

**Texas Automobile Insurance Plan Association Governing Committee Meeting**  
**Friday, April 5, 2024 – 9:00 A.M.**  
**Austin Marriott South**  
**4415 S I-35 Frontage Rd, Austin, TX 78744**  
**& Via Zoom Meeting**

Topic: TAIPA Annual Meeting & Governing Committee Meeting - Friday, April 5th, 2024  
Time: Apr 5, 2024 08:30 AM Central Time (US and Canada)

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**Texas Automobile Insurance Plan Association Governing Committee Meeting**  
**Meeting Agenda**  
**Friday, April 5, 2024 – 9:00 A.M.**  
**Austin Marriott South**  
**4415 S I-35 Frontage Rd, Austin, TX 78744**

1. Call to Order
2. Introductions
3. Reading of the Anti-Trust Statement
4. Conflict of Interest Disclosures
5. Election of Officers\*
6. Chair's Report
  - A. Thank you to Becky Jackson for serving as Chair for the previous 2 years.
  - B. Welcome Melissa Herman from TDI
  - C. Thank you to John Mooney from TDI
  - D. Strategic Planning Subcommittee opening for a company member
7. Review and Approval of the Minutes of the November 17, 2023, Meeting (Exhibit 1)
8. Review and Approval of the Minutes of the March 6, 2024, Special Meeting (Exhibit 2)
9. Manager's Report
  - A. Application Count Update
    - I. For Yearend 2023 (Exhibit 3)
    - II. As of February 2024 (Exhibit 4)
  - B. Financial Update –
    - I. For Yearend 2023(Exhibit 5)
  - C. LAD Verification Completed
  - D. Update on List of Active Producers on TAIPA's website
  - E. Administrative Rules (Exhibit 6)
  - 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 7).
10. Audit/Finance Committee Report
  - A. Audit Engagement Letter (Exhibit 8)
11. Operation Subcommittee Report
  - A. Over/Under Report (Exhibit 9)
  - B. Study of Future Method of Determining TAIPA Rates including legislative changes

12. Report of Counsel

A. Discussion of Rate Filing

13. Next Meeting – August 16, 2024

14. Personnel Matters\* –Closed session

A. Manager’s Review\*

15. Adjournment

The Governing Committee may act 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 act.

# Exhibit 1

**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**

*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 3<sup>rd</sup> 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 act 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 act.

### 1. Call to Order

Chair Becky Jackson called the meeting to order at 9:00am.

### 2. Introductions/Roll Call

Chair Jackson requested Stacy Dutton call roll of the attendees.

#### Attendees:

Keith Weschler	Janet Dewey
Matthew Snyder	Ramon Montalvo
Brian Ferguson	Adam Payton
Doug Queenin	Kit Morris
John Lusardi	Michael Jones
Michael Burke	John Mooney
Adam Hall	Talia Bright
David Weber	Stacy Dutton
Becky Jackson	Mimi Leece
Carmelita Hogan	Ruth Wise
Mary Carol Awalt	Amanda Reynolds
Laura Hausman	Kit Morris
Betsy Blair	Ron Weist
	Kenisha Schuster

### 3. Reading of the Anti-Trust Statement

Chair Jackson asked Stacy Dutton to read the Anti-trust statement.

#### TAIPA Anti-Trust Statement

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

#### **4. Conflict of Interest Policy/Disclosures**

Ms. Jackson requested Mike Jones go over the TAIPA of Interest Policy for the Governing Committee members.

#### **5. Review and Approval of the Minutes of the August 18, 2023 Meeting (Exhibit 1)**

Chair Jackson requested John Lusardi to go over the minutes of the last governing committee meeting. John Lusardi asked the committee for any questions or edits for the August 18, 2023 Governing Committee meeting. No questions or edits were stated. Chair Jackson asked for a motion to accept the August 18, 2023 Governing Committee meeting minutes. The motion was made by Ramon Montalvo, the motion was seconded by John Lusardi. The motion passed unanimously.

#### **6. Chair's Report**

Chair Jackson went over changes to the TAIPA governing committee and subcommittees:

- Ms. Jackson announced Betsy Blair as the new public member of the governing committee.
- Ms. Jackson announced Adam Hall as Mike Voigt's replacement from Texas Farm Bureau as the AFACT representative. Chair Jackson thanked Mike Voigt for his service on TAIPA's governing committee.
- Ms. Jackson announced Doug Queenin as Mike Hass's replacement from Liberty Mutual as an At-Large member. Chair Jackson thanked Mike Hass for his service on TAIPA's governing committee.
- Chair Jackson thanked the company Governing Committee Members who volunteered to fill the open subcommittee positions. Brian Ferguson joined the Operation Subcommittee, and Keith Wechsler joined the Strategic Planning Subcommittee.

#### **7. Manager's Report**

Chair Jackson asked Stacy Dutton to go over the manager's report:

##### **A. Application Count Update as of October 2023 (Exhibit 2)**

Ms. Dutton stated that TAIPA received 195 applications in October 2023 which is an increase of 86 or 78.9% of applications compared to 109 applications received in October of 2022.

Year to date through October 2023, TAIPA has received 1480 applications. This is an increase of 302 applications, or a 25.64% increase compared to 1178 applications received January to October 2022.

Ms. Dutton explained that TAIPA expects to end 2023 at 1776 applications which is higher than originally expected.

Discussion:

John Lusardi asked if TAIPA knew how many applications have been received for November 2023 so far. Ms. Dutton said she was not sure the exact amount received, but that staff had felt that the pace of applications had remained steady.

### **B. Time Study (Exhibit 3)**

Ms. Dutton stated that at the August 2023 meeting, TAIPA staff was asked to determine how many applications current staff can process. To determine this, staff performed a time study with TAIPA's current staff at the current level of applications:

- 10.32 minutes to process a non-problem application from the time the application comes into the office until it leaves the following day.
- 13.42 minutes to process a problem application the first day it arrives at the office.
  - TAIPA staff implemented a process to try to resolve any problems by contacting the producer by phone and email the first day a problem application is received.
  - If staff is unable to resolve the problem application that day, it will take additional days and multiple communications for the application to leave the TAIPA office.
  - Therefore, 1.5 times the 13.42 minutes was used for the analysis.

Stacy Dutton explained this equates to an employee being able to process 40 Non-Problem Applications per day or 21 problem applications per day if staff did no other work. Ms. Dutton stated that staff had recently received 40 applications in one day and staff were able to process all 40 applications the first day in 4 hours, then sent the applications out the following day in 3.5 hours.

Stacy Dutton stated that from the study, we determined that if current staff did nothing but applications all day, staff could handle between 14,607 to 16,444 applications per year depending on the volume of problem applications.

- 14,607 represents one employee working on problem applications and the other working on regular applications all day. This would mean that 50% of the applications received in a day were problem applications.
- 15,067 represents 45% of employees' time working on problem applications. Ms. Dutton stated that it is anticipated that if volume increases substantially TAIPA will have more problem applications (at least initially) due to new producers not having worked with our applications system previously.
- 16,444 represents 30% of the employees' time working on problem applications.

Ms. Dutton explained that currently the applications that TAIPA receives generally have problems with 30% of the applications. It is expected that applications from new producers would probably increase the problem applications initially.

Stacy Dutton stated that employees on average spend 36% of their time on applications and 64% spent on other work. She explained that TAIPA would want to hire another



person in the Administrative Assistant/Customer Service position if our applications started averaging 500 per month/6000 per year because:

- TAIPA would need another person up and trained before applications became even heavier and to allow our current employees to be able to:
  - Continue working on other work outside of applications,
  - Take vacation and/or sick days without causing burdens on the other employees,
  - Handle turnover in any position at TAIPA,
  - Avoiding burnout from not doing anything but processing applications all day.

Ms. Dutton explained she does not see TAIPA receiving 25 applications per day/500 applications per month/6000 applications in 2024 because at the current rate of increase TAIPA expects to end 2023 around 1776 applications received.

She went on to explain that a lot of Texas insureds are seeing a 20% increase on their automobile insurance premiums. Taking this into consideration, Ms. Dutton also completed a study for 79% volume increase (October 2023) vs 25% increase in TAIPA volume:

- In this study it is assumed that we continue to increase our volume at 79% per year, TAIPA's 2024 estimated applications would be 3300 applications. If TAIPA volume continues to grow at 79% per year, TAIPA would get to 6000+ applications near the end of 2025 or early 2026.

Discussion:

David Weber asked if the problem applications were mostly coming from new agents who are newly certified. Staff stated that most problem applications that are submitted are small mistakes not necessarily made by newly certified agents. Ms. Leece added that there has been an increase of TAIPA certifications.

Mr. Weber noted that if more new agents are becoming certified with TAIPA, then it may be helpful to provide some online training to avoid these problem applications.

John Lusardi added that there have been 400 new agents certified in California and 100 new agents certified in New York.

Keith Weschler asked if there is a historical time of an increase in volume. Stacy Dutton stated that if you see a large increase in volume, it is generally due to changes in government. Mike Jones added that years ago TAIPA was competitive with the voluntary insurance market and that caused an increase in volume such as 700,000-800,000.

Brian Ferguson asked if there are opportunities for processing efficiency improvements or technology improvements to bring the time down any further. Stacy Dutton stated that new producer training would help get time down for handling applications. It was discussed that posting active and certified agents on TAIPA's website would cut down call time for insureds calling in search for insurance.

**C. The Financial Update as of September 2023 is in (Exhibit 3)**

Ms. Dutton stated TAIPA's financials through September 2023 are within the 5% budget leeway or under budget in every expense category right now. TAIPA is expected to end on or under budget for 2023 in every category except actuaries.

Ms. Dutton explained that this is because TAIPA moved to Burkhalter Actuarial Group at the August 2023 Governing Committee meeting and their bid was \$9000. She also noted that additional analysis is needed on where TAIPA's rates really should be, therefore it is unknown the total year end cost for TAIPA's actuarial services.

Ms. Dutton stated that TAIPA had its first experience with check washing. A check for \$5,530 that was mailed was stolen and a person recreated a check made out to an individual for \$35,530. Mimi Leece checked the bank and saw the check pending. Ms. Dutton and Ms. Leece spoke with Frost bank and were able to stop the check in time. TAIPA has now implemented a process with Frost bank where the bank will have a copy of all checks that are processed, if they do not have a copy of the check, they will not process the payment.

**D. Line of Credit Renewal**

Ms. Dutton stated that Frost approved TAIPA's \$300,000 line of credit which is in place until September 2024.

**E. 2023 Review of 3<sup>rd</sup> Party Relationships & TAIPA Recommendations (Exhibit 4)**

Stacy Dutton noted that TAIPA has ongoing relationships with TAIPA's attorney, auditor, system consultant. She noted that TAIPA has a new auditor as of 2023. Ms. Dutton went on to explain the document in exhibit 4, which outlines the services each provide and the expected changes in costs between 2023 and 2024.

Ms. Dutton pointed out that there was an error in last year's report which had stated that counsel Mike Jones' billing rate would remain at \$340 for 2023. She noted that his rate increased to \$350 for 2023.

- **Legal**

Stacy Dutton stated that Mike Jones from Thompson Coe has been TAIPA's attorney since the early 1990s. She stated that Mr. Jones has a good knowledge of TAIPA's history, business, rates, and legal issues.

Mr. Jones has asked for a 5% increase in his legal rate. Mr. Jones has also provided TAIPA with an estimate of \$20,000 for his legal fees for a 2024 TAIPA rate hearing.

TAIPA staff recommends continuing our relationship with Mike Jones and Thompson Coe for 2024.

Becky Jackson requested a motion whether to continue the relationship with Mike Jones and Thompson Coe for 2024. David Weber made a motion; Adam Payton seconded the motion. The motion passed unanimously.

- **Actuary**

Stacy Dutton stated that the Governing Committee elected to use the Burkhalter Group for TAIPA's actuary services for developing TAIPA's 2024 rates. Ms. Dutton stated that the actuaries had not received the needed information to do this additional rate review until a week before the meeting, therefore they were still reviewing all the information.

Ms. Dutton explained that for 2024, TAIPA added \$35,000 for the actuary's work to prepare and defend the rates if we have a rate hearing. She noted that if a rate hearing is needed for the 2024 rates, another hearing would likely not be needed for 2025 rates. She stated that the Burkhalter Group determined that the \$9,000 rate they quoted initially for the 2024 rates would still be a good estimate for the 2025 rates.

TAIPA staff recommends continuing our relationship with the Burkhalter Group as our actuary for 2024.

Becky Jackson requested a motion to continue the relationship with The Burkhalter Group for 2024. Ramon Montalvo made a motion; the motion was seconded by John Lusardi. The motion passed unanimously.

- **Auditors**

Ms. Dutton stated that TAIPA has worked with Atchley and Associates since 2007. Tyler Mosley is our Sr. Auditor and has worked closely with TAIPA staff over the years to understand our business. For 2024, Tyler's billing rate increased by \$25 per hour, however TAIPA did budget slightly less because it is not anticipated having as many questions for Atchley as in the past. This is due to knowledge staff have gained from working Mr. Mosely and Atchley associates.

TAIPA staff recommends continuing our relationship with Tyler Mosley and Atchley and Associates as TAIPA's auditors for 2024.

Becky Jackson requested a motion to continue the relationship with Atchley and Associates for 2024. Matt Snyder made a motion to accept the motion, Keith Weschler seconded the motion. The motion passed unanimously.

- **Systems**

Ms. Dutton stated that TAIPA has worked with AIPSO, a system provider for the application processing and quota for many years. She noted that TAIPA has developed a good working relationship with AIPSO.

She explained that AIPSO's data services hourly rate decreased by \$3 per hour for 2024, EASi Maintenance remained the same, and programing increase \$4 per hour (TAIPA has not used programing in years).

TAIPA staff recommends continuing the relationship with AIPSO as TAIPA's System provider for Application processing and quota for 2024.

Chair Jackson requested a motion to continue the relationship with AIPSO for TAIPA's System Provider for their application processing and quota for 2024. Adam Payton made a motion; David Weber seconded the motion. The motion carried. John Lusardi and Keith Weschler abstained from the vote.

F. **2024 Budget (Exhibit 5)**

Ms. Dutton stated that TAIPA has asked for a budget of \$1,147,960.00 which is an increase of \$110,947 over TAIPA's 2023 budget.

- She stated that the biggest change in this budget is that TAIPA added a rate hearing for the 2024 rates. It is expected that the actuaries will determine that there is a need to increase TAIPA rates by more than 5%, causing a rate hearing. Due to the new rate hearing process being new, the budget that is prepared has the estimated cost for worst case scenario with an estimated cost of \$20,000 for legal time and \$35,000 of our actuaries' time.
- Ms. Dutton also noted that 4 new workstations were included in the budget because the 4 original workstations are nearing end of life. TAIPA cannot extend the warranties on these workstations and TAIPA's IT provider will not work on end of life workstations within the agreement.
- She explained that TAIPA is currently contributing \$100,000 to the pension. The plan sponsors strongly suggested that we continue making that same contribution for 2024 even though the required contribution is \$78,012. TAIPA has budgeted \$90,000 because TAIPA's plan is in better shape than some of the plans in the PPIO group.

Chair Jackson requested a motion to accept TAIPA's proposed budget of \$1,147,960.00. John Lusardi made a motion; the motion was seconded by Matt Snyder. The motion passed unanimously.

Ms. Dutton stated that although the proposed budget is \$1,147,960.00, TAIPA is asking for an assessment of \$994,360.00, which is \$127,360.00 higher than the 2023 assessment.

Chair Jackson requested a motion to accept TAIPA's assessment to the companies for \$994,360.00 for 2024. David Weber made a motion; the motion was seconded by John Lusardi. The motion passed unanimously.

#### G. **2024 Meeting Dates and Location of all 2024 Meetings (Exhibit 6)**

Stacy Dutton announced the approved 2024 Governing Meeting dates as:

- Friday, April 5, 2024
- Friday, August 16, 2024
- Friday, November 22, 2024

All three meetings will be held via zoom as well as in-person at the Austin Marriott South located at 4415 South IH 35 Austin, TX 78744.

#### 8. **Strategic Planning Subcommittee Report**

Chair Jackson turned the meeting over to Mary Carol Awalt to give the Strategic Planning Subcommittee report. Ms. Awalt stated that the Strategic Planning Subcommittee met on October 6<sup>th</sup>, 2023.

Ms. Awalt explained that the Strategic Planning Subcommittee is tasked with reviewing and making recommendations regarding TAIPA's: office space, long-term contracts, review any significant changes for the organization, staffing levels, as well as review TAIPA's Enterprise Risk Management Plan Annually.

- Office Space:  
As you may recall, the Governing Committee approved TAIPA to stay in its current office location and TAIPA renewed its lease in early 2023.
- Long Term Contracts:  
The committee reviewed TAIPA's long term contracts and long-standing 3<sup>rd</sup> Party relationships voted on previously.
- Significant Changes:  
The committee discussed concerns about the possibility that TAIPA may become something other than the choice of last resort for auto liability insurance in Texas. Ms. Awalt explained that is because many if not most insurance companies have had more than one double digit increase in their rates whereas TAIPA has only had one 5% increase.

TAIPA staff reviewed several items that point to there being a need to increase TAIPA's rates as well as what they have done to counter the possibility of TAIPA becoming something other than the choice of last resort for auto liability insurance.

- The Governing Committee asked the actuaries to look at more than just the loss costs in determining what TAIPA's rate should really be.

- Reviewed changes in the make-up of their applications:
  - Traditionally TAIPA has received:
    - 90% private passenger applications and 10% other than private passenger (commercial) applications
    - It has changed in recent years to:
      - 85% to 15% in 2019
      - 80% to 20% in 2021
      - 85% to 15% Year to Date 2023

TAIPA staff reviewed the TAIPA premiums the companies reported at year end 2022 compared to the TAIPA premiums TAIPA sent them. It was found that Private Passenger premiums reported to TDI for 2022 were \$109,235 less than what TAIPA had assigned to the companies, and commercial premiums were \$567,441 more than what TAIPA had assigned to the companies. Ms. Awalt noted that this could be interpreted to mean that TAIPA's rates are low enough to motivate the insureds to maintain their policy and renew it without going back through TAIPA.

Ms. Awalt stated that in past discussions with carriers and industry documentation, TAIPA came to understand that industry average of TAIPA insureds renewing with the carrier without coming back through TAIPA is between 25% and 35%. Taking that into consideration, it appears that private passenger renewals are down considerably and commercial are within the average.

Mary Carol Awalt stated the committee also reviewed where TAIPA rates were compared to other insurance companies on TDI's Help Insure website.

- TAIPA was not the least expensive option in any of the scenarios.
- That said, it wasn't as close to the bottom as you might expect for an applicant that has been turned down by two insurance companies.

MS. Awalt explained that staff also did a break-even analysis to see where TAIPA would break even if we spent the \$55,000 on a rate hearing.

- TAIPA staff didn't count the first 5% since this can be obtained without a rate hearing.
- It was found that TAIPA would break even in the first year if the rates went up 10% or more in all categories except private passenger applications if TAIPA maintained 2022 application volume.

- Staffing  
TAIPA continues to maintain the staffing level they adopted in 2018 including an Association Manager, Manager of Operations/Financial Management, two Administrative Assistant/Customer Service. The Strategic Subcommittee agreed that this is the correct staff level needed through 2024.

- Enterprise Risk Management

Ms. Awalt went over TAIPA staffs changes to the Enterprise Risk Management Manual which was included in the exhibits. She stated that TAIPA staff made updates to: contacts, telephone training on the Zulty's phone application, updated staffing risks in regards to increase applications and turn over or retirement.

Ms. Awalt stated that Strategic Planning Subcommittee recommended accepting the Enterprise Risk Management Plan 2.0.

There were no further questions from the committee. Chair Jackson requested a motion to approve the Enterprise Risk Management Plan 2.0 for 2024. Ramon Montalvo made a motion; the motion was seconded by David Weber. The motion passed unanimously with no abstentions.

## 9. Operations Subcommittee Report

Chair Jackson turned the meeting over to David Weber to go over the Operations Subcommittee report. Mr. Weber stated that the operation subcommittee has not met due to the committee not having anything to study.

Mr. Weber then went over the Over and Under report.

### Over/Under Report (Exhibit 8)

Mr. Weber noted:

- There was nothing significant to report on the TAIPA Other Than Private Passenger Over/Under report.
- The TAIPA Private Passenger Over/Under report showed incorrect.
  - American Family Mutual Insurance Company should have an underage of 12. For Year End 2022 it shows 0 on the report. The underage was correct for first quarter 2023 but was zeroed out again for 2<sup>nd</sup> quarter 2023.
  - State Farm entered into a LAD in 2021 so it should not have an overage or underage. Year end 2022 shows an overage of 15.

Mr. Weber explained that AIPSO agreed to review and correct the report next quarter. This concluded the Operations Subcommittee report.

## 10. Report of Counsel

Chair Jackson turned the meeting over to Mike Jones to give his report of counsel and update on the 2024 rate filing.

Mr. Jones explained that TAIPA can only request a rate filing once with a twelve-month time period. He stated the last rate filing was on January 3<sup>rd</sup>, 2023 with a rate effective date of June 1<sup>st</sup>, 2023. The statute provides that if TAIPA makes a rate filing which exceeds 5% in any coverage then there must be a hearing at the Texas Department of Insurance. Traditionally when rates were fairly stable in the past, TAIPA has weighed the cost of

having a rate hearing to the rate indication. He explained that it has become very evident among the insurance companies that a greater than 5% increase is needed.

Mr. Jones explained that TAIPA has hired the Burkhalter Group to review TAIPA's rates. The Burkhalter groups have been provided with some rate trends and have indicated that the rate increase will be above 10%. Mr. Jones went over the rate hearing timeline as it pertains to the Texas Department of insurance.

Mr. Jones asked the Governing Committee if they would prefer to meet prior to the April 5<sup>th</sup>, 2024 Governing Committee meeting to approve the indicated rates or if the Governing Committee would like to wait to approve the indicated rates until the April 5<sup>th</sup>, 2024 Governing Committee meeting.

John Lusardi stated that he would like to meet before the April 5<sup>th</sup> Governing Committee meeting to go over rates so as not to delay TDI's approval and rate filing further. Keith Weschler and David Weber agreed that a zoom meeting with all of the Governing Committee prior to the April 5<sup>th</sup> Governing Committee meeting to go over the Burkhalter Group's rate indications would be best.

There was discussion regarding the Burkhalter Group's turn around as they have not received all the data needed for a rate study. Mr. Jones indicated that there has not been a set date given for the completion of the rate study but stated that by January 2024 they should know more.

Chair Jackson requested a motion on how to move forward on a rate filing. David Weber made a motion that the information regarding the rate filing should be presented to the Governing Committee at a meeting date determined by TAIPA staff to approve a proposed rate filing with the Texas Department of Insurance. Ramon Montalvo seconded this motion. The motion passed unanimously with no abstentions.

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

Chair Jackson announced the next Governing Committee meeting date as April 5<sup>th</sup>, 2024 held via zoom meeting as well as in-person at the Austin Marriott South. The Annual Meeting will be held April 5<sup>th</sup>, 2024 at 8:30am followed by the Governing Committee Meeting which begins at 9am.

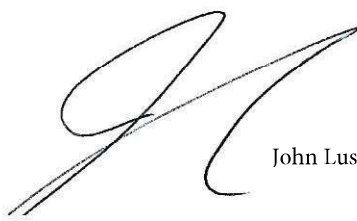
#### **13. Personnel Matters**

Chair Jackson announced that there were no personnel matters.

#### **14. Adjournment**

Chair Jackson requested a motion to adjourn the meeting. John Lusardi made a motion to adjourn, Adam Payton seconded this motion. The motion passed unanimously.

Chair Jackson announced the November 17<sup>th</sup>, 2023 TAIPA Governing Committee Meeting adjourned at 10:20am.



John Lusardi, Secretary



# Exhibit 2

**Texas Automobile Insurance Plan Association Special Governing Committee Meeting  
Zoom Meeting Agenda**

**Tuesday, March 6, 2024 – 9:00 A.M.**

Topic: TAIPA Governing Committee Meeting on Special Rates

Time: Mar 6, 2024, 09:00 AM Central Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/83473727166?pwd=Zkh3TnpWTXA1YWVs4eC93bGhObTZuZz09>

Meeting ID: 834 7372 7166

Passcode: 374026

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• +1 305 224 1968 US

• +1 309 205 3325 US

• +1 312 626 6799 US (Chicago)

• +1 360 209 5623 US

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Meeting ID: 834 7372 7166

Find your local number: <https://us02web.zoom.us/u/kbjrxqVe7F>

*This meeting is being held via zoom, however, if you wish to attend in person, please let us know so that we can ensure that we can accommodate you at the TAIPA Office Building Complex in the Building Management Conference Room, at 807 Las Cimas Parkway, Austin, TX 78746*

**Texas Automobile Insurance Plan Association Special Governing Committee Meeting**  
**Zoom Meeting Agenda**  
**Tuesday, March 6, 2024 – 9:00 A.M.**

1. Call to Order
2. Introductions
3. Reading of the Anti-Trust Statement
4. Conflict of Interest Disclosures
5. TAIPA Rate Filing
  - A. Discussion on Insurer of Last Resort vs. Statute Language
  - B. Statute regarding Rate Standards
  - C. Update
  - D. Proposed Rate Indications and reasons
  - E. Decision on Rates to file for 2024\*
  - F. Discussion of what will most likely happen from here
  - G. Possible Statutory Changes\*
6. 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.

## Attendees

### TAIPA Staff

Stacy Dutton  
Mimi Leece  
Amanda Reynolds  
Ruth Wise

### Governing Committee Members

Keith Wechsler (USAA)  
Matthew Snyder (Farmers)  
Brian Ferguson (State Farm)  
Doug Queenin (Liberty Mutual)  
John Lusardi (Allstate)  
Michael Burke (Travelers Ins)  
David Weber (Hochheim)  
Becky Jackson  
Carmelita Hogan  
Mary Carol Awalt  
Laura Hausman  
Betsy Blair  
Janet Dewey  
Ramon Montalvo III, C.I.C.  
Adam Payton  
Kit Morris

### TAIPA Legal Counsel

Mike Jones

### Others

Matt Stephenson  
Brent McGill  
Anne O’Ryan  
Reagan Elmer  
Birny Birnbaum

### TDI

Eric Hintikka  
Nicole Elliot  
Jason Lester  
Kailyn Boehm  
J’ne Byckovski  
Dan Paschal  
Brock Childs

### OPIC

Melissa Heggen  
Kim Donovan  
Talia Bright  
David Bolduc  
Taylor Richardson

## 1. Call to Order

Chair Jackson called the meeting to order at 9:03 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:

### TAIPA Anti-Trust Statement

The creation and operation of the Texas Automobile Insurance Plan Association is set forth in Chapter 2151 of the Texas Insurance Code.

The Association is a non-profit corporate body composed of all authorized insurers.

The organization was created to provide a means by which insurance may be assigned to an authorized insurer for a person required by the Texas Motor Vehicle Safety-Responsibility Act to show proof of financial responsibility for the future.

Members of the Association and of its Governing Committee, when involved in meetings or other activities of the Association, are bound to limit their discussions and actions to matters relating to the business of the Association and shall not discuss or pursue the business interest of individual insurers or others.

## 4. Conflict of Interest Policy/Disclosures

Chair Jackson turned the meeting over to Mike Jones to go over the Conflict of Interest Policy.

Mr. Jones reminded all Governing Committee members that they have access to TAIPA's Conflict of Interest document. He also reminded the Governing Committee that they are required to avoid voting on any items that they or their company have a vested interest in. He stated that he didn't believe that there would be any conflict of interest issues during this meeting.

## 5. TAIPA Rate Filing

Chair Jackson noted that she called this special Governing Committee to discuss TAIPA's rate filing for 2024.

She stated that before rates were discussed she wanted to discuss the fact that at the last Governing Committee meeting many people referred to TAIPA as the "insurer of last resort." Chair Jackson turned the meeting over to Stacy Dutton for discussion.

### A. Discussion of Insurer of Last Resort vs. Statute Language

Ms. Dutton noted that she had previously spoken to Chair Jackson regarding referring to TAIPA as the insurer of last resort. She noted that that was how TAIPA was referred to by her previous managers so she continued using the term. She stated that she and Ms. Jackson agreed to find out how the statute actually read. She read aloud the statute.

The association shall provide for the assignment of insurance to an authorized insurer for a person required by Chapter 601, Transportation Code, to show proof of financial responsibility for the future.

Ms. Dutton stated that by that definition, everyone that drives in Texas falls into this category, but noted that most don't go through TAIPA for their personal insurance.

Ms. Dutton stated that this was discussed at an Officers' Meeting. Becky was concerned that calling TAIPA the market of last resort is misleading and carries a stigma. Mike Jones indicated that even though the statute doesn't say that TAIPA is the insurer of last resort, it is implied because TAIPA doesn't have the option to turn down an application. Most of the company members indicated that in the insurance industry, most refer to TAIPA-like entities as a Market of Last Resort.

Chair Jackson asked if anyone had any questions or comments regarding this topic. There were no comments or discussion.

#### B. Statute Regarding Rate Standards

Chair Jackson stated since the meeting is regarding TAIPA rates, she wanted to review what the statute says about TAIPA rates. She turned the meeting over to Stacy Dutton to discuss what was stated in the statute. Ms. Dutton read the language of the statute.

Sec. 2151.201. RATE STANDARDS. Rates for insurance provided under this chapter must be:

- (1) just, reasonable, adequate, not excessive, not confiscatory, and not unfairly discriminatory for the risks to which the rates apply; and
- (2) sufficient to carry all claims to maturity and meet the expenses incurred in the writing and servicing of the business.

She also noted that she, Mike Jones, and Matt Stephenson met with J'ne at TDI and some members of TDI's staff to discuss rates. J'ne stated during that meeting that one of the first things her department does when reviewing rate change requests is verify that the submitted rates meet the written statute.

Chair Jackson asked if anyone had any questions or comments about the statute language with regard to TAIPA rates. There were no comments or discussion.

#### C. Update

Chair Jackson turned the meeting over to Mike Jones to give the update that he had given at the officer' meeting in regards to TAIPA's rate filing. Mr. Jones first reminded how TAIPA has done rate filings in the past. He also reviewed the rate filings that TAIPA has made in the past couple of years. He noted that TAIPA hired the Burkhalter Group last year as TAIPA's new actuary. He indicated that our actuary did not receive the benchmark reports until November 2023 and Matt Stephenson has been working with Ken Burton at TDI to understand the data received. He also discussed the February 9<sup>th</sup>, 2024, meeting with himself, members of TDI staff, Matt Stephenson, and Stacy Dutton. He then turned the meeting over to Matt Stephenson for his presentation.

#### D. Proposed Rate Indications and Reasons

Matt Stephenson thanked everyone for selecting the Burkhalter Group for the TAIPA actuary. Matt went through the slides he prepared and discussed the data he used, the data during COVID that he didn't use, and how he smoothed out the data to come up with the rate indicators that he did. When Matt completed his explanation of his indications and his recommendations, he received several questions.

Some members discussed that they thought that the actuary had been too conservative in his recommendations and others thought that the recommendations were possibly too high given that the TAIPA data he had was very limited. Matt indicated that he did try to be very conservative in his entire approach since he was using trends and not actual TAIPA data. He discussed that he also really tried to look at the data the way that TDI would. Matt discussed that

the last three indications (Personal Injury Protection, Uninsured Motorists – BI, and Uninsured Motorists – PD) was 5% so even though the indications for these were much higher, he weighted these much lower than the indications would normally have dictated. He also discussed that there were some coverages that seemed to be in a state of flux right now so it was difficult to say exactly which way they would go in the long run. Some discussed that because of Matt's very conservative approach, they thought that at least the Private Passenger Bodily Injury recommendation should have been closer to the findings and felt that this was basically shown in the open market and documented in multiple articles about insurance. Matt was asked if he had looked at strictly TAIPA trends especially since the TAIPA coverages were so much lower than what is generally selected in the open market. The thought was that the severity trends would probably be lower since there is less coverage. Matt indicated that he had researched TAIPA data to the degree possible but found that around 25% of TAIPA's data was not reported anywhere because it is for non-owner policies. That along with the fact that TAIPA's volume is already too low to be statistically insignificant made that difficult at best.

#### E. Decision on Rates to file for 2024\*

Becky Jackson suggested that TAIPA go with Matt's recommendation given that Matt had indicated that some things were in flux and with the market and 15% change for some of the TAIPA insureds was already going to be quite a bit. Several Governing Committee members indicated that they agreed with this thought.

John Lusardi indicated that although he felt that the rates should be closer to the indications than they were, he did not think that a motion for this would be successful, so he made the motion to accept Matt's recommendations for TAIPA's rate filing with the thought that it was at least progress.

The motion to accept the indicated rates for Private Passenger at 15.1%, Commercial at 12.7% and 20% for BI was seconded by Ramon Montalvo. A vote was taken. Janet Dewey abstained, and the motion carried.

#### F. Discussion of what will most likely happen next

The meeting was turned over to Mike Jones to explain the rate filing and rate hearing process. He stated that Matt Stephenson will put together the filing packet which will be filed on or before March 14<sup>th</sup>, 2024. TDI will post notice of the filing with the Secretary of State's office for publication in the Texas Register. TDI has 45 days from filing to set up a rate hearing. Mr. Jones and Mr. Stephenson will attend the hearing and answer any questions that may come up. He said that there is no timeline for how long TDI will take to make a decision. He explained that the commissioner can either approve, disapprove or modify the filing. If the decision is that the filing is disapproved or needs modification, TAIPA will modify the filing and refile within 10 days and another hearing would be held. Once the rates are approved, TAIPA will inform companies of the new rates with 90 days to make the necessary changes. The proposed rates would most likely go into effect on September 1, 2024.

Chair Jackson asked the meeting if there were any questions or comments regarding this. There were none.

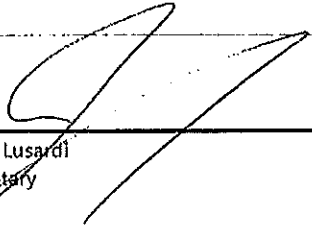
#### G. Possible Statutory Changes\*

Chair Jackson noted that at the officers' meeting there was ongoing concern about whether TAIPA's current method for determining rates is still effective. She noted that David Weber asked to address this concern with the Governing Committee. She turned the meeting over to David Weber for his presentation.

Mr. Weber noted that due to TAIPA's shrinking application count, TAIPA data is not going to be reliable because it will be no longer statistically significant. Mr. Weber proposed that TAIPA look into a different method to calculate TAIPA's rates. He stated that TAIPA does not have all of the information or capabilities that are needed to determine what the new method should be yet. He suggested that TAIPA start studying the problem now, come up with solutions and if necessary try to get a legislative change by 2027.

Chair Jackson asked for a motion to move forward with David Weber's suggestion that TAIPA send this issue to the Operations Subcommittee to discuss how TAIPA will determine rates in the future. Matt Snyder made the motion. John Lusardi seconded the motion. The motion carried unanimously.

6. Adjournment Chair Jackson asked for a motion to adjourn the meeting. David Weber gave the motion and the motion carried. The meeting was adjourned at 10:34 AM.

X 

John Lusardi  
Secretary

3/25/2024



# Exhibit 3

## Monthly Total (December 2023)

	Private Passenger	Commercial
<b>EASi Applications</b>	150	23
<b>Paper Applications</b>	0	0
<b>Total Applications Received</b>	<b>150</b>	<b>22</b>
<b>Applications Assigned</b>	144	18
<b>Apps Returned for Correction</b>	6	4
<b>Applications Deficient</b>	4	0
<b>Applications with SR-22s</b>	0	0
<b>Total Applications Received in December 2022:</b>		<b>101</b>
<b>Total Applications Received in December 2023:</b>		<b>172</b>

## Year to Date Total (as of December 2023)

	Private Passenger	Commercial
<b>EASi Applications</b>	1606	251
<b>Paper Applications</b>	0	0
<b>Total Applications Received</b>	<b>1556</b>	<b>242</b>
<b>Applications Assigned</b>	1525	233
<b>Apps Returned for Correction</b>	31	7
<b>Applications Deficient</b>	64	5
<b>Applications with SR-22s</b>	34	0
<b>Total Applications Received YTD (as of December 2022):</b>		<b>1,386</b>
<b>Total Applications Received YTD (as of December 2023):</b>		<b>1,798</b>
<b>YTD Percent Change from December 2022 to December 2023:</b>		<b>29.73%</b>

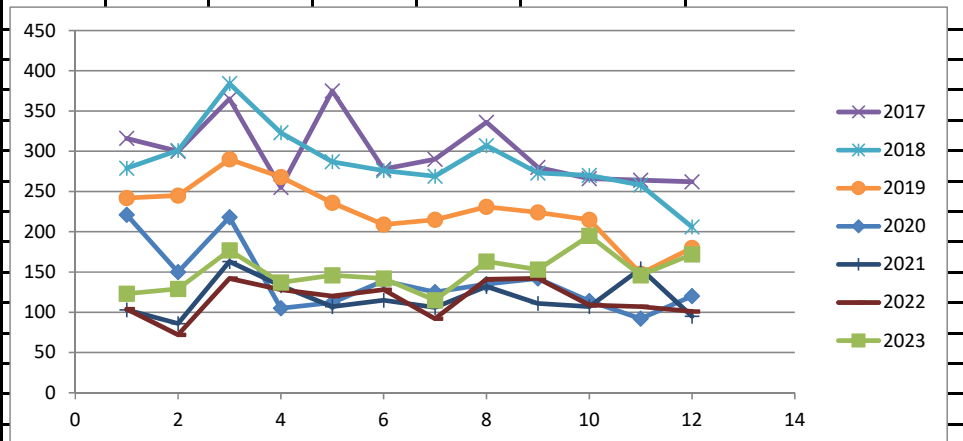
## Application Assignment History\*

<b>2000:</b> 44,945	<b>2008:</b> 12,896	<b>2016:</b> 3,089
<b>2001:</b> 53,477	<b>2009:</b> 10,299	<b>2017:</b> 3,508
<b>2002:</b> 66,153	<b>2010:</b> 8,725	<b>2018:</b> 3,338
<b>2003:</b> 74,506	<b>2011:</b> 7,364	<b>2019:</b> 2,606
<b>2004:</b> 47,434	<b>2012:</b> 5,898	<b>2020:</b> 1,673
<b>2005:</b> 31,517	<b>2013:</b> 4,708	<b>2021:</b> 1,381
<b>2006:</b> 23,634	<b>2014:</b> 3,628	<b>2022:</b> 1,352
<b>2007:</b> 16,780	<b>2015:</b> 3,217	<b>2023:</b> 1,758

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

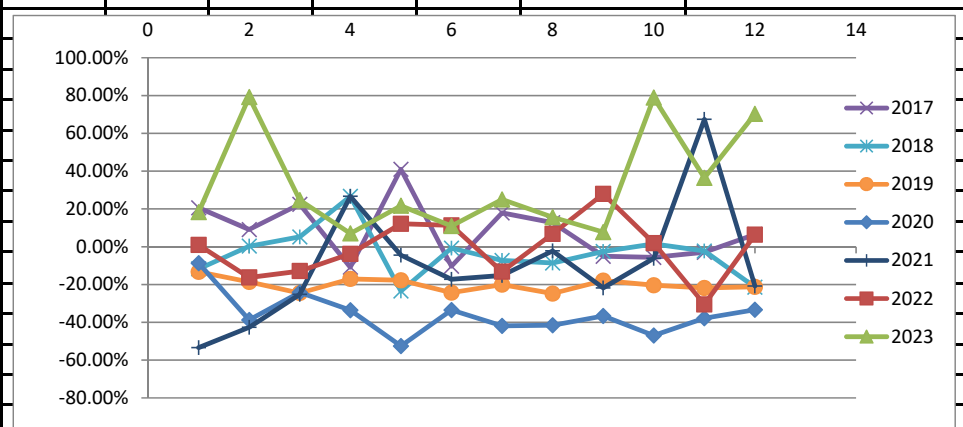
### Trend of Applications Received from 2016 to 2023

	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	146
December	262	206	180	120	95	101	172
<b>Total</b>	<b>3,587</b>	<b>3,433</b>	<b>2,703</b>	<b>1,673</b>	<b>1,412</b>	<b>1,386</b>	<b>1798</b>



### 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%	36.45%
December	6.50%	-21.37%	-21.26%	-33.33%	-20.83%	6.32%	70.30%
<b>Total YTD</b>	<b>7.52%</b>	<b>-4.29%</b>	<b>-20.01%</b>	<b>-35.79%</b>	<b>-37.11%</b>	<b>3.65%</b>	<b>32.98%</b>



# Exhibit 4

## Monthly Total (February 2024)

	Private Passenger	Commercial
<b>EASi Applications</b>	128	16
<b>Paper Applications</b>	0	0
<b>Total Applications Received</b>	<b>128</b>	<b>16</b>
<b>Applications Assigned</b>	123	16
<b>Apps Returned for Correction</b>	5	0
<b>Applications Deficient</b>	3	2
<b>Applications with SR-22s</b>	2	0
<b>Total Applications Received in February 2023:</b>		<b>129</b>
<b>Total Applications Received in February 2024:</b>		<b>144</b>

## Year to Date Total (as of February 2024)

	Private Passenger	Commercial
<b>EASi Applications</b>	242	43
<b>Paper Applications</b>	0	0
<b>Total Applications Received</b>	<b>241</b>	<b>40</b>
<b>Applications Assigned</b>	233	40
<b>Apps Returned for Correction</b>	8	0
<b>Applications Deficient</b>	11	2
<b>Applications with SR-22s</b>	2	0
<b>Total Applications Received YTD (as of February 2023):</b>		<b>252</b>
<b>Total Applications Received YTD (as of February 2024):</b>		<b>281</b>
<b>YTD Percent Change from February 2023 to February 2024:</b>		<b>11.51%</b>

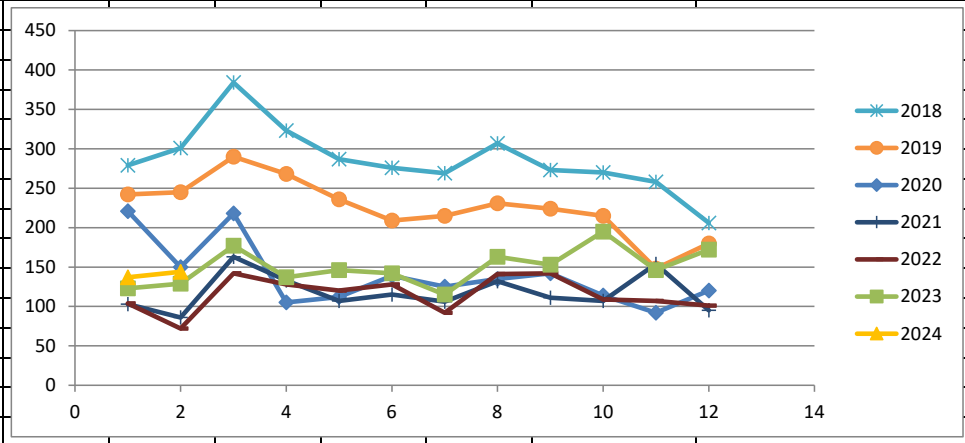
## Application Assignment History\*

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

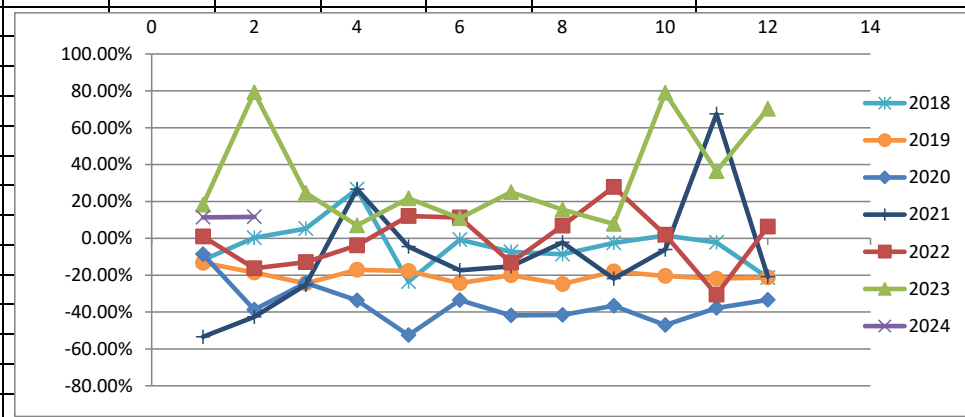
### Trend of Applications Received from 2016 to 2023

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<b>December</b>	206	180	120	95	101	172	
<b>Total</b>	<b>3,433</b>	<b>2,703</b>	<b>1,673</b>	<b>1,412</b>	<b>1,386</b>	<b>1,798</b>	<b>281</b>



### Percent Change in Applications Received from 2016 to 2023

	2018	2019	2020	2021	2022	2023	2024
<b>January</b>	-11.71%	-13.26%	-8.68%	-53.39%	0.97%	18.27%	11.38%
<b>February</b>	0.33%	-18.60%	-38.78%	-42.67%	-16.28%	79.17%	11.63%
<b>March</b>	5.21%	-24.48%	-24.20%	-25.23%	-12.88%	24.65%	
<b>April</b>	26.67%	-17.03%	-33.59%	26.67%	-3.76%	7.03%	
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<b>August</b>	-8.63%	-24.76%	-41.56%	-2.22%	6.82%	15.60%	
<b>September</b>	-2.50%	-17.95%	-36.61%	-21.83%	27.93%	7.75%	
<b>October</b>	1.50%	-20.37%	-46.98%	-6.14%	1.87%	78.90%	
<b>November</b>	-2.27%	-21.82%	-37.84%	67.39%	-30.52%	36.45%	
<b>December</b>	-21.37%	-21.26%	-33.33%	-20.83%	6.32%	70.30%	
<b>Total YTD</b>	<b>-4.29%</b>	<b>-20.01%</b>	<b>-35.79%</b>	<b>-37.11%</b>	<b>3.65%</b>	<b>32.98%</b>	<b>11.51%</b>



# Exhibit 5

**TAIPA**  
**ACTUAL VS. BUDGET**  
For the period ended December 31, 2023

	2023 Year To Date Actual	2023 Year To Date Budget	Variance	2023 Annual Budget	% Used	Reason for Variance
<b>REVENUE</b>						
Assessments & Penalties	879,517	867,000	12,517	867,000	101.44%	
Other Revenue	14,588	0	14,588	0	0.00%	
<b>TOTAL</b>	894,105	867,000	27,105	867,000	103.13%	Within range (note additional 1.69% is from Interest Income)
<b>EXPENDITURES</b>						
Salaries	354,016	384,500	30,484	384,500	92.07%	We didn't have turnover so we didn't have to use a temp agency.
Emp. Benefits & Other Ins. Exp.	308,904	231,100	-77,804	231,100	133.67%	We ended over budget due to a \$98,927 Pension Benefit Costs Adjustment. Note this is a non-cash expense. If we didn't make this adjustment, we would have come in under budget.
Office Equipment Expense	15,478	16,500	1,022	16,500	93.80%	We only bought office supplies as needed.
Printing & Stationary Exp.	2,227	4,300	2,073	4,300	51.78%	We only bought envelopes as needed.
Computer Expenses	9,050	14,800	5,750	14,800	61.15%	We purchased a Cisco Switch for \$3,313, since this was over \$1,000, it needed to be depreciated, we moved it to Computer Equipment. This resulted in us being substantially under budget in in Computer Expenses & over budget in Computer Equipment.
Postage & Shipping Exp.	12,605	26,400	13,795	26,400	47.75%	We continued to try & minimize what we send out by hard copy. TAIPA mailouts are down, with most of the follow up assessment invoices have been sent electronically. In addition TAIPA has a carry over amount in reserve with the USPS.
Telephone Expense	6,223	10,300	4,077	10,300	60.41%	TAIPA did not move to fiber for internet. We therefore we did not have an increase in price & did not have to pay for cabling.
Rent Expense	63,714	70,313	6,599	70,313	90.62%	TAIPA signed a new lease with Las Cimas, the free rent from the old lease reduced the last three months for the term of the lease. The new increased rate of rent started August 2023.
Moving Expense	0	0	0	0	0.00%	Within range.

**105.00%**  
**95.00%**



Taxes	480	1,200	720	1,200	40.03%	2023 Taxes were lower than expected because taxes are now included in our monthly bill for TAIPA's copier & mail machine.
Other Office Expenses	6,256	7,000	744	7,000	89.37%	TAIPA did not have very many assessment write-offs, and we only bought kitchen supplies as needed.
Governing Committee	17,153	38,900	21,747	38,900	44.10%	TAIPA's March 2023 Governing Board Meeting was held by teleconference/zoom, thus travel expenses were reduced. Because we had only 2 in person meetings, we ended under budget in 2023.
Subcommittee Meetings	1,000	4,500	3,500	4,500	22.22%	TAIPA did not have any Ops-Sub Committee meetings and only had 1 Strategic Planning meeting in 2023.
Producer Review Panel	0	0	0	0	0.00%	Within range.
Employee Meetings, Seminars & Staff Travel	8,511	26,000	17,490	26,000	32.73%	Not all of TAIPA staff used their education allowance in 2023.
Legal Expenses	47,176	60,600	13,424	60,600	77.85%	TAIPA did not submit a rate filing in 2023. TAIPA did not have any Ops-Sub Committee meetings in 2023.
Audit Expense	20,773	26,800	6,027	26,800	77.51%	TAIPA did not utilize Tyler as much as we budgeted for in 2023, in addition we came in under our estimated audit fee last year as well.
Dues, Subscriptions & Publications	518	3,300	2,782	3,300	15.70%	TAIPA did not join ICT in 2023 since we did not move to the ICT location.
TAIPA Tradition, Visitor Meals & Gifts	3,278	3,300	22	3,300	99.34%	Within range
System Consultants	60,553	66,400	5,847	66,400	91.19%	AIPSO's estimated quarterly & yearly processing cost/hours were down.
Consultants - Other	21,181	30,300	9,119	30,300	69.90%	Programing fees for TAIPA 's new assessment macro came in under the estimated programing cost, and we did not use our accounting consultant as much in 2023.
Actuary	0	8,500	8,500	8,500	0.00%	TAIPA did not have any actuarial expenses in 2023.
Other	0	0	0	0	0.00%	
<b>SUBTOTAL</b>	<b>959,095</b>	<b>1,035,013</b>	<b>75,918</b>	<b>1,035,013</b>	<b>92.67%</b>	

Depreciation	2,599	5,100	2,501	5,100	<b>50.97%</b>	<b>We thought we would have purchased more computer equipment in 2023 but only purchased what was necessary.</b>
Amortization	0	0	0	0	<b>0.00%</b>	
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0	<b>0.00%</b>	
<b>SUBTOTAL</b>	<b>2,599</b>	<b>5,100</b>	<b>2,501</b>	<b>5,100</b>	<b>50.97%</b>	

<b>TOTAL OPERATING EXPENSE</b>	<b>961,694</b>	<b>1,040,113</b>	<b>78,419</b>	<b>1,040,113</b>	<b>92.46%</b>	<b>\$3176.04</b>	<b>We ended under budget by 7.54% in 2023. We would have ended around 17% under budget for 2023 budget if you did not count the non-cash costs of the \$98,927 Pension Benefit Costs Adjustment &amp; the 8 GL entries we did to bring TAIPA's GL Balance in line with TAIPA's Book balance. Although these 8 entries were all non-cash adjustments it did result in TAIPA's 2023 expenses being overstated by</b>
<b>NET FROM OPERATIONS</b>	<b>-67,590</b>	<b>-173,113</b>	<b>105,523</b>	<b>-173,113</b>			
Non-Operating Pension Costs	-171,772	0	171,772	0	0.00%		
<b>NET</b>	<b>-239,362</b>	<b>-173,113</b>	<b>277,295</b>	<b>-173,113</b>			

**CAPITAL BUDGET**

Software Development in Progress	0	0	0	0	<b>0.00%</b>
Office Furniture & Equipment	0	0	0	0	<b>0.00%</b>
Computer Equipment	6,813	3,500	-3,313	3,500	<b>194.66%</b>
Computer Software	0	0	0	0	<b>0.00%</b>
Leasehold Improvements	0	0	0	0	<b>0.00%</b>
<b>TOTAL</b>	<b>6,813</b>	<b>3,500</b>	<b>-3,313</b>	<b>3,500</b>	<b>194.66%</b>

**Computer Equipment is over budget because we purchased a Cisco Switch for \$3,313 & originally expensed it to Computer Expenses. We then moved this expense to computer Equipment since this was over \$1,000 & needed to be depreciated. This resulted in us being substantially under budget in in Computer Expenses & over budget in Computer Equipment.**

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

# TAIPA

## Statement of Activities

For the period ended December 31, 2023

Unaudited

### Changes in unrestricted net assets

	<b>Current YTD</b>
Revenues	
Member assessments	\$ 866,126
Interest income	14,588
Assessment penalties	13,391
Total revenues	<u>894,105</u>
Expenses	
Salaries and related expenses	662,920
Occupancy expenses	70,417
Professional Services	149,683
Depreciation & amortization	2,599
Postage and delivery	12,605
Office supplies and expense	17,704
Governing committee	17,153
Computer supplies & expenses	9,050
Subcommittee meetings	1,000
Staff education & seminars	8,511
Miscellaneous	6,256
Staff expense	3,278
Dues and subscriptions	518
Total operating expenses	<u>961,694</u>
Other revenues (expenses)	
<i>Pension minimum liability adjustment</i>	<u>171,772</u>
Total other revenue (expenses)	<u>171,772</u>
<i>Increase (decrease) in unrestricted net assets</i>	104,182
<i>Net assets (deficiency) at beginning of year</i>	<u>402,133</u>
<i>Net assets (deficiency) as of December 31, 2023</i>	<u><u>\$ 506,315</u></u>

# ***Texas Auto Ins. Plan Assoc.***

## **Statement of Financial Position**

As Of December 31, 2023

Unaudited

### ASSETS

Current Assets	
Cash and cash equivalents	\$ 394,394
Accounts receivable	60,786
Prepaid expenses	8,330
Total current assets	<u>463,510</u>
Security Deposits	5,379
Prepaid Pension Benefit Costs	126,924
Property and Equipment	
Furniture and equipment	26,653
Computer equipment	24,070
Leasehold improvements	2,222
Computer software	25,000
	<u>77,945</u>
Less accumulated depreciation	<u>69,252</u>
	<u>8,693</u>
Other Assets	
Operating lease right of use asset, net	254,568
Total assets	<u><u>859,075</u></u>

### LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	8,978
Accrued vacation	40,939
Accrued payroll liabilities	16,350
Deferred revenue	236
Short Term Lease Liability	33,647
Total current liabilities	<u>100,150</u>
Other Liabilities	
Long Term Lease Liability	<u>252,609</u>
Total other liabilities	252,609
Net (Deficiency) Assets	
Without donor restrictions	<u>506,315</u>
Total net assets	<u>506,315</u>
Total liabilities and net assets	<u><u>\$ 859,075</u></u>

# Exhibit 6

# TAIPA GOVERNING COMMITTEE

## ADMINISTRATIVE RULES

### 1. **Governing Committee Meetings**

- 1.1 Regular Meetings. The Governing Committee will set its schedule of meetings for the coming year at its last meeting of each year. The schedule may be revised at any meeting.
- 1.2 Special Meetings. Special meetings may be called by the Chair or upon written request to the Chair by at least three members, one of whom must be a public member.
- 1.3 Notice of Meetings. Meetings will be called in accordance with the Texas Open Meetings Act.
- 1.4 Meeting Agenda. Meeting agendas are prepared by Manager in consultation with the Chair. Members may request the addition of an item on the agenda by a written request to the Manager at least 15 days prior to a scheduled meeting.
- 1.5 Voting. Any required votes by the Governing Committee will be voice vote unless a member requests voting by a show of hands or in writing. Proxy voting is not permitted.

### 2. **Officers**

- 2.1 Officers will include: Chair, 1<sup>st</sup> Vice-Chair, 2<sup>nd</sup> Vice-Chair, Secretary, and the Immediate Past Chair.
- 2.2 The Immediate Past Chair serves as an officer only if that person continues to serve on the Governing Committee after leaving the position of Chair. An immediate past Chair cannot serve as an officer if that person is removed or resigns from the Chair during that person's term. In the event the immediate past Chair does not remain on the Governing Committee after leaving the position of Chair, no other person will fill this position.
- 2.3 With the exception of the immediate past Chair, officers are to be elected at the first meeting of the Governing Committee following the annual meeting of members and serve until the following annual meeting of members.
- 2.4 At least one officer is to be a public member of the Governing Committee.
- 2.5 An officer may be removed at any meeting of the Governing Committee. An officer may resign at any time by giving written notice to the Governing Committee or to the Chair or to the Secretary. A resignation shall take effect at the date of the receipt of the notice or at a later time specified therein.

- 2.6 The Chair presides at all meetings of the Governing Committee and is responsible for the orderly conduct of such meetings. The Chair shall direct the Manager and staff of the Association in the preparation and publication of the Notice of Meeting and Agenda for all meetings of the Governing Committee. The Chair is authorized to appoint members to standing or special subcommittees. If the Chair will be absent from a meeting, the Chair may designate an officer to preside at such meeting. In the absence of such a designation, the officers shall serve in order of their seniority as set forth in Section 2.1.
- 2.7 The Vice-Chair succeeds to the office of Chair in the event of the resignation or removal of the Chair.
- 2.8 The Second Vice-Chair succeeds to the office of Chair in the event of the resignation or removal of the Chair and Vice-Chair.
- 2.9 The Secretary has the responsibility for the preparation of all minutes of the Governing Committee. In this responsibility, the Secretary will be assisted by the Manager and the staff of the Association. The Secretary is authorized to certify to actions of the Governing Committee.
- 2.10 The Chair, and such officers as the Chair may request, shall, subject to the control of the Governing Committee, generally interact with and direct the Manager of the Association. This may include day-to-day matters which may arise, and shall include giving performance reviews and making compensation adjustments.
- 2.11 Industry representatives serving as officers of the Association do so in their personal capacities. The office is not held by the member company by whom any officer is employed.
- 2.12 The officers may consult as a group in discharging their duties and responsibilities.
- 2.13 The officers have no authority to act for the Association, or to commit it to any obligation except as specifically authorized or directed by the Governing Committee.

### 3. **Standing Subcommittees**

- 3.1 Purpose. The Chair shall appoint standing subcommittees to facilitate the work and responsibilities of the Governing Committee; study key issues; and make recommendations to the Governing Committee.
- 3.2 Subcommittees. The following subcommittees are created as standing committees:
  - (i) Operations. This subcommittee consists of one public member, one agent member and three company members. It has responsibility to review matters directed to it by the Governing Committee affecting the Plan of Operation or other business deemed necessary by the Governing

Committee and to make recommendations for action to be taken on those matters. It shall keep regular minutes of its meetings and report the same to the Governing Committee when required. In this responsibility, this subcommittee will be assisted by the Manager and the staff of the Association.

- (ii) **Audit & Finance.** This subcommittee is composed of three members, one of whom is a public member. It has the responsibility to assist the Governing Committee in its oversight of the Association's financial and accounting matters. It will also oversee the work of any independent auditor selected by the Governing Committee. If the Governing Committee wishes to change independent auditors, the subcommittee will be responsible to recommend independent auditors.
- (iii) **Nominations.** This subcommittee consists of one public member, one agent member and one company member. It has the responsibility to nominate members to serve as officers of the Association. It is to submit a slate of officers to be presented for election at the Governing Committee meeting following the annual meeting of members.
- (iv) **Strategic Planning.** This subcommittee consists of one public member, one agent member and three company members. It has the responsibility of meeting annually to discuss any significant changes expected in the near future, discuss current staffing levels, discuss if changes are needed to TAIPA's Enterprise Risk Management plan, and other related tasks.

3.3 **Task Forces.** A subcommittee may create a "Task Force" of its members to facilitate the business of that subcommittee.

3.4 **Telephone Meetings or Participation by Telephone.** Meetings of subcommittees may be held by means of conference telephone or other similar means of remote communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such a meeting shall constitute presence in person at the meeting.

3.5 The Governing Committee may appoint special subcommittees to facilitate the work and responsibilities of the Governing Committee. A special subcommittee may hold telephonic meetings as provided in section 3.4.

#### **4. TAIPA Liaison to Association Staff**

4.1 The Governing Committee will select and appoint a Governing Committee member to serve as the TAIPA Liaison to employees of the association that will allow the employee to report activity directly to the TAIPA Liaison bypassing the Manager.



- 4.2 When appropriate and necessary, the TAIPA Liaison may bring matters before the Governing Committee for consideration or action by the Governing Committee.
- 4.3 Additional procedures and responsibilities of the TAIPA Liaison will be outlined in the TAIPA employee manual.

5. **Amendments**

- 5.1 These Administrative Rules are to continue in effect as an act of the Governing Committee until they are withdrawn or changed by further act of this or any succeeding Governing Committee of the Association.

# Exhibit 7

## **Texas Automobile Insurance Plan Association Conflict of Interest Policy**

### **Purpose**

The purpose of this conflict-of-interest policy is to prevent the institutional, business or personal interests of members of the Governing Committee or other committees, officers, and staff (“Interested Persons”) of the Texas Automobile Insurance Plan Association (TAIPA) from influencing them when making decisions for TAIPA that may benefit or gives the appearance of benefitting an Interested Person, or their relative, or any other relationship they have with a third party.

This policy is intended to supplement but not replace any applicable laws governing conflict of interest including the provisions of the Texas Business Organizations Code applicable to nonprofit corporations.

A conflict of interest may exist when the interests or potential interests of any Interested Person or that person’s close relative, or any individual, group, or organization they are associated with (including, as to a committee member, the company they represent), may be seen as competing with the interests of TAIPA, or may impair such person’s independence or loyalty to TAIPA. A conflict of interest is defined as an interest that might affect, or might reasonably appear to affect, the judgment, conduct or vote in a manner that is adverse to the interests of TAIPA.

### **Examples**

A conflict of interest may exist if an Interested Person or the company they represent:

- a. has a material ownership or investment interest in any entity with which TAIPA has or proposes to have a transaction or arrangement;
- b. has a compensation arrangement with TAIPA or with any entity or individual with which TAIPA has or proposes to have a transaction or arrangement;
- c. serves as a board member of the entity which has or proposes to have a transaction or arrangement with TAIPA; and,
- d. has a compensation arrangement with any entity or individual with which TAIPA is negotiating a transaction or arrangement.

### **Duty to Disclose**

In connection with any actual or possible conflict of interest of a Governing Committee or other committee member, the Interested Person must disclose the conflict along with all material facts to the committee or Governing Committee when considering the matter for which the conflict exists.

An employee must identify any conflict of interest and disclose all material facts to the Association Manager. The Association Manager will report to the Governing Committee any employee conflicts of interest, including those of the Association Manager.

### **Conduct of Meeting**

After disclosure of a conflict at a meeting, the Interested Person may be present at and participate in the meeting; however, they cannot vote on the matter. The matter may be authorized by the majority vote of the remaining members of the committee, regardless of whether the remaining committee members constitute a quorum. If requested by a majority of the committee, the Interested Person is to leave the meeting for the vote on the matter. Then, if desired, additional discussion may be had prior to the vote.

### **Meeting Minutes**

The minutes of a meeting shall reflect that the conflict of interest was disclosed; that the Interested Person did not vote on the matter; and, whether they left the meeting during the vote.

### **Violations of the Conflicts of Interest Policy**

If the Governing Committee has reasonable cause to believe an Interested Person has failed to disclose actual or perceived conflicts of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.

If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Governing Committee determines the Interested Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action.

### **Annual Statements**

Each Governing Committee member, each employee of TAIPA and each member of a committee shall annually sign a statement which affirms such person:

- a. has received a copy of this conflict-of-interest policy;
- b. has read and understands this policy; and,
- c. has agreed to comply with this policy.

### **Supplemental Statements**

When an Interested Person becomes aware of a new conflict of interest after submitting the annual statement, the Interested Person shall provide an updated disclosure.

## CERTIFICATION

I have read the foregoing conflict of interest policy of TAIPA and agree to abide by its terms. I know of no possible conflict of interest except as described below:

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\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed name

\_\_\_\_\_  
Date

# Exhibit 8



February 12, 2024

Audit Committee  
Texas Automobile Insurance Plan Association  
805 Las Cimas Pkwy suite 210  
Austin, TX 78746

This letter is to explain our understanding of the arrangements for the services that Atchley & Associates, LLP (the Firm) is to perform for Texas Automobile Insurance Plan Association for the year ending December 31, 2023. We ask that you either confirm or amend this understanding.

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested that we audit the financial statements of Texas Automobile Insurance Plan Association (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of controls.

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with GAAS. Those standards require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, based on an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control, design and perform audit procedures

responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider the entity's system of internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of controls, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

We will also communicate to the audit committee (*a*) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (*b*) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants (AICPA).

### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Management is responsible for:

- a. Identifying and ensuring that the Organization complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;
- b. The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and
- c. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, vendors, customers or others.

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibilities:



- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
- c. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- d. To provide us with:
  - (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - (2) Additional information that we may request from management for the purpose of the audit; and
  - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit including among other items:

- a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
- b. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The audit committee is responsible for informing us of its views about the risks of fraud within the Organization, and its knowledge of any fraud or suspected fraud affecting the Organization.

Because the Firm will rely on the Organization and its management and audit committee to discharge the foregoing responsibilities, the Organization holds harmless and releases the Firm, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Organization's management which has caused, in any respect, the Firm's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

## **Reporting**

We will issue a written report upon completion of our audit of the Organization's financial statements. Our report will be addressed to the audit committee of the Organization. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

If circumstances arise relating to the condition of the Organization's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial

statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdraw from the engagement.

### **The Organization's Records and Assistance**

During the course of our engagement, we may accumulate records containing data that should be reflected in the Organization's books and records. The Organization will determine that all such data, if necessary, will be so reflected. Accordingly, the Organization will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Organization personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Stacy Dutton, Association Manager. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

### **Accounting and Tax Services**

In connection with our audit, you have requested us to perform the following accounting services:

1. Assist with posting closing entries (bank reconciliations, audit adjustments, payroll adjustments, etc.)
2. Drafting the financial statements

Stacy Dutton, Association Manager, will oversee the services, make all significant judgments that are the proper responsibility of management, evaluate the adequacy of the services, make an informed judgment about the results of the services, and accept responsibility for them. You also agree to establish and maintain internal control over these services, including ongoing monitoring activities. At the conclusion of our audit, we will ask you to provide written representations to that effect.

Our services under this Arrangement Letter do not include services for tax return preparation, tax advice or representation in any tax matter. Nevertheless, we may discuss with you certain tax considerations or provide you with tax information that may be relevant to our services. Any such discussions or information would be based upon limited tax research, limited due diligence and limited analysis regarding the underlying facts. Because additional research or a more complete review of the facts could affect our analysis and conclusions, the information provided during these discussions shall not be used as the basis for proceeding with any transaction or any tax return reporting.

Separate arrangements, including fee arrangements, are required for tax preparation, tax advice or tax representation services.

### **Fees, Costs, and Access to Workpapers**

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work is based upon the following criteria:

- a. Anticipated cooperation from Organization personnel
- b. Timely responses to our inquiries

- c. Timely completion and delivery of client assistance requests
- d. Timely communication of all significant accounting and financial reporting matters
- e. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. We will notify you immediately of any circumstances we encounter which could significantly affect our initial estimate of fees, excluding direct out-of-pocket expenses, estimated to be \$14,500 to \$15,500. All other provisions of this letter will survive any fee adjustment. In accordance with our firm policies, work may be suspended if your account becomes sixty or more days overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Organization agrees it will compensate the Firm for any additional costs incurred as a result of the Organization's employment of a partner or professional employee of the Firm.

In a legal action in which the Firm or its partners are not the defendants, we shall also be entitled to fees at \$500.00 per hour and reimbursements for testimony if we are subpoenaed as a witness in a subsequent litigation by third parties and such testimony involves the work we performed pursuant to this agreement. If we are ordered by a state or federal judge to permit the subsequent inspection and/or reproduction of files, records, and other documents relating to work performed by us pursuant to this agreement, then you agree that we may comply with these orders without prior notice to you.

### **Use of Subcontractors and Third-Party Products**

From time to time and depending upon the circumstances, we may, in our sole discretion, use affiliates of ours or qualified third-party service providers, located within or outside the United States, to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose Confidential Information (as such term is defined below) to them. Those third-party service providers we use to assist us in providing services to you are collectively referred to herein as "Subcontractors." You hereby consent to us sharing your information, including Confidential Information, with our Subcontractors, within or outside of the United States; provided that such recipients are bound by written obligations of confidentiality that are as protective of your Confidential Information as the confidentiality terms set forth herein. You acknowledge and agree that our use of Subcontractors may involve the processing, input, disclosure, movement, transfer, and storage of your information and data outside of our technology infrastructure.

We also may provide services to you using certain third-party hardware, software, software services, and applications, (collectively, Third-Party Products). You acknowledge that your or our use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by you to us, including Personal Information and Confidential Information, within the Third-

Party Product's infrastructure and not ours. You further acknowledge that the terms of use and service, including, but not limited to, applicable laws, set forth in the end-user license, end-user subscription agreement, or other end-user agreement for such Third-Party Product (collectively, EULA(s)) will govern all obligations of such licensor relating to data privacy, storage, recovery, security, and processing within such Third-Party Product's infrastructure, as well as, the service levels associated with such Third-Party Product. You hereby consent to the disclosure of your information, including your Confidential Information and Personal Information, to the licensors of such Third-Party Products for the purpose described herein.

### **Use and Ownership; Access to Audit Documentation**

The Audit Documentation for this engagement is the property of the Firm. For the purposes of this Arrangement Letter, the term "Audit Documentation" shall mean the confidential and proprietary records of the Firm's audit procedures performed, relevant audit evidence obtained, other audit-related workpapers, and conclusions reached. Audit Documentation shall not include custom-developed documents, data, reports, analyses, recommendations, and deliverables authored or prepared by the Firm for the Organization under this Arrangement Letter, or any documents belonging to the Organization or furnished to the Firm by the Organization.

Review of Audit Documentation by a successor auditor or as part of due diligence is subject to applicable Firm policies, and will be agreed to, accounted for and billed separately. Any such access to our Audit Documentation is subject to a successor auditor signing an Access & Release Letter substantially in the Firm's form. The Firm reserves the right to decline a successor auditor's request to review our workpapers.

In the event we are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Organization, the Organization will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

### **Claim Resolution**

The Organization and the Firm agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by the Firm or the date of this arrangement letter if no report has been issued. The Organization waives any claim for punitive damages. The Firm's liability for all claims, damages and costs of the Organization arising from this engagement is limited to the amount of fees paid by the Organization to the Firm for the services rendered under this arrangement letter.

Indemnification is intended to protect the Firm and its principals and employees against being named in any lawsuit arising from this engagement as a result of having completed this engagement. You shall indemnify the Firm and its principals and employees and hold us harmless from all claims, liabilities, losses, and counsel fees and expenses unless it shall have been determined by a court of competent jurisdiction that we have acted negligently in the performance of the work covered by our engagement. In no event shall the Firm and its principals and employees be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if we have been advised of their possible existence.

If a dispute arises out of or relates to this contract or engagement letter, or the obligations of the parties therein, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation using the Commercial Mediation Rules of the American Arbitration Association (AAA) before resorting to arbitration, litigation, or some other dispute resolution procedure. Thereafter, any unresolved controversy or claim arising from or relating to this contract or the obligations of the parties hereunder shall be settled by arbitration administered using the American Arbitration Association or another mutually agreeable arbitration service using the AAA Arbitration Rules for Professional Accounting and Related Services Disputes and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

### **Personal Information**

As used herein, the term “Personal Information” means any personal information that directly or indirectly identifies a natural person as may be defined by applicable privacy, data protection or cybersecurity laws, and includes, but is not limited to, nonpublic, personally identifiable information such as Social Security numbers, Social Insurance numbers, driver’s license numbers or state- or province-issued identification card numbers, credit or debit card numbers with or without any required security code, number or passwords, health information, and other personal information as defined by applicable laws, whether of the Organization or the Organization’s customers or other third parties.

Each party agrees to transmit Personal Information consistent with applicable laws and any other obligations the respective party may have. In the event you transmit to us Personal Information in an unencrypted format or via unencrypted means, you agree that we have no obligation to notify you of the foregoing.

You represent and warrant that you have provided all notices and obtained all consents required under applicable data protection laws prior to your collection, use and disclosure to us or our Subcontractors of such Personal Information and shall take reasonable steps to ensure that such Personal Information does not include irrelevant or unnecessary information about individuals.

### **Retention of Records**

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Arrangement Letter, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete. You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours necessary for us to comply with applicable law and/or professional standards or to exercise our rights under this Arrangement Letter. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies.

### **Termination**

You may terminate the arrangement at any time by written notice to us. Termination for any reason will not affect your obligation to pay us for fees and expenses incurred prior to termination or in transferring

files to and otherwise cooperating with any successor auditor. All provisions of this arrangement will survive termination or cancellation, except that (a) we will not have any obligation to provide services after termination and (b) you will not have any obligation to pay us for any services that we perform after termination, except for costs incurred to cooperate with a successor auditor or regulatory agency subpoena or inquiry.

**Electronic Signatures and Counterparts**

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

This letter constitutes the complete and exclusive statement of agreement between the Firm and the Organization, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

*Atchley & Associates, LLP*  
Atchley & Associates, LLP

Confirmed on behalf of Texas Automobile Insurance Plan Association:

\_\_\_\_\_  
Audit Committee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Association Manager

\_\_\_\_\_  
Date

# Exhibit 9

TAIPA PP Over/Under Report

12/29/2023

COMPANY

Year End 2019

Year End 2020

Year End 2021

Year End 2022

1st QTR 2023

2nd QTR 2023

3rd QTR 2023

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
21ST CENTURY CENTENNIAL INS CO (SC)		269,040		82,479		173,295		94,829		148,038		198,806		264,833
ACUITY A MUT INS CO													New to quota	1
AFFIRMATIVE INS CO (co is in liquidation)		2,831		2,831	Went into storage									
AMER FAMILY MUT INS CO SI		12		12		12		0		12				
AMER MERCURY INS CO	Entered LAD													
AXA INS CO	New to quota	3		21		50		59		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											
FREESTONE INS CO		443	Went into storage											
GO-AUTO INS CO								6						
GOVERNMENT EMPLOYEES INS CO		55,194		28,150		58,246		73,402	Entered LAD					



TAIPA PP Over/Under Report

12/29/2023

COMPANY

Year End 2019

Year End 2020

Year End 2021

Year End 2022

1st QTR 2023

2nd QTR 2023

3rd QTR 2023

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
GREENWICH INS CO					New to quota	1		21			36		54	76
HALLMARK COUNTY MUT INS CO	440,404		440,269		440,169		440,105		440,075		440,046		440,005	
HOMEOWNERS OF AMER INS CO	Went into storage													
HOUSTON GENERAL INS EXCH (co is in liquidation)	New to quota	26	New to quota	190		235		249		249		249		249
INTEGON NATIONAL INS CO		249,885		185,414		207,690		271,688		291,575		241,079		174,900
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO)	330,038		Went into Storage											
NATIONAL UNITY INS CO									New to quota	171				
NOBLR RECIPROCAL EXCHANGE							Entered LAD							
RIVERPORT INS CO	Entered LAD													
SPINNAKER INS CO							Co is in LAD	5						
STATE FARM MUT AUTO INS CO		147,124		104,343	Entered LAD		15	Co is in LAD						
TEXAS FARM BUREAU CAS INS CO		44,783		36,078	Entered LAD									
TREXIS ONE INS CORP (prev co ALFA SPECIALTY INS CORP)		659		663		613	377		313		237		150	

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COMPANY

Year End 2019

Year End 2020

Year End 2021

Year End 2022

1st QTR 2023

2nd QTR 2023

3rd QTR 2023

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
UNITED SEC HEALTH & CAS INS CO/UNITED SECURITY INS CO							3		6			15		37
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		442		88		10		3			CO zeroed out			
TOTALS	770,442	770,442	440,269	440,269	440,169	440,169	440,497	440,476	440,388	440,388	440,283	440,262	440,155	440,155

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	1,785,296	1,262,528	1,000,446	928,016	1st qtr 327,481	2nd qtr 345,484	3rd qtr 357,637
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TAIPA OTPP Over/Under Report

12/29/2023

COMPANY

Year End 2019

Year End 2020

Year End 2021

Year End 2022

1st QTR 2023

2nd QTR 2023

3rd QTR 2023

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
ACCIDENT INS CO		243	Entered CLAD											
AMER CONTRACTORS INS RISK RET. GRP			Started writing again 16,743 out of storage in 2020			19,797		21,815		22,432		22,928		23,667
AMER COUNTRY INS CO		767		1,535		1,535	Company has zeroed out							
AMER MERCURY INS CO	Entered CLAD													
BERKLEY CAS CO														
BRITISH AMERICAN INS CO	1,067		822		611		264		121		5			167
CIMARRON INS CO INC									New to quota	47				
CLEAR SPRING PROP & CAS CO									New to quota	3		5		8
GATEWAY INS CO				2,739					New to quota	22				
GENERALI US BRANCH								1		1		1		1
GOVERNMENT EMPLOYEES INS CO	485,639		478,955		463,695		451,023		447,799		445,206		441,348	
HOUSING ENTERPRISE INS CO INC		12		12		12		12		12		12		12
HOUSTON GENERAL INS EXCHANGE (co is in liquidation)						372		372		372		372		372
INTEGON NATIONAL INS CO		1,764,552		1,775,103		1,874,186		1,829,273		1,825,934		1,822,132		1,816,259
INTREPID INS CO	New to quota	1	Became grouped											

TAIPA OTPP Over/Under Report

12/29/2023

COMPANY

Year End 2019

Year End 2020

Year End 2021

Year End 2022

1st QTR 2023

2nd QTR 2023

3rd QTR 2023

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
LUMBERMENS CAS INS CO									Generated in error	23	corrected			
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO & Penn General)	Went into storage													
MID-CONTINENT CAS CO	744,560		743,230		742,224		740,792		740,379		740,046		739,551	
MIDVALE IND CO											New to quota	42		69
NEXT INS US CO						49		566	Entered CLAD					
NUTMEG INS CO									New to quota	55		100		166
OKLAHOMA SURETY CO	677,660		676,507		675,699		674,694		674,372		674,113		673,728	
PREFERRED PROFESSIONAL INS CO									New to quota	54		97		161
RIVERPORT INS CO	their adj zeroed them out	0	Became grouped											
SAMSUNG FIRE & MARINE INS CO								2		2		3		3
STARNET					Entered CLAD									
STATE FARM MUT AUTO INS CO		127,745		104,930	Entered CLAD									
TEXAS FARM BUREAU CAS INS CO (prev Southern Farm Bur)		29,789		29,114	Entered CLAD									
TEXAS HOSPITAL INS EXCH		12,824		13,086		13,280		13,498		13,551		13,594		13,658
TIG INS CO		79		81		84		84		84		84		84

**TAIPA OTPP Over/Under Report**

**12/29/2023**

COMPANY	Year End 2019		Year End 2020		Year End 2021		Year End 2022		1st QTR 2023		2nd QTR 2023		3rd QTR 2023	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
TRISURA INS CO									New to quota	79				
WATFORD INS CO							1,150		Entered CLAD					
<b>TOTALS</b>	<b>1,936,012</b>	<b>1,936,012</b>	<b>1,926,600</b>	<b>1,926,600</b>	<b>1,909,315</b>	<b>1,909,315</b>	<b>1,866,773</b>	<b>1,866,773</b>	<b>1,862,671</b>	<b>1,862,671</b>	<b>1,859,370</b>	<b>1,859,370</b>	<b>1,854,627</b>	<b>1,854,627</b>

<b>PREMIUMS CREDITED</b>	<b>1,953,284</b>	<b>1,737,041</b>	<b>1,695,128</b>	<b>1,750,543</b>	<b>496,278 1st qtr</b>	<b>406,324 2nd qtr</b>	<b>593,928 3rd qtr</b>
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