICATIONS CURRENT STAFF CAN HANDLE. 2. CONTINUE TO WORK ON PUTTING THE TRAINING INFORMATION IN A TRAINING LIBRARY SO THAT PRODUCERS CAN SEARCH FOR DOCUMENTS. 3. WORK ON | <p>IN AN EFFORT 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.</p> <p>COMPLETED A TIME STUDY AND LOOKED AT DIFFERENT WAYS TO ADJUST STAFFING AND WORK SOLUTIONS BASED ON THIS.</p> | <p>STACY DUTTON (CELL) 512-779-8283 MIMI LEECE (CELL) 512-468-6927</p> <p>CONTACTS WHO WOULD NEED TO KNOW: -TAIPA GOVERNING COMMITTEE CHAIR BECKY JACKSON (512) 694-4456 -TAIPA CUSTOMER SERVICE 512-444-4441 -PRODUCERS USING TAIPA'S EMAIL LIST AS WELL AS OTHER EMAIL LISTS TAIPA CAN OBTAIN THROUGH ORGANIZATIONS SUCH AS IIAT.</p> |

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|--|--|---|---|---|--|--|
| | | <p>MEDIUM OR HIGH.</p> <p>THIS WOULD BE MITIGATED TO SOME DEGREE BECAUSE OUR CURRENT STAFF COULD TRAIN NEW STAFF ON THE BASICS OF PROCESSING APPLICATIONS.</p> <p>OFFICE SPACE - WE CURRENTLY HAVE LIMITED SPACE (2 CUBICLES) AVAILABLE IN THE OFFICE FOR ADDITIONAL STAFF.</p> <p>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.</p> | <p>PROCESS ON THE PHONE. UNFORTUNATELY, THIS OFTEN TAKES ABOUT 30 MINUTES TO DO.</p> <p>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 ON THEIR OWN.</p> <p>3. TAIPA HAS A NUMBER OF TRAINING DOCUMENTS INCLUDING: TRAINING DOCUMENTS FOR TRAINING REQUIRED TO TRAIN PRODUCERS IN ALL OF THE "PROBLEM AREAS". STAFF HAS USED THESE DOCUMENTS IN THE INDEPTH TRAINING GIVEN TO PRODUCERS TO AVOID TURNING THEM OVER TO THE PRODUCER REVIEW PANEL.</p> <p>4. SINCE TAIPA NOW REQUIRES THE PRODUCERS TO USE THE EASI SYSTEM</p> | <p>CREATING A TRAINING VIDEO TO WALK A PRODUCER THROUGH THE APPLICATION PROCESS.</p> <p>4. PURSUE WORKING WITH IIAT TO COME UP WITH A LIST OF PRODUCER'S THAT TAIPA COULD SEND OCCASIONAL EMAILS ABOUT TAIPA</p> <p>5. CREATE DOCUMENTS EXPLAINING WHAT TAIPA DOES AND HOW TAIPA CAN ASSIST PRODUCERS WITH PLACING CLIENTS WHEN THERE ARE NO OPEN MARKET OPTIONS.</p> <p>6. PREPARE AN "ORIENTATION PROGRAM" FOR PRODUCERS THAT COULD BE DELIVERED TO A GROUP IN PERSON. THIS 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.</p> | | |
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| | | | <p>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 IN THE APPLICATION. IT HAS A LIMITED AMOUNT OF HELP THROUGH "DROP DOWNS" ETC.</p> <p>HOW PRODUCERS LEARN ABOUT TAIPA – IT IS OUR UNDERSTANDING THAT PRODUCERS RECEIVE SOME</p> <p>1. TRAINING DURING LICENSING.</p> <p>IN ADDITION, THEY CAN RECEIVE ADDITIONAL TRAINING BY REQUESTING IT DIRECTLY FROM TAIPA</p> | | | |
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IT/TELEPHONE RISKS

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|--|--|---|--|---|--------|---|
| | PROBABILITY | IMPACT | | | | |
| Any of TAIPA's Servers hosted by Vintage crashes | LOW | HIGH | | | | |
| This would AFFECT ALL TAIPA OPERATIONS. | VINTAGE HAS TWO LOCATIONS. ONE IN AUSTIN, THE OTHER IN CHICAGO. EACH LOCATION PROVIDES | IF IT HAPPENED AND CHICAGO CRASHED AS WELL, TAIPA WOULD HAVE TO RELY ON | HAVING OUR SERVERS AT VINTAGE PROVIDES BETTER SECURITY FOR OUR SYSTEMS, BECAUSE THEY | WE COULD PERFORM SOME DUTIES MANUALLY AND KEEP TRACK ON SPREADSHEETS UNTIL THE SYSTEM IS BACK UP. | | <p>STACY DUTTON 512.531.7271 (CELL) 512-779-8283</p> <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p> |

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|--|---|---|---|--|--|---|
| | BACKUP OF THE DATA. | VITANGE'S ABILITY TO GET BACK UP. | 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. | | | VINTAGE IT 512-481-1117 HELPDESK@VINTAGEITS.COM |
| | USING CLOUD MANAGED BY VENDOR. IF AUSTIN LOCATION CRASHED, THE IMPACT ON TAIPA WOULD BE SEEMLESS. | WE EXPECT THAT IT WOULD BE UP SHORTLY BY USING A DIFFERENT SERVER | TAIPA HAS A DAILY BACKUP | | | |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|--|---|--|---|--|--------|--|
| | PROBABILITY | IMPACT | | | | |
| TAIPA's Voicemail Server crashes | LOW | HIGH | | | | |
| This would include our voicemail, TAIPA greetings, and routing of calls. If this OCCURRED, the phone would GO DIRECTLY TO VOICEMAIL. | ZULTYS HAS TWO LOCATIONS. ONE IN BOSTON, THE OTHER IN DENVER. EACH LOCATION PROVIDES BACKUP OF THE DATA. THEY ALSO DO A SYTEM CHECK THAT INCLUDES MOVEING THE DATA EVERY 24 HOURS. ZULTYS HAS SEVERAL TRUNKS THAT HAVE THE ABILITY FOR REDUNDANCY | IF IT HAPPENED AND DENVER CRASHED AS WELL, TAIPA WOULD HAVE TO RELY ON ZULTYS' ABILITY TO GET BACK UP. | HAVING OUR SERVERS AT ZULTYS 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, | WE COULD ANSWER MOST THROUGH THE CELL PHONE APP OR WILL GO TO VOICEMAIL UNTIL THE SYSTEM IS BACK UP. | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 MATTHEW MONROE, ACCOUNT MANAGER AT TC TECH SYSTEMS 525 ROUND ROCK WEST DR., STE. A100, ROUND ROCK, TX 78681 MAIN: (512) 451-6101 MOBILE: (512) 334-7813 MATTHEW.MONROE@TCTECHSYSTEMS.COM |

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| | DIALING. | | AND THEY PROVIDE THE SAME SERVICE FOR OTHER ENTITIES. IN ADDITION, WE EXPECT THAT THEY KEEP THE SERVERS UP TO DATE AND FUNCTIONING PROPERLY. | | | |
| | USING CLOUD MANAGED BY VENDOR. IF BOSTON LOCATION CRASHED, THE IMPACT ON TAIPA WOULD BE SEEMLESS. THEY HAVE ONLY HAD A LESS THAN 2 MINUNT DOWN TIME WORLD WIDE IN SEVERAL YEARS. | WE EXPECT THAT IT WOULD BE UP SHORTLY BY USING A DIFFERENT SERVER | TAIPA HAS A DAILY BACKUP | | | |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|----------------------|---------------------------------------|--|---|--|--------|--|
| | PROBABILITY | IMPACT | | | | |
| Spectrum Internet | MEDIUM | LOW to MEDIUM | | | | |
| | WE HAVE EXPERIENCED THIS ONCE ALREADY | LOW IN THAT EMPLOYEES CAN WORK FROM HOME IF THEY HAVE INTERNET. 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 | 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 WNEEN SPECTRUM HAD AN OUTAGE | WE DON'T BELIEVE THAT THE OUTAGE WOULD BE LONG BECAUSE SPECTRUM WOULD BE WORKING TO FIX IT FOR US AND ANY OF THEIR OTHER CLIENTS AFFECTED. | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 ACCOUNT NUMBER: 8260163000015473 WEBSITE: SPECTRUMBUSINESS.NET PHONE: 1-888-812-2591 |

TAIPA Enterprise Risk and Emergency Management Plan

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| | | HAVE SPECTRUM. WE EXPECT THAT THIS WOULD BE FIXED PROMPTLY. THIS WAS OUR EXPERIENCE WHEN IT OCCURRED PREVIOUSLY | | | | |
| THIS WOULD EFFECT ALL TAIPA OPERATIONS. | | | TAIPA HAS THE ABILITY TO WORK FROM HOME IF THE OUTAGE PERSISTS. | TAIPA HAS THE ABILITY TO WORK FROM HOME IF THE OUTAGE PERSISTS. | | |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|------------------------------------|---|--|--------------------------|--|--------|--|
| | PROBABILITY | IMPACT | | | | |
| Website through WP Engines crashes | LOW | MEDIUM | | | | |
| | 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 | WE EXPECT THAT THIS WOULD BE FIXED PROMPTLY. | | WE DON'T 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. | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 TAIPA.org Website Hosting (WP Engine) https://my.wpengine.com/ |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|--|--|--|---|---------------------|--------|--|
| | PROBABILITY | IMPACT | | | | |
| AIPSO System crashes | LOW | HIGH | | | | |
| THIS INCLUDES EASI 2.0 AND THE APS SYSTEM APS SYSTEM IS OUR CUSTOMER SERVICE DATA BASE FOR COMPANIES & PRODUCERS. | AIPSO IS THE SYSTEM PROVIDER FOR MOST STATES AS WELL SO THERE IS PRESSURE TO | WE EXPECT THAT THIS WOULD BE FIXED PROMPTLY. | AIPSO MAINTAINS TAIPA'S INFORMATION AND HAS DATA SECURITY PLANS IN PLACE AS WELL AS | | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE |

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|---|--|--|---|--|---|
| <p>EASI 2.0 IS THE SYSTEM THAT WE USE TO ENTER APPLICATIONS</p> <p>EASI ADMIN 2.0 IS THE SYSTEM THAT WE USE TO MONITOR APPLICATION PROCESSES</p> <p>ALL THE ABOVE SYSTEMS HAVE THE GREATEST IMPACT ON TAIPA'S ABILITY TO SERVICE INSUREDS, PRODUCERS, & COMPANIES.</p> <p>WITHOUT THE USE OF THE LISTED ABOVE ALL PROCESS WOULD HAVE TO BE DONE MANUALLY.</p> | <p>KEEP ALL SYSTEMS UP AND OPERATING</p> | | <p>INSURANCE TO COVER ANY SECURITY BREECHES</p> | | <p>512-531-7258 (CELL) 512-468-6927</p> <p>AIPSO 888-424-0026 OR 401-429-1567</p> |
| | | | <p>AIPSO HAS SENT INFORMATION ABOUT THEIR DATA SECURITY</p> | | |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|--|--|--|---|---|--------|--|
| | PROBABILITY | IMPACT | | | | |
| <p>Servers are hacked/data breach</p> | <p>LOW</p> | <p>MEDIUM to HIGH</p> | | | | |
| | <p>OUR SERVERS AND INFORMATON IS BEING MANAGED BY AN OFF-SITE VENDORS WHOSE BUSINESS IT IS TO KEEP THIS FROM TAKING PLACE.</p> | <p>TAIPA DOES HAVE PRODUCER'S SOCIAL SECURITY NUMBERS OR EINS IN OUR SYSTEM. THIS SYSTEM IS MANAGED BY AIPSO. THE INFORMATION THAT WE DO HAVE ON INSUREDS IS VERY LIMITED BUT IT DOES INCLUE THEIR DRIVERS LICENSE NUMBER & DATE OF BIRTH.</p> | <p>OUR SERVERS ARE AT VINTAGE. THESE WOULD INCLUDE SOCIAL SECURITY OR EINS FOR PEOPLE IN OUR ACCOUNTING SYSTEM.</p> | <p>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 FEEL COMFORTABLE THAT THEY ARE MANAGING OUR SERVERS AND SYSTEMS PROPERLY AND THE THEY HAVE CONTROLS IN PLACE.</p> | | <p>STACY DUTTON 512.531.7271 (CELL) 512-779-8283</p> <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p> <p>VINTAGE IT 512-481-1117 HELPDESK@VINTAGEITS.COM</p> |
| | | | <p>AIPSO MANAGES THE SYSTEM THAT HOLDS OUR PRODUCER'S SOCIAL SECURITY NUMBERS AND</p> | <p>WE HAVE RECEIVED CONFIRMATION FROM: VINTAGE AIPSO ADP</p> | | |

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| | | | EINS AS WELL AS OUR INSURED'S DRIVERS LICENSES. | ABOUT SYSTEM SECURITY. | | |
| | | | ADP MANAGES OUR PAYROLL SYSTEMS WHICH CONTAINS OUR EMPLOYEE'S PERSONAL INFORMATION. | | | |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|--|---|--|--|--------|--|
| | PROBABILITY | IMPACT | | | | |
| ADP Payroll System goes down/data breach | LOW | HIGH | | | | |
| ADP MANAGES OUR PAYROLL SYSTEMS WHICH CONTAINS OUR EMPLOYEE'S PERSONAL INFORMATION. | ADP IS A LARGE PROVIDER OF PAYROLL PROCESSING AND AS SUCH HAS A LOT OF RESOURCES GOING TO PROTECTING THIS DATA | IF DATA IS BREACHED, THIS NEGATIVELY AFFECTS OUR EMPLOYEES. | BECAUSE ADP IS A LARGE PAYROLL PROVIDER, WE FEEL CONFIDENT THAT THEY ARE PROTECTING THE DATA THAT THEY COLLECT. | ADP HAS SENT US INFORMATION ON THEIR DATA SECURITY. | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |
| | | | WE COULD MANNUALLY PROCESS PAYROLL AND THEN ENTER THE INFORMATION INTO THE SYSTEM WHEN IT COMES UP. WE ALSO COULD GO BACK TO USING OUR ACCOUNTING SYSTEM TO PROCESS PAYROLL | GET CONFIRMATION ON ADP'S ENTERPRISE RISK MANAGEMENT SYSTEM ANNUALLY | | |

LOSS OF VENDORS

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|--|---|---|---------------------|--------|--|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF VENDOR – SPECTRUM BUSINESS | LOW | LOW | | | | |
| | THERE IS NO INDICATION THAT SPECTRUM BUSINESS IS GETTING OUT OF THIS BUSINESS. | THERE ARE A NUMBER OF OTHER PROVIDERS IN THE MARKET | WE BELIEVE THAT THERE COULD BE SOME DOWN TIME WITH THE TELEPHONES AS WE DID EXPERIENCE THIS WHEN WE CHANGED VENDORS PREVIOUSLY. | | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|------------------------------------|--|---|--|---|--------|--|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF VENDOR – Vintage IT | LOW | LOW | | | | |
| | THERE IS NO INDICATION THAT VITNTAGE IT IS GETTING OUT OF THIS BUSINESS. | THERE ARE A NUMBER OF OTHER PROVIDERS IN THE MARKET. THERE COULD BE SOME DOWNTIME IF WE HAD TO MAKE A CHANGE RAPIDLY AND COSTS MAY BE HIGHER. | WE ARE CURRENTLY HAPPY WITH OUR IT PROVIDER AND HAVE FOUND THEM TO BE THE BEST VENDOR THAT WE HAVE HAD SINCE 2007. | WE HAVE EXPERIENCE LOOKING FOR AND FINDING IT PROVIDERS SO WE COULD DO THIS FAIRLY FAST IF WE EVER NEEDED TO. | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|-------------------------------|--|--|---|---------------------|--------|--|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF VENDOR – AIPSO | LOW | HIGH | | | | |
| | THERE IS NO INDICATION THAT AIPSO IS GETTING OUT OF THIS BUSINESS. IF THEY DID WANT TO STOP DOING BUSINESS WITH TAIPA, THERE WOULD BE SOME | 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 | 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 | | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |

TAIPA Enterprise Risk and Emergency Management Plan

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| | 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. | ORGANIZATION AND THEY WERE UNABLE TO PRODUCE ANYTHING USABLE. | ARISE OR AS THEY DEVELOP NEW WAYS OF PROVIDING SERVICE. | | | |
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| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|------------------------------------|--|---|--|---|--------|--|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF VENDOR – FROST BANK | VERY LOW | LOW | | | | |
| | TAIPA IS VERY COMFORTABLE WITH OUR RELATIONSHIP WITH FROST BANK AND IT APPEARTS 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. | THERE ARE MANY OTHER BANKS AND WE ARE COMFORTABLE THAT THEY COULD BECOME COMFORTABLE WITH HOW TAIPA OPERATES AND PROVIDE THE SAME SERVICES THAT FROST CURRENTLY DOES. | WE WORK WELL WITH FROST BANK AND CONTINUE TO FOSTER A GOOD WORKING RELATIONSHIP WITH THEM. | BOTH MIMI LEECE AND STACY DUTTON WORKED ON CHANGING OUR BANK IN THE PAST SO WE HAVE DIRECT EXPERIENCE MAKING THIS CHANGE IF WE NEEDED TO. | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|--|---|---|---------------------|--------|---|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF VENDOR – SAGE/ACCPAC | LOW | LOW | | | | |
| SAGE/ACCPAC is our accounting software | TAIPA HAS USED THE ACCPAC SYSTEM FOR A VERY LONG TIME AND WE ARE | THERE ARE MANY OTHER PROVIDERS IN THE MARKET. | IF IT HAPPENED THAT THE SOFTWARE WAS NO LONGER SUPPORTED, | | | MIMI LEECE 512-531-7258 (CELL) 512-468-6927 TEXAS AUTO INSURANCE PLAN ACCOUNT: A00032479 |

TAIPA Enterprise Risk and Emergency Management Plan

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| | COMFORTABLE WITH IT. | | WE COULD CONTINUE TO USE BECAUSE WE OWN THE SOFTWARE AND WE HAVE A FIRE WALL. | | | www.customers.sagenorthamerica.com 866-996-7243 |
| | | | | | | |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|--|---|--|--|---------------------|--------|---|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF VENDOR – TELEPHONE CONNECTION | LOW | LOW | | | | |
| Telephone Connection manages TAIPA's phones and has for several years. | TELEPHONE CONNECTION DOES NOT APPEAR TO BE LEAVING THE MARKET | THERE ARE OTHER PROVIDERS IN THE MARKET INCLUDING VINTAGE IT NOW | IF IT HAPPENED WE COULD EASILY FIND ANOTHER PROVIDER | | | MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |
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| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|--|--|---|---|--|--------|--|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF VENDOR – ADP | LOW | LOW | | | | |
| ADP is our software that we use for payroll and tax filing | ADP DOES NOT APPEAR TO BE LEAVING THE MARKET | THERE ARE MANY OTHER PROVIDERS IN THE MARKET. | 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. | SINCE WE HAVE A COUPLE OF SOLUTIONS, WE ARE NOT CURRENTLY LOOKING FOR ANOTHER SOLUTION | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 ADP CUSTOMER SERVICE # 1-877-603-7079 ACCT # RNAYQ |
| | | | | | | |

FINANCIAL ISSUES

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|---|------------------------------------|---|---|-------------------------------|--|
| | PROBABILITY | IMPACT | | | | |
| Business risks relevant to financial reporting including fraud | LOW | HIGH | | | | |
| | THE GOVERNING COMMITTEE IS MADE UP OF A | IF SOMETHING IN THE MARKET CHANGED | TAIPA DOES NOT HAVE A DEBIT CARD FOR ANY OF OUR ACCOUNTS. | MANAGER OF OPERATIONS/FI NANCIAL MANAGEMENT | IN 2023 STACY AND MIMI WORKED | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 |

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| | <p>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 MEETING AND/OR WITH TAIPA'S LEGAL COUNSEL AND/OR MANAGEMENT. THIS ALLOWS TAIPA MANAGEMENT TO MAKE PREPARATIONS FOR VARIOUS POSSIBLE SITUATIONS SUCH AS INCREASE OR DECREASED APPLICATIONS.</p> <p>FRAUD HAS NOT BEEN AN ISSUE SINCE 2005-2006. WE HAVE IMPLEMENTED MULTIPLE CHECKS TO ENSURE THAT EMPLOYEES DON'T USE THE COMPANY CREDIT CARDS FOR PERSONAL USE AND WE ENSURE THAT WE UNDERSTAND THE REASON FOR ALL PAYMENTS MADE TO OUR VENDORS</p> <p>IF FALSE INFORMATION WERE REPORTED, IT WOULD LIKELY LEAD THE STAFF AND THE GOVERNING COMMITTEE TO</p> | <p>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 TO THE COMPANIES.</p> | <p>CREDIT CARDS ARE ONLY GIVEN TO STACY DUTTON, ASSOCIATION MANAGER AND MIMI LEECE, MANAGER OF OPERATIONS/ FINANCIAL MANAGEMENT.</p> <p>FRONT OFFICE PERSONNEL ARE IN THE PROCESS OF BEING TRAINED TO ENTER ALL INCOMING AND OUTGOING PAYMENTS.</p> <p>MIMI IS THE FIRST LEVEL OF MANAGEMENT TO REVIEW AND APPROVE THE PAYMENTS IN AND OUT OF OUR ACCOUNTS. STACY 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 AND MIMI REVIEW THE GL TRANSACTION LISTING TO VERIFY THAT ALL PAYMENTS/CREDITS ARE MADE IN THE PROPER GL.</p> <p>MIMI 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.</p> <p>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 OR AND INSURANCE COMPANY CONTACTS US WITH QUESTIONS ABOUT HOW THEIR PAYMENTS WERE APPLIED.</p> <p>MIMI LEECE HAS AN UNDERSTANDING OF THE POTENTIAL CONTROL DEFICIENCIES, AND TRIES TO IMPLEMENT CONTROLS TO MITIGATE ACTIVITIES RELEVANT TO THE AUDIT, AND HOW THE ENTITY INITIATES REMEDIAL</p> | <p>CONTINUES TO WORK WITH STAFF AND TAIPA MANAGEMENT INTENDS 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.</p> | <p>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</p> | <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p> |
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| | <p>MAKE POOR DECISIONS WITH REGARD TO WHAT TAIPA CAN/SHOULD DO WITH REGARD TO ANY ISSUES THAT DEPEND ON TAIPA'S FINANCIAL POSITION.</p> | | <p>ACTIONS TO DEFICIENCIES IN ITS CONTROLS;</p> <p>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 IS RESPONSIBLE TO ENSURE 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 IS ALSO RESPONSIBLE TO ENSURE THAT ALL ASSETS AND LIABILITIES ARE UPDATED AND REPORTED AND ENSURE THAT ALL OF THE BALANCES EXIST. STACY IS RESPONSIBLE TO OVERSEE THIS AND BE A FINAL INTERNAL CHECK. IN ADDITION, TAIPA SENDS ITS MONTHLY FINANCIALS TO TYLER MOSLEY AT ATCHLEY AND ASSOCIATES TO REVIEW.</p> <p>THE PROCEDURES, WITHIN BOTH IT AND MANUAL SYSTEMS, BY WHICH THOSE TRANSACTIONS ARE INITIATED, RECORDED, PROCESSED, CORRECTED AS NECESSARY, TRANSFERRED TO THE GENERAL LEDGER AND REPORTED IN THE FINANCIAL STATEMENTS;</p> <p>- 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. THE ASSESSMENTS COME IN BY CHECK AND ARE</p> | | | |
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| | | <p>ENTERED AND DEPOSITED OR BY EFTS TO TAIPA'S OPERATIONS ACCOUNT.</p> <p>VENDORS SEND TAIPA INVOICES BY MAIL OR EMAIL, 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.</p> <p>THE CUSTOMER SERVICE/ ADMINISTRATIVE SUPPORT SPECIALISTS ARE IN THE PROCESS OF BEING TRAINED ON HOW TO RECORD OR CHECK THESE ENTRIES. THE ASSOCIATION MANAGER IS RESPONSIBLE FOR FINAL APPROVAL, POSTING, AND SIGNING ANY CHECKS.</p> <p>-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 TRANSFER) AND USES 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 IT FOR CORRECTION. IF IT IS FOUND AFTER POSTING, GENERALLY A JOURNAL ENTRY IS MADE TO CORRECT THE ERROR.</p> <p>TAIPA IS A NON-PROFIT CORPORATION WITH 501(C) (6) DESIGNATION.</p> <p>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.</p> <p>TAIPA USES ACCRUAL BASIS OF ACCOUNTING.</p> <p>TAIPA USES ACCOUNTING ESTIMATES</p> <p>BUDGET:</p> <p>TAIPA ESTIMATES THE UPCOMING BUDGET BASED ON</p> | | | |
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| | | | <p>THE PREVIOUS YEAR AND MAKING ADJUSTMENTS ON EXPECTED CHANGES, EXPENSES, AND/OR REVENUE.</p> <p>ASSESSMENTS:</p> <p>TAIPA THEN ESTIMATES THE</p> <ul style="list-style-type: none"> • 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 MONTHS OF THE YEAR, IT WILL APPLY THAT "EXCESS CASH" TO THE APPROVED BUDGET AND THEN ONLY ASSESS THE COMPANIES FOR THE DIFFERENCE. <p>APPROVE BUDGET – EXCESS CASH = ASSESSMENTS)</p> <p>REVENUE:</p> <p>TAIPA SIMPLY DIVIDES THE ASSESSMENTS BY 12 AND RECOGNIZES 1/12 OF THE ASSESSMENT EACH MONTH.</p> <p>REGULATORY FACTOR FROM PLAN OF OPERATIONS – NO EXPENDITURE IN EXCESS OF AN APPROVED BUDGETED AMOUNT OR WHICH HAS NOT BEEN INCLUDED IN THE BUDGET MAY BE MADE WITHOUT GOVERNING COMMITTEE APPROVAL.</p> <p>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</p> <p>TAIPA MANAGEMENT GOES OVER THE FINANCIALS AT THE GOVERNING COMMITTEE MEETING. TO DATE, THERE HAS NEVER BEEN A SITUATION WHERE TAIPA HAD TO REQUEST ADDITIONAL FUNDS OR DRAW FROM ITS LINE OF CREDIT.</p> <p>TAIPA'S FRAMEWORKS AND REQUIREMENTS FOLLOW U.S. GAAP.</p> | | | |
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| | | | <p>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.</p> <p>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 (ATCHLEY AND ASSOCIATES) FOR REVIEW. THEY ARE THEN PRESENTED TO THE GOVERNING BOARD FOR FINAL APPROVAL.</p> <p>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 (ATCHLEY AND ASSOCIATES) AND THE ACCOUNTING TEAM TO ENSURE ACCURATE ACCOUNTING REPORTING.</p> <p>-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</p> | | | |
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| | | | <p>MOSLEY OF ATCHLEY AND ASSOCIATES TO REVIEW FOR ANY ERRORS.</p> <p>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.</p> <p>MANAGER OF OPERATIONS/FINANCIAL MANAGEMENT WORKS VERY CLOSELY WITH ATCHLEY AND ASSOCIATES ON HOW TAIPA RECORDS SHOULD BE DOCUMENTED AND PRESENTS ITS FINANCIALS.</p> <p>TAIPA USES VERY FEW ESTIMATES IN ITS ACCOUNTING PROCESS.</p> <p>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 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.</p> <p>WITH REGARD TO JOURNAL ENTRIES AND OTHER ADJUSTMENTS. MIMI DETERMINES WHEN JOURNAL ENTRIES ARE NEEDED AND CREATES THE JOURNAL ENTRY AND ATTACHES ALL SUPPORTING DOCUMENTATION. IF NON-STANDARD -MIMI WILL GET ASSISTANCE FROM</p> | | | |
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| | | | <p>JAIME..., JEANETTE... AND/OR TYLER MOSLEY. THE ASSOCIATION MANAGER REVIEWS THE JOURNAL ENTRY AND POSTS THEM.</p> <p>THE MANAGER OF OPERATIONS/FINANCIAL MANAGER AND THE ASSOCIATION MANAGER HAVE PHYSICAL CONTROL AND ACCESS TO POSTED JOURNALS.</p> <p>THE TYPES OF JOURNAL ENTRIES AND OTHER ADJUSTMENTS ARE:</p> <p>-STANDARD ENTRIES INCLUDE: REVENUE..., ACCRUALS FOR ITEMS PAID IN PREVIOUS MONTH, DEPRECIATION, AMORTIZATION,</p> <p>-NON-ROUTINE ARE GENERALLY CORRECTIONS OF AN ITEM THAT WAS POSTED INCORRECTLY (I.E. POSTED TO WRONG GL)</p> <p>BECAUSE TAIPA HAS SEPARATION OF DUTIES AS DEFINED BY OUR ACCOUNTING MANUAL, MANUAL AND AUTOMATED PROCESSES ARE OF LOW RISK.</p> <p>MANUAL CONTROLS ARE IN PLACE, THESE ENTRY INPUT ARE PROCESSED IN SAGE (TAIPA'S AUTOMATED ACCOUNTING SOFTWARE). ALL INVOICES FOR BOTH ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE MUST HAVE CORRELATING DOCUMENTATION BEFORE IT IS ENTERED INTO SAGE.</p> <p>THIS ENSURES THAT:</p> <ul style="list-style-type: none"> • 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. • A RECORDS ARE MAINTAINED TO TRACK THE PROCESS OF DATA FROM INPUT TO STORAGE AND TO THE EVENTUAL OUTPUT. | | | |
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| | | | 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. | | | |
| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | PROBABILITY IMPACT | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
| DEFINED BENEFIT (PENSION) RISK | MEDIUM | MEDIUM | | | | |
| | WHENEVER THE MARKET DOESN'T DO WELL, THERE IS A RISK THAT THE PLAN WILL NOT DO WELL AND TAIPA WILL HAVE TO PAY ADDITIONAL FUNDS. THIS IS CONSIDERED MEDIUM AS OUR PLAN IS WELL FUNDED BUT WE HAVE YEARS WHERE THE COSTS GO UP SUBSTANTIALLY | SINCE WE ARE NOT A PUBLIC COMPANY, OUR FINANCIALS ARE NOT AS IMPORTANT AS IT IS FOR PUBLIC COMPANIES. THAT SAID, HAVING TO THROW EXTRA DOLLARS IN THE PLAN IS NOT APPRECIATED BY THE COMPANY MEMMBERS WHO FUND THE PLAN | 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 VOLITILE. 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. THAT SAID, WE STILL HAVE A NUMBER OF TERMINATED/RETIRED EMPLOYEES WHO ARE DRAWING FROM THE PLAN OR WILL DRAW FROM THE PLAN IN THE FUTURE. | AT THIS POINT WE ARE WAITING TO SEE HOW THE PLAN DOES IN A YEAR THAT ISN'T AS VOLITILE 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. | 2022 WAS THE FIRST YEAR THAT TAIPA DID NOT NEED TO MAKE ADDITIO NAL PAYMENTS TO THE TAIPA PENSION PLAN. | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 LARRY HELLER (201) 741-7449 PPIO GARY STOVER (515) 452-4279 PRINCIPAL FINANCIAL |
| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
| | PROBABILITY | IMPACT | | | | |
| RUNNING OUT OF MONEY | LOW | HIGH | | | | |
| | IT HAS NOT BEEN AN ISSUE TO DATE AND IF IT BECAME A PROBLEM, WE HAVE THE \$300,000 LINE OF CREDIT AVAILABLE. | 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. | WE TYPICALLY HAVE ABOUT 3 MONTHS SUPPLY OF FUNDS AT HAND DURING THE YEAR AND WE HAVE A \$300,000 LINE OF CREDIT. | | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|-----------------------------------|---|---|---------------------|--------|--|
| | PROBABILITY | IMPACT | | | | |
| LINE OF CREDIT NOT BEING RENEWED | LOW | MEDIUM | | | | |
| | IT HAS NOT BEEN AN ISSUE TO DATE. | IF OUR LINE OF CREDIT WAS NOT RENEWED, WE WOULD FIRST TRY ANOTHER BANK AND 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. | WE FEEL CONFIDENT THAT WE COULD GET ANOTHER BANK TO GIVE US A LINE OF CREDIT OR WE COULD ALSO MAKE AN EMERGENCY ASSESSMENT. | | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |

PERSONNEL CHANGES

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|-------------------------|-------------|-------------------------|---------------------|--------|---|
| | PROBABILITY | IMPACT | | | | |
| LOSS OF TWO OR MORE EMPLOYEES AT THE SAME TIME | MEDIUM | HIGH | | | | |

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| | <p>THIS HAPPENED IN 2019. WE LOST ONE LONG TERM EMPLOYEE AND ONE EMPLOYEE WHO HAD BEEN HERE A YEAR</p> | <p>IT DEPENDS ON WHICH EMPLOYEES WOULD LEAVE BUT REGARDLESS IT IS DIFFICULT TO HAVE 2 EMPLOYEES PERFORMING ALL OF THE DUTIES</p> | <p>WE CONTINUE TO CROSSTRAIN THE EMPLOYEES. DUE TO THE FACT THAT WE HAVE HAD THIS TURNOVER, THIS IS AN ONGOING PROCESS.</p> <p>THERE ARE CURRENTLY A NUMBER OF DUTIES THAT ONLY ONE EMPLOYEE IS CURRENTLY TRAINED ON INCLUDING – CALCULATING ASSESSMENTS, CREATING AND SENDING TAIPA'S RATES TO TDI FOR HELP INSURE, ADDING TAIPA'S RATES TO THE RULES AND RATING MANUAL, COMPLETING TAIPA'S BANK RECONCILIATION COMPLETING PAYROLL,</p> | <p>STAFF IS CURRENTLY WORKING ON DEVELOPING A SYSTEM THAT WILL INCLUDE ALL OF OUR SOPS IN ONE PLACE AND TO MAKE THAT AN ACCESSABLE AND MANAGABLE SYSTEM THAT INCORPORATES THE CALENDAR AS WELL</p> | <p>STACY DUTTON 512.531.7271 (CELL) 512-779-8283</p> <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p> <p>AMANDA REYNOLDS 737-256-2888</p> <p>RUTH WISE 512-531-7263</p> |
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| PERSONNEL CHANGES SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|---|-------------|---|--|--|--|
| | PROBABILITY | IMPACT | | | | |
| <p>Death of an Employee, Employee Leaving without notice, Employee Retirement</p> | <p>MEDIUM</p> | <p>HIGH</p> | | | | |
| | <p>This has happened at TAIPA – 2016 – Employee Death 2019 – Employee left with no notice</p> <p>We have two employees approaching retirement age in next 3 to 5 years.</p> | | <p>WE CONTINUE TO CROSSTRAIN THE EMPLOYEES. DUE TO THE FACT THAT WE HAVE HAD THIS TURNOVER, THIS IS AN ONGOING PROCESS.</p> | <p>STAFF IS CURRENTLY WORKING ON DEVELOPING A SYSTEM THAT WILL INCLUDE ALL OF OUR SOPS IN ONE PLACE AND TO MAKE THAT AN ACCESSABLE AND MANAGABLE SYSTEM THAT INCORPORATES THE CALENDAR AS WELL</p> | <p>ADDED SOPS AND TRAININGS ON VARIOUS PROJECTS. ALL STAFF HAS PARTICIPATED IN LEARNING ABOUT QUOTA, OVER/UNDER REPORTS,</p> <p>OPEN</p> | <p>STACY DUTTON 512.531.7271 (CELL) 512-779-8283</p> <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p> <p>AMANDA REYNOLDS 737-256-2888</p> <p>RUTH WISE</p> |

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| | | | | | DISCUSSIONS ABOUT EMPLOYEES NOT BEING HERE AND HOW PREPARED WE ARE. | 512-531-7263 |
| | | IT DEPENDS ON WHICH EMPLOYEES WOULD PASS BUT REGARDLESS IT IS DIFFICULT WITH SUCH A SMALL STAFF | WE WOULD NEED TO RETRIEVE TAIPA PROPERTY LEFT AT EMPLOYEES HOME | 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 OF THE ITEMS THAT EACH EMPLOYEE HAS AT HOME | | |

DATA BREACH

| SPECIFIC RISK EVENT: | RISK OVERALL ASSESSMENT | | CURRENT RISK MANAGEMENT | CONTROL IMPROVEMENT | STATUS | RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS |
|---|-------------------------|--------|--|---------------------|--------|--|
| | PROBABILITY | IMPACT | | | | |
| PERSONAL IDENTIFIABLE INFORMATION BEING LEAKED | LOW | HIGH | | | | |
| TAIPA HAS AN EXCEL SPREADSHEET THAT LISTS THE PERSONAL IDENTIFIABLE INFORMATION THAT TAIPA HAS & WHERE IT IS AND WHO IT EFFECTS. TITLED "TAIPA ENTERPRISE RISK MANAGEMENT SPREADSHEET 2-2021" | | | EMPLOYEE INFORMATION IS KEPT LOCKED IN A LOCKED OFFICE. IT IS CONTAINED IN ADP'S SYSTEM. INSUREDS & PRODUCERS CONFIDENTIAL INFORMATION IS KEPT WITHIN THE AIPSO SYSTEM | | | STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 |
| EMPLOYEE INFO – HR FILE, ADP, PRINCIPAL, PRUDENTIAL, HUMANA, SUN LIFE, INSUREDS – APPLICATIONS & AIPSO PRODUCERS – AIPSO COMPANIES – AIPSO AND SAGE | | | | | | |

**PRODUCER/PUBLIC
MEMBERS OF GOV COM -
SAGE & AP FILES**

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

This 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 judgment.

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 this 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:

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| Accidental | Fire, Errors and 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.

TAIPA Enterprise Risk and Emergency Management Plan

- The Association Manager or designee will advise the Governing Committee members know 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.

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| Employees will be warned to evacuate the building using the following systems. | <p>Fire Alarm Building Management TAIPA Management</p> <p>Typically employees will use the stairs to evacuate the building.</p> |
| 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**

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| Shelter-In-Place | |
| Team Leader | Stacy Dutton/Mimi Leece |
| Employees will be directed to go to | |
| 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 |
| Designated tornado shelters | |
| Familiarize yourself with these terms to help identify a tornado hazard: | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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

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| Shelter-In-Place | |
| Team Leader | Stacy Dutton/Mimi Leece |
| Determine whether it is safer to shelter-in-place or evacuate. | <ul style="list-style-type: none"> • 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 |

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| directives | Building Management |
| Typically will be sent to Interior spaces | |

MEDICAL EMERGENCY PLAN

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| If medical emergency occurs | <p>Dial 911 and request an ambulance. Provide the Following information:</p> <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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

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| Fire Safety | <ul style="list-style-type: none"> • 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 of 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 | <p>Pull the fire alarm (if available and not already activated.)</p> <p>Immediately evacuate the building.</p> <p>Check your evacuation route for smoke. If unsafe, take an alternate route.</p> <p>Dial 911 and let the Fire Department know. Provide the following information:</p> <ul style="list-style-type: none"> • Business Name and address – TAIPA, 805 Las Cimas, Las Cimas III Austin, TX 78746 • Nature of Fire • Fire Location – Building and Floor • Name of person reporting the fire • Telephone number for return call <p>Unless told otherwise by building announcements or emergency officials, go to your predetermined assembly location.</p> <p>Do not re-enter the building until emergency officials declare it safe.</p> |
| Team Leader | Stacy Dutton/Mimi Leece |

BOMB THREAT EMERGENCY PLAN

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| DO NOT EVACUATE UNLESS TO DO SO BY EMERGENCY PERSONNEL | |
| If you receive a bomb threat | <ul style="list-style-type: none"> • Do Not assume it is a hoax. • Remain calm; try to get someone's attention to listen in on the call; and obtain as much information as possible from the caller: <ul style="list-style-type: none"> ○ When is the bomb going to explode? |

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| | <ul style="list-style-type: none">○ 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:<ul style="list-style-type: none">○ Woman's or man's voice?○ Approximate age?○ Accent?○ Tone of voice?○ Background noise?● Call 911 Ask for immediate assistance and provide the following information:<ul style="list-style-type: none">○ Business Name and address – TAIPA, 805 Las Cimas, Las Cimas III, Austin, TX 78746○ Nature and extent of the emergency○ Your name and a number to reach you○ Follow the instructions of emergency personnel |
| Team Leader | Stacy Dutton/Mimi Leece |

5 RISK MANAGEMENT PLAN APPROVAL

The undersigned acknowledge 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 representatives.

Signature: _____ Date: _____

Print Name: Stacy Dutton _____

Title: Association Manager _____

Role: _____

Signature: _____ Date: _____

Print Name: _____

Title: _____

Role: _____

Signature: _____ Date: _____

Print Name: _____

Title: _____

Role: _____

Signature: _____ Date: _____

Print Name: _____

Title: _____

Role: _____

| CONTACT OR VENDOR | CONTACT INFORMATION | |
|--|------------------------------------|--|
| TAIPA GOVERNING COMMITTEE | TAIPA GOVERNING COMMITTEE CHAIRMAN | BECKY JACKSON 512-694-4456 |
| TAIPA GOVERNING COMMITTEE | TAIPA GOVERNING COMMITTEE | SEE ATTACHED LIST |
| COMPANIES THAT COME ON-SITE | MAIL COURIERS | COURIER DEPOT: 512-459-7472 ROBERT@COURIERDEPOT.COM CUSTOMER NUMBER: 1812 POST OFFICE (NORTHCROSS LOCATION): (800) 275-8777 FED EX (CUSTOMER SERVICE): 1 (800) 463-3339 UPS (CUSTOMER SERVICE): 1 (800) 742-5877 |
| | SHRED COMPANY – | BALCONES SHRED (512) 744-4999 ACCOUNT NUMBER:SDA0103662 |
| | LAS CIMAS MANAGEMENT COMPANY | LAS CIMAS BUILDING MANAGEMENT: DANE RODRIGUEZ O: 737-270-9566 C: 512-202-5815 drodriquez@rockhillmanagement.com REBEKAH LISH C: 512-568-7966 rlish@rockhillmanagement.com 807 LAS CIMAS PARKWAY, SUITE 120 AUSTIN, TX 78746 USA |
| COMPANIES THAT PROVIDE SERVICES TO TAIPA | TELEPHONE PROVIDER – | TELEPHONE CONNECTION – MATTHEW MONROE, ACCOUNT MANAGER AT TC TECH SYSTEMS 525 ROUND ROCK WEST DR., STE. A100, ROUND ROCK, TX 78681 MAIN: (512) 451-6101 MOBILE: (512) 334-7813 MATTHEW.MONROE@TCTECHSYSTEMS.COM |
| | IT PROVIDER | VINTAGE IT - 512-481-1117 |
| | INTERNET PROVIDER | SPECTRUM TELEPHONE NUMBER: 1-888-812-2591 ACCOUNT NUMBER:8260163000015473 |
| | SAGE/ACCPAC | JAMIE SCHMULSON (TECH SUPPORT MANAGER): (713) 520-8022 X 102 ACCPAC CUSTOMER SERVICE # SAGE CUSTOMER SERVICE 1-866-996-7243 SAGE ACCT # 4000628103 |
| | PAYROLL PROVIDER | ADP CUSTOMER SERVICE # 1-877-603-7079 ACCT # RNAYQ |
| | SECRETARY OF STATE | (512)463-5555 |
| | WEBSITE PROVIDER | WP ENGINES LOGIN: NMORGAN PASSWORD: TEXASTAIPA123!! (LOWERCASE “EXAS”) |
| | AIPSO | QUOTA SUPPORT (QUOTA RELATED INFORMATION & DOCUMENTATION) TAIPAQUOTASUPPORT TAIPAQUOTASUPPORT@AIPSO.COM COMPANY UPDATES: LEITE, KAREN KAREN.LEITE@AIPSO.COM ALLISON FIKRI ALLISON.FIKRI@AIPSO.COM APS REWRITE (ISSUES WITH APS-BATCH, EASI ENTRIES, ETC.) APS REWRITE SUPPORT APSREWRITESUPPORT@AIPSO.COM AUTOMATION SUPPORT (RSV TOKENS & PASSWORDS) AUTOMATION.SUPPORT@AIPSO.COM |

| | | |
|--------------------------|-------------------------------|---|
| | | COMPUTER OPERATIONS (EXPORT & RELATED ISSUES) COMPUTER OPERATIONS ComputerOperations@aipso.com |
| | FROST BANK | FROST BANK CONTACT- RYAN BENNETT(VP)- RYAN.BENNETT@FROSTBANK.COM (512) 473-4308 |
| POTENTIAL VENDORS | TEMPORARY OFFICE SPACE | REGUS 855-400-3575 – RENTS OFFICE SPACE HOURLY, DAILY, MONTHLY, ETC. TARGET OFFICE 888-753-1777- RENT OFFICE SPACE PER PERSON MONTHLY |

Exhibit 9

TAIPA PP Over/Under Report

10/23/2023

COMPANY

Year End 2018

Year End 2019

Year End 2020

Year End 2021

Year End 2022

1st QTR 2023

2nd QTR 2023

| | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR |
|---|--------------|---------|--------------|---------|-------------------|--------|-------------------|---------|------|--------|-------------|---------|------|---------|
| 21ST CENTURY CENTENNIAL INS CO (SC) | | 266,162 | | 269,040 | | 82,479 | | 173,295 | | 94,829 | | 148,038 | | 198,806 |
| ACE AMERICA | Entered LAD | | | | | | | | | | | | | |
| AFFIRMATIVE INS CO (co is in liquidation) | | 2,831 | | 2,831 | | 2,831 | Went into storage | | | | | | | |
| AMER FAMILY MUT INS CO SI | New to quota | 6 | | 12 | | 12 | | 12 | | 0 | | 12 | | |
| AMER MERCURY INS CO | | 4,047 | Entered LAD | | | | | | | | | | | |
| AXA INS CO | | | New to quota | 3 | | 21 | | 50 | | 59 | | 59 | | 59 |
| BERKLEY INS CO | | | | | Became grouped | | | | | | | | | |
| BRANCH INS EXCH | | | | | | | | | | 56 | Entered LAD | | | |
| CLEARCOVER INS CO | | | | | | | Entered LAD | | | | | | | |
| DIRECT GEN INS CO | | | | | Became grouped | | | | | | | | | |
| FIRST CHICAGO INS CO | | | | | | | | | | | | | | |
| FREESTONE INS CO | | 443 | | 443 | Went into storage | | | | | | | | | |
| GENERAL SECURITY NATL INS CO | | | | | | | | | | | | | | |

TAIPA PP Over/Under Report

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COMPANY

Year End 2018

Year End 2019

Year End 2020

Year End 2021

Year End 2022

1st QTR 2023

2nd QTR 2023

| | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR |
|---|-------------------|---------|-------------------|---------|-------------------|---------|--------------|---------|-------------|---------|--------------|---------|---------|---------|
| GO-AUTO INS CO | | | | | | | | | | 6 | | | | |
| GOVERNMENT EMPLOYEES INS CO | | 63,079 | | 55,194 | | 28,150 | | 58,246 | | 73,402 | Entered LAD | | | |
| GREENWICH INS CO | | | | | | | New to quota | 1 | | 21 | | 36 | | 54 |
| HALLMARK COUNTY MUT INS CO | 440,802 | | 440,404 | | 440,269 | | 440,169 | | 440,105 | | 440,075 | | 440,046 | |
| HOMEOWNERS OF AMER INS CO | | 4,639 | Went into storage | | | | | | | | | | | |
| HOUSTON GENERAL INS EXCH (co is in liquidation) | | | New to quota | 26 | New to quota | 190 | | 235 | | 249 | | 249 | | 249 |
| ICM INS CO | Went into storage | | | | | | | | | | | | | |
| INTEGON NATIONAL INS CO | | 201,462 | | 249,885 | | 185,414 | | 207,690 | | 271,688 | | 291,575 | | 241,079 |
| MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO) | 330,038 | | 330,038 | | Went into Storage | | | | | | | | | |
| MIDVALE IND CO | New to quota | 1 | | | | | | | | | | | | |
| NATIONAL UNITY INS CO | | | | | | | | | | | New to quota | 171 | | |
| NOBLR RECIPROCAL EXCHANGE | | | | | | | | | Entered LAD | | | | | |
| RIVERPORT INS CO | New to quota | 51 | Entered LAD | | | | | | | | | | | |

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Year End 2018

Year End 2019

Year End 2020

Year End 2021

Year End 2022

1st QTR 2023

2nd QTR 2023

| | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR |
|--|----------------------|---------|---------|---------|---------|---------|--------------|---------|--------------|--------------|---------|---------|---------------|---------|
| SPINNAKER INS CO | | | | | | | | | Co is in LAD | 5 | | | | |
| STARR INDEMNITY & LIABILITY CO | Went into storage | | | | | | | | | | | | | |
| STATE FARM MUT AUTO INS CO | | 170,618 | | 147,124 | | 104,343 | Entered LAD | | 15 | Co is in LAD | | | | |
| SUSSEX INS CO (prior Companion Pro & Cas Ins Co) Effective 12/31/2017, Sussex Ins Co merged into CLARENDON NATIONAL INS CO | CO / Inactive Merged | | | | | | | | | | | | | |
| TEXAS FARM BUREAU CAS INS CO | | 57,078 | | 44,783 | | 36,078 | Entered LAD | | | | | | | |
| TREXIS ONE INS CORP (prev co ALFA SPECIALTY INS CORP) | | 138 | | 659 | | 663 | | 613 | 377 | | | 313 | | 237 |
| UNITED SEC HEALTH & CAS INS CO/UNITED SECURITY INS CO | | | | | | | | | | 3 | | 6 | | 15 |
| UNIVERSAL NORTH AMERICA | Went into storage | | | | | | | | | | | | | |
| VAULT RECIPROCAL EXCHANGE | | | | | | | New to quota | 17 | | 155 | | 242 | Entered LAD | |
| WINDHAVEN NATIONAL INS. CO (10348 ATX PREMIER INS CO) Co is in receivership as of 03/05/2020 | | 285 | | 442 | | 88 | | 10 | | 3 | | | CO zeroed out | |
| TOTALS | 770,840 | 770,840 | 770,442 | 770,442 | 440,269 | 440,269 | 440,169 | 440,169 | 440,497 | 440,476 | 440,388 | 440,388 | 440,283 | 440,262 |

Out of balance -21. Sent email to AIPSO See State Farm +15 & Amer Family Mut 0, Spinnaker -5

Out of balance -21. Sent email to AIPSO

| | | | | | | | |
|------------------|-----------|-----------|-----------|-----------|---------|-----------------|-----------------|
| PREMIUMS WRITTEN | 2,346,137 | 1,785,296 | 1,262,528 | 1,000,446 | 928,016 | 1st qtr 327,481 | 2nd qtr 345,484 |
|------------------|-----------|-----------|-----------|-----------|---------|-----------------|-----------------|

440,482 440,483 -1
440,497 440,476

TAIPA OTPP Over/Under Report

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COMPANY

Year End 2018

Year End 2019

Year End 2020

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Year End 2022

1st QTR 2023

2nd QTR 2023

| | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR |
|------------------------------------|--|--------|--------------|------|---|-------|---------|--------|------------------------|--------|--------------|--------|---------|--------|
| ACCIDENT INS CO | | 154 | | 243 | Entered CLAD | | | | | | | | | |
| AMALGAMATED CAS INS CO | Entered CLAD | | | | | | | | | | | | | |
| AMER BANKERS INS CO OF FLORIDA | Became ungrouped co has no Vol Premium (co w/ quota moved to Diamond StateCo is in a CLAD) | | | | | | | | | | | | | |
| AMER CONTRACTORS INS RISK RET. GRP | Went into storage | | | | Started writing again 16,743 out of storage in 2020 | | | 19,797 | | 21,815 | | 22,432 | | 22,928 |
| AMER COUNTRY INS CO | | | | 767 | | 1,535 | | 1,535 | Company has zeroed out | | | | | |
| AMER MERCURY INS CO | | 12,787 | Entered CLAD | | | | | | | | | | | |
| BERKLEY CAS CO | | | | | | | | | | | | | | |
| BRITISH AMERICAN INS CO | 1,489 | | 1,067 | | 822 | | 611 | | 264 | | 121 | | 5 | |
| CIMARRON INS CO INC | | | | | | | | | | | New to quota | 47 | | |
| CLEAR SPRING PROP & CAS CO | | | | | | | | | | | New to quota | 3 | | 5 |
| GATEWAY INS CO | | | | | | 2,739 | | | | | New to quota | 22 | | |
| GENERALI US BRANCH | | | | | | | | | | 1 | | 1 | | 1 |
| GOVERNMENT EMPLOYEES INS CO | 24,233 | | 485,639 | | 478,955 | | 463,695 | | 451,023 | | 447,799 | | 445,206 | |

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Year End 2018

Year End 2019

Year End 2020

Year End 2021

Year End 2022

1st QTR 2023

2nd QTR 2023

| | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR |
|--|---------|-----------|---------------------------------|-----------|----------------|-----------|---------|-----------|---------------------------|-----------------------|---------|-----------|-----------------|-----------|
| HOUSING ENTERPRISE INS CO INC | | 6 | | 12 | | 12 | | 12 | | 12 | | 12 | | 12 |
| HOUSTON GENERAL INS EXCHANGE (co is in liquidation) | | | | | | | | 372 | | 372 | | 372 | | 372 |
| INTEGON NATIONAL INS CO | | 1,715,041 | | 1,764,552 | | 1,775,103 | | 1,874,186 | | 1,829,273 | | 1,825,934 | | 1,822,132 |
| INTREPID INS CO | | | New to quota | 1 | Became grouped | | | | | | | | | |
| LUMBERMENS CAS INS CO | | | | | | | | | | Generated in error | 23 | corrected | | |
| MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO & Penn General) | 414,900 | | Went into storage | | | | | | | | | | | |
| MID-CONTINENT CAS CO | 746,030 | | 744,560 | | 743,230 | | 742,224 | | 740,792 | | 740,379 | | 740,046 | |
| MIDVALE IND CO | | | | | | | | | | | | | New to quota | 42 |
| MOTORISTS COMM MUT INS CO (co has zeroed outprev Amer Hardware Mut Ins Co) | 27,086 | | 27,086 | | 27,086 | | 27,086 | | Company has zeroed out | | | | | |
| NEXT INS US CO | | | | | | | 49 | | 566 | Entered CLAD | | | | |
| NUTMEG INS CO | | | | | | | | | | New to quota | 55 | | | 100 |
| OKLAHOMA SURETY CO | 679,207 | | 677,660 | | 676,507 | | 675,699 | | 674,694 | | 674,372 | | 674,113 | |
| PREFERRED PROFESSIONAL INS CO | | | | | | | | | | New to quota | 54 | | | 97 |
| RIVERPORT INS CO | | 83 | their adj zeroed them out | 0 | Became grouped | | | | | | | | | |

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Year End 2022

1st QTR 2023

2nd QTR 2023

| | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR | OVER | UNDR |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| SAMSUNG FIRE & MARINE INS CO | | | | | | | | | | 2 | | 2 | | 3 |
| STARNET | | | | | | | Entered CLAD | | | | | | | |
| STATE FARM MUT AUTO INS CO | | 123,853 | | 127,745 | | 104,930 | Entered CLAD | | | | | | | |
| TEXAS FARM BUREAU CAS INS CO (prev Southern Farm Bur) | | 28,473 | | 29,789 | | 29,114 | Entered CLAD | | | | | | | |
| TEXAS HOSPITAL INS EXCH | | 12,469 | | 12,824 | | 13,086 | | 13,280 | | 13,498 | | 13,551 | | 13,594 |
| TIG INS CO | New to quota | 79 | | 79 | | 81 | | 84 | | 84 | | 84 | | 84 |
| TRISURA INS CO | | | | | | | | | | | New to quota | 79 | | |
| ULLICO CAS CO | Went into storage | | | | | | | | | | | | | |
| WATFORD INS CO | | | | | | | | | | 1,150 | Entered CLAD | | | |
| TOTALS | 1,892,945 | 1,892,945 | 1,936,012 | 1,936,012 | 1,926,600 | 1,926,600 | 1,909,315 | 1,909,315 | 1,866,773 | 1,866,773 | 1,862,671 | 1,862,671 | 1,859,370 | 1,859,370 |

| | | | | | | | |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------------|------------------------|
| PREMIUMS CREDITED | 1,679,205 | 1,953,284 | 1,737,041 | 1,695,128 | 1,750,543 | 496,278 1st qtr | 406,324 2nd qtr |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------------|------------------------|