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

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

1. **Call to Order**
   Chair Snyder called the meeting to order at 10:32am.

2. **Introductions:**
   Stacy Dutton called roll.

Attendees

<u>Governing Committee:</u>
Adam Hall
Adam Payton
Becky Jackson
Betsy Blair
Brian Ferguson
David Nardecchia
David Weber
Doug Queenin
Laura Bunts
John Lusardi
Mary Carol Awalt
Matthew Snyder
Michael Burke
Ramon Montalvo

<u>Legal Counsel:</u>
Michael Jones

<u>TDI:</u>
Nicole Beall
Jessica Barta
Doug Dansiezer
Dan Paschal
Katelyn Boehm
Reese Larmer

<u>TAIPA Staff:</u>
Stacy Dutton
Mimi Leece
Ruth Wise
Amanda Reynolds

<u>Others:</u>
Tyler Mosely
Carol Berthold
Melissa Heggen
Kim Donovan

3. **Reading of the Anti-Trust Statement**
   Stacy Dutton read the Anti-Trust Statement.

TAIPA Anti-Trust Statement

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

4. Conflict of Interest Policy/Disclosures

Mike Jones went over the conflict of interest disclosures.

5. Audit/Finance Committee Report

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

A. Report on 2024 Audit (Exhibit 1) *

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

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

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

<u>Discussion:</u>
David Weber initiated a discussion on potentially closing the frozen defined benefit plan soon, suggesting further exploration before key retirements.

<u>Motion</u>
Chair Matthew Snyder requested a motion to accept the 2024 audit. Ramon Montlalvo made a motion, the motion was seconded by John Lusardi. The motion carried unanimously with no abstentions.

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

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

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

7. Chairs Report

Chair Snyder presented the Chair's report.

A. The Chair announced positions openings for:
   - a public representative on the Blue Ribbon Nominating Committee
   - chair of the Blue Ribbon Nominating Committee (seeking a volunteer among the committee membership to serve in this role)
   - a company member on the Strategic Planning Subcommittee

8. Manager's Report

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

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

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

B. Financial Update (Exhibit 4)

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

Two expense budgets are currently over budget:

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

C. Line of Credit Renewal

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

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

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

D. 2026 Meeting Dates (Exhibit 5) *

The proposed 2026 Meeting dates are in Exhibit 5.

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

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

E. Electronic applications and payments update

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

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

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

9. Operations Subcommittee Report

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

A. Over/Under Report (Exhibit 7)

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

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

B. Operations Subcommittee Update

A. Meetings Held: The Operations Subcommittee met on June 19, 2025, and August 1, 2025.

B. June 19 and August 1 Meetings Highlights:
  - Reviewed the Plan of Operation.
  - Initiated review of RFPs for Legal and Auditor services.

10. Report of Counsel

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

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

Motion

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

B. Rate Filing Overview

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

Key Filing Adjustments

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

Commercial Auto PIP Adjustment

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

Process & Timing

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

Final Approved Changes

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

Discussion Points

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

11. Next Governing Committee Meeting—November 21, 2025

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

12. Personnel Matters

There were no personnel matters.

13. Adjournment

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

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

Betsy Blair	September 14, 2025
Secretary Signature	**Date**