

Topic: TAIPA Governing Committee Meeting - Friday, August 16th,2024

Time: Aug 16, 2024 09:00 AM Central Time (US and Canada)

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**Texas Automobile Insurance Plan Association Governing
Committee Meeting Agenda
Friday, August 16, 2024 – 9:00 A.M.
Austin Marriott South Hotel, 4415 S I-35 Frontage Rd, Austin, TX 78744
Dress: Business Casual**

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 2023 Audit (Exhibit 1) *
6. Review and Approval of the Minutes of the April 5, 2024 Meeting (Exhibit 2) *
7. Chair's Report
 - A. Subcommittee Membership
8. Manager's Report
 - A. Application Count Update as of July 2024 (Exhibit 3)
 - B. Financial Update as of June 2024 (Exhibit 4) *
 - C. Line of Credit Renewal*
 - D. 2025 Meeting Dates (Exhibit 5) *
 - E. Discussion of Meeting places (Exhibit 6)*
 - F. Update on List of Active Producers on TAIPA's website
 - G. Complaint from producer on having to mail in hard copy applications and not using electronic payments. (Exhibit 7)*
 - H. Reminder Governing Committee Members must take the Open Meetings Act training every 2 years.
 - I. Reminder that all Governing Committee members must sign the Conflict of Interest Policy annually (Exhibit 8)
9. Operations Subcommittee Report
 - A. Over/Under Report (Exhibit 9)
 - B. What to do about TAIPA rates in the future Project
10. Report of Counsel
 - A. Legislative Update
 - B. Rates
11. Next Meeting—November 22, 2024
12. Personnel Matters
13. Adjournment*

The Governing Committee may take action on any matter of business identified in this notice. Portions of the meeting will be conducted as a closed meeting, if permitted under Chapter 551, Government Code.

**Indicates item on which the Manager believes the Governing Committee will take action.*

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. If you plan to attend in person, please let TAIPA staff know by emailing areynolds@taipa.org

Exhibit 1



Audit Committee
Texas Automobile Insurance Plan Association
Austin, Texas

Attention: Audit Committee

We are pleased to present this report related to our audit of financial statements of Texas Automobile Insurance Plan Association (the Organization) as of and for the year ended December 31, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Organization's financial reporting process.

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated February 12, 2024. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated April 30, 2024, regarding the planned scope and timing of our audit and identified significant risks.

Qualitative Aspects of the Entity's Significant Accounting Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. The Organization did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimate of:

- Allowance for accounts receivable which is based on historical collections of receivables.
- Defined benefit plan which is based on information provided by the plan's actuaries.
- Allocation of functional expenses based on time and effort and square footage.

We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Audit Adjustments and Uncorrected Misstatements

Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the Organization are shown in the attached list of Recorded Audit Adjustments.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Shared Responsibilities: AICPA Independence

The AICPA regularly emphasizes that auditor independence is a **joint responsibility** and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) independence rules. For Atchley & Associates (the Firm) to fulfill its professional responsibility to maintain and monitor independence, management, the Audit Committee, and the Firm each play an important role.

Our Responsibilities

- AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. The Firm is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

Your Responsibilities

- Timely inform the Firm, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, officers, or persons in financial reporting oversight roles.
 - Change in corporate structure impacting affiliates such as add-on acquisitions or exits.
- Provide necessary affiliate information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Organization and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with the Firm.
- Not entering into relationships resulting in close family members of the firm covered persons, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the Organization.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Organization, including the representation letter provided to us by management, is included in an attached letter.

This report is intended solely for the information and use of the Audit Committee, Governing Committee, and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to Texas Automobile Insurance Plan Association.

Atchley & Associates, LLP

Austin, Texas
June 19, 2024

Texas Automobile Insurance Plan Association
Year ended December 31, 2023
Recorded Audit Adjustments

Number	Date	Name	Account No	Debit	Credit
1	12/31/2023	Long Term Lease Liability	24200	\$ 51,413	
		Rent	50300	10,176	
		Right of Use Asset	17000		\$ 43,823
		Short Term Lease Liability	24100		17,766

To adjust lease liability and right-of-use asset for Lease Standard



Stacy Dutton
Association Manager
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June 19, 2024

Atchley & Associates, LLP
1005 La Posada Drive
Austin, Texas 78746

This representation letter is provided in connection with your audits of the financial statements of Texas Automobile Insurance Plan Association (the Organization) which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and the supplementary comparison of revenues and expense versus budget. We confirm that we are responsible for the fair presentation in financial statements of financial position, results of activities, and cash flows in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audits:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated February 12, 2024, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. With respect to assisting with posting closing entries and drafting the financial statements, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.
7. We have no knowledge of any uncorrected misstatements in the financial statements.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

9. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Lines of credit or similar arrangements.
 - b. All leases and material amounts of rental obligations under long-term leases.
 - c. All significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Risks and Uncertainties Topic of the FASB Accounting Standards Codification. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
 - d. Concentrations of credit risk.
 - e. Allocations of functional expenses based on reasonable basis.

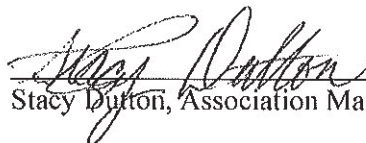
Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of allegations of fraud or suspected fraud, affecting the entity's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements received in communications from employees, former employees, regulators, or others.
15. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
16. We are not aware of any pending or threatened litigation and claims that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP and we have not consulted legal counsel concerning litigation or claims.
17. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

18. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Organization's ability to record, process, summarize, and report financial data.
19. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
 - a. The Organization has no significant amounts of idle property and equipment.
 - b. The Organization has no plans or intentions to discontinue operations or to discontinue any significant services.
 - c. Provision has been made to reduce all assets that have permanently declined in value to their realizable values.
 - d. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
21. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectable amounts.
 - b. For pension obligations, postretirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through December 31, 2023.
22. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the FASB Accounting Standards Codification.
 - c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - d. Amounts of contractual obligations for construction and/or purchase of real property, equipment, other assets, and intangibles.
 - e. Guarantees, whether written or oral, under which the Organization is contingently liable.
 - f. Agreements to repurchase assets previously sold.
 - g. Security agreements in effect under the Uniform Commercial code.
 - h. Other liens or encumbrances on assets and all other pledges of assets.
 - i. Liabilities that are subordinated to any other actual or possible liabilities of the Organization.
 - j. Assets and liabilities measured at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification.
 - k. Composition of assets in amounts needed to comply with all donor restrictions.
 - l. Recordable contributions, by appropriate net asset class.

- m. Reclassifications between net asset classes.
23. The Organization has satisfactory title to all owned assets.
24. We have complied with all aspects of contractual agreements, grants, and donor restrictions that would have a material effect on financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and Uniform Guidance, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
25. We have received a determination from the Internal Revenue Service that we are exempt from federal income taxes as a Section 501(c)(6) not-for-profit association, and we have complied with the IRS regulations regarding this exemption.
26. With respect to supplementary information presented in relation to the financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditors' report thereon.
27. We are responsible for determining that significant events or transactions that have occurred since the date of the statement of financial position and through the date of this letter have been recognized or disclosed in the financial statements. No events or transactions have occurred subsequent to the statement of financial position date and through the date of this letter that would require recognition or disclosure in the financial statements. We further represent that, as of the date of this letter, the financial statements were complete in a form and format that complied with U.S. GAAP, and all approvals necessary for issuance of the financial statements had been obtained.
28. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Texas Automobile Insurance Plan Association


Stacy Burton, Association Manager

TEXAS AUTOMOBILE INSURANCE
PLAN ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

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INDEPENDENT AUDITORS' REPORT

Governing Committee
Texas Automobile Insurance Plan Association

Opinion

We have audited the accompanying financial statements of the Texas Automobile Insurance Plan Association (TAIPA) which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TAIPA as of December 31, 2023, and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TAIPA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TAIPA's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives 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 auditors' 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 GAAS will always detect a material misstatement when it exists. 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 internal control. Misstatements 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.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 TAIPA's internal control. Accordingly, no such opinion is expressed.
- 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TAIPA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The comparison of revenues and expenses versus budget information is presented for purposes of additional analysis of the financial statements and it is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Atchley & Associates, LLP

Austin, Texas

June 19, 2024

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 414,108	\$ 434,253
Accounts receivable	60,786	1,769
Prepaid expenses	135,092	73,105
Security deposits	5,379	5,379
Total current assets	615,365	514,506
Property and Equipment		
Furniture and equipment	26,653	26,653
Computer equipment	24,155	17,257
Leasehold improvements	2,222	2,222
Computer software and program development costs	25,000	25,000
	78,030	71,132
Less accumulated depreciation	(69,252)	(66,653)
Total property and equipment	8,778	4,479
Other Assets		
Operating lease right of use asset, net	210,745	254,568
Total other assets	210,745	254,568
Total assets	\$ 834,888	\$ 773,553
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 6,415	\$ 10,426
Accrued leave	44,848	40,939
Accrued payroll liabilities	16,350	14,666
Deferred revenue	236	236
Other accrued liabilities	22,277	18,895
Current portion of operating lease obligation	51,413	33,647
Total current liabilities	141,539	118,809
Other Liabilities		
Operating lease obligation, net of current portion	201,196	252,609
Total other liabilities	201,196	252,609
Net Assets		
Without donor restrictions	1,098,213	1,139,490
Accumulated effect of pension adjustment	(606,060)	(737,355)
Total net assets	492,153	402,135
Total liabilities and net assets	\$ 834,888	\$ 773,553

The accompanying notes are an integral part of these financial statements.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Revenues		
Member assessments	\$ 866,126	\$ 748,893
Assessment penalties	13,391	3,718
Interest income	14,588	4,032
Total revenues	894,105	756,643
Expenses		
Program services	537,835	493,850
Management and general	397,547	300,766
Total expenses	935,382	794,616
Other revenues (expenses)		
Pension minimum liability adjustment	131,295	(21,267)
Total other revenues (expenses)	131,295	(21,267)
Net change in net assets without donor restrictions	90,018	(59,240)
Net assets at beginning of year	402,135	461,375
Net assets at end of year	\$ 492,153	\$ 402,135

The accompanying notes are an integral part of these financial statements.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	<u>Program services</u>	<u>Management and general</u>	<u>Total</u>
Expenses			
Salaries and related expenses	\$ 292,324	\$ 334,192	\$ 626,516
Professional services	136,974	12,709	149,683
Occupancy expenses	72,534	8,059	80,593
Postage and delivery	11,345	1,260	12,605
Office supplies and expense	13,279	4,426	17,705
Governing committee	-	17,153	17,153
Computer supplies and expense	6,724	2,241	8,965
Miscellaneous	-	6,256	6,256
Depreciation and amortization	-	2,599	2,599
Staff education and seminars	4,655	3,856	8,511
Staff expense	-	3,278	3,278
Operating committee	-	1,000	1,000
Dues, subscriptions, and publications	-	518	518
Total expenses	<u>\$ 537,835</u>	<u>\$ 397,547</u>	<u>\$ 935,382</u>

The accompanying notes are an integral part of these financial statements.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	<u>Program services</u>	<u>Management and general</u>	<u>Total</u>
Expenses			
Salaries and related expenses	\$ 224,381	\$ 229,767	\$ 454,148
Professional services	144,061	12,995	157,056
Occupancy expenses	92,054	10,228	102,282
Postage and delivery	11,158	10,721	21,879
Office supplies and expense	9,656	3,218	12,874
Governing committee	-	13,765	13,765
Computer supplies and expense	9,531	3,177	12,708
Miscellaneous	-	6,716	6,716
Depreciation and amortization	-	1,862	1,862
Staff education and seminars	3,009	577	3,586
Staff expense	-	2,328	2,328
Operating committee	-	3,250	3,250
Dues, subscriptions, and publications	-	2,162	2,162
Total expenses	<u>\$ 493,850</u>	<u>\$ 300,766</u>	<u>\$ 794,616</u>

The accompanying notes are an integral part of these financial statements.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
OPERATING ACTIVITIES		
Change in net assets	\$ 90,018	\$ (59,240)
Adjustments to reconcile change in net assets to net cash flows		
Depreciation and amortization	2,599	1,862
Operating lease right of use asset expense, net	10,176	31,688
Change in operating assets and liabilities		
Accounts receivable	(59,017)	5,379
Prepaid expenses	(61,987)	45,615
Accounts payable	(4,011)	(1,161)
Accrued leave	3,909	620
Accrued payroll liabilities	1,684	(3,605)
Other accrued liabilities	3,382	15,473
Deferred lease benefit	-	(4,273)
Net cash flows from operating activities	(13,247)	32,358
INVESTING ACTIVITIES		
Purchases of property and equipment	(6,898)	(2,152)
Net cash flows from investing activities	(6,898)	(2,152)
Net change in cash and cash equivalents	(20,145)	30,206
Cash and cash equivalents - beginning of year	434,253	404,047
Cash and cash equivalents - end of year	\$ 414,108	\$ 434,253

The accompanying notes are an integral part of these financial statements.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Texas Automobile Insurance Plan (the Plan) was formed in January 1952 for the purposes of (1) making automobile liability insurance (both bodily injury and property damage) available to drivers in Texas who cannot obtain such insurance in the voluntary market, and (2) establishing a procedure for the equitable distribution of these risks among all automobile insurance companies admitted to do business in Texas.

During 1993, the Texas Legislature established the Texas Automobile Insurance Plan Association (TAIPA). TAIPA provides a means by which insurance may be assigned to an authorized insurer and essentially provides the same function as the Plan. The TAIPA Plan of Operation became effective as of January 1, 1995, at which time the Plan was abolished.

Financial Statement Presentation

TAIPA's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, TAIPA is required to report information regarding their financial position and activities, as applicable, according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the absence or existence of donor-imposed restrictions.

Net Assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired or been satisfied.

Net Assets with donor restrictions - Net assets that are subject to donor-imposed restriction either for use during a specific time period or for a particular purpose.

Net Assets Released From Restrictions

When a restriction is fulfilled or when a time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

TAIPA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

TAIPA reports property and equipment at historical cost if purchased, or at fair value if donated, less accumulated depreciation. Property and equipment purchased in excess of \$1,000 are capitalized. Repairs and maintenance costs are expensed as incurred while betterments and improvements are capitalized. Provision for depreciation is recognized using primarily the straight-line method over the estimated useful lives of the depreciable assets which is generally five to ten years. Upon the sale or other retirement of depreciable property, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the statement of activities.

Revenue Recognition

Member assessments and the related penalties are recognized as revenues as they are earned.

Concentrations of Credit Risk

TAIPA maintains its cash with high credit quality financial institutions which are members of the Federal Deposit Insurance Corporation. Occasionally, balances on deposit exceed federally insured limits; however, management believes there is no significant uninsured risk related to these deposits. At December 31, 2023, TAIPA had \$126,687 in uninsured cash balances.

Income Taxes

TAIPA is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(6). Accordingly, no provision for federal income taxes has been provided in these financial statements.

TAIPA has adopted Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 740, *Accounting for Uncertainty in Income Tax*. The benefits of tax positions are recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the positions will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. As of December 31, 2023 and 2022, TAIPA has not recognized liabilities for uncertain tax positions or associated interest and penalties.

TAIPA's federal exempt organization returns for the years ended December 31, 2020, and after are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Expenses

The costs of administering TAIPA and other activities have been summarized on a functional basis in the statements of activities. Such allocations are determined by management on an equitable basis. Occupancy expenses and depreciation and amortization are allocated based on square footage. All other expenses are allocated based on time and effort.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The management of TAIPA has evaluated subsequent events for disclosure through the date of the independent auditors' report, the date the financial statements were available to be issued.

Defined Contribution Plan

TAIPA is a member of the Insurance Company Supported Organization (ICSO) 401(k) Savings Plan. After one year of employment, all full-time employees are eligible to become plan participants. Employees may contribute up to 16% of their annual compensation to the plan. The employer matches employee contributions at the rate of \$.75 per \$1.00 of employee contributions up to a maximum of 6% of annual compensation. Payments to the plan were \$25,337 and \$16,146 for 2023 and 2022, respectively.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B - EMPLOYEE BENEFIT PLANS

Defined Benefit Plan

TAIPA is a member of The Pension Plan for Insurance Organizations (the Pension). The Pension is a multiple-employer defined benefit plan. The trustee of the Pension is the Principal Trust Company, a member of the Principal Financial Group. The Pension's employer identification number is 27-0131295 and Plan Number 001. An employee is eligible to become a member at the beginning of the first twelve-month period during which 1,000 hours of service have been completed with 100% vesting after (a) five or more years of service or (b) four years of service and 1,000 hours. TAIPA's funding policy is to make monthly contributions in conformance with minimum funding requirements. For the year ending December 31, 2023, TAIPA funded more than the minimum funding requirements.

TAIPA has adopted the recognition provisions of ASC 715. As required by ASC 715, TAIPA recognizes a liability for the underfunded status of its defined benefit pension plan and adjusts the ending balance of net assets without donor restrictions for the transition obligation, prior service cost, and net loss that have not been recognized as components of net periodic pension cost. The following tables set forth the status of the defined benefit pension plan and amounts per ASC 715 at December 31, 2023 and 2022.

Components that have been recognized as changes to net assets without donor restrictions arising from the Pension, but not yet reclassified as components of net periodic benefit costs for the years ended December 31:

	2023	2022
Service cost	\$ 28,853	\$ 41,906
Interest cost	185,262	123,568
Expected return on MRVA	(176,816)	(202,257)
Amortization of net prior service cost	1,207	5,736
Amortization of net actuarial loss (gain)	111,611	71,524
Net periodic benefit cost	<u>\$ 150,117</u>	<u>\$ 40,477</u>

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B - EMPLOYEE BENEFIT PLANS - Continued

The status of the Pension for the years ended December 31:

	2023	2022
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 3,452,745	\$ 4,530,700
Service cost	28,853	41,906
Interest cost	185,262	123,568
Actuarial loss (gain)	148,125	(955,342)
Benefits paid	(290,874)	(288,087)
Benefit obligation at end of year	3,524,111	3,452,745
Change in pension plan assets		
Fair value of pension plan assets at beginning of year	3,506,824	4,638,190
Actual return on pension plan assets	343,418	(851,612)
Employer contributions	91,667	8,333
Benefits paid	(290,874)	(288,087)
Fair value of pension plan assets at end of year	3,651,035	3,506,824
Funded status at end of year	\$ 126,924	\$ 54,079

Amounts recognized in the statements of financial position as of December 31:

Accrued (prepaid) pension benefit costs	\$ (126,924)	\$ (54,079)
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Amounts recognized as changes in net assets without donor restrictions arising from a defined benefit plan as of December 31:

Accumulated net loss (gain)	\$ 606,060	\$ 737,355
-----------------------------	------------	------------

Other changes in pension plan assets and benefit obligations recognized as changes in net assets without donor restrictions not yet included in net periodic benefit cost for the years ended December 31:

Net gain (loss)	\$ (111,611)	\$ (71,524)
Net prior service credit (cost)	(1,207)	(5,736)
New actuarial losses	(18,477)	98,527
	\$ (131,295)	\$ 21,267

The estimated net loss for the defined benefit pension plan that will be amortized into net periodic benefit cost over the next fiscal year is \$58,856.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B - EMPLOYEE BENEFIT PLANS - Continued

The accumulated benefit obligation for the Pension was \$3,453,744 and \$3,389,647 as of December 31, 2023 and 2022, respectively.

Employer contributions expected to be paid during the year ending December 31, 2023, is \$90,000.

Weighted average assumptions used to develop benefit obligations were:

	<u>2023</u>	<u>2022</u>
Discount rate	5.25%	5.50%
Rate of compensation increases	3.50%	3.00%

Weighted average assumptions used to develop net periodic pension benefit costs were:

	<u>2023</u>	<u>2022</u>
Discount rate	5.25%	5.50%
Expected return on pension plan assets	5.25%	4.50%
Rate of compensation increases	3.50%	3.00%

TAIPA's target investment allocation is 60% debt securities and 40% equity securities and its asset diversifications were as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Equity securities	36.70%	38.60%
Debt securities	58.00%	55.70%
Real estate	4.80%	4.80%
Cash	0.50%	0.90%
	<u>100.0%</u>	<u>100.0%</u>

The following represents the estimated future benefit payments to be paid by the Pension:

<u>Fiscal Years Ending</u>	
December 31, 2024	\$ 291,582
December 31, 2025	286,161
December 31, 2026	291,120
December 31, 2027	300,908
December 31, 2028	303,728
December 31, 2029-2031	<u>1,426,112</u>
Total	<u>\$ 2,899,611</u>

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE C - COMPENSATED ABSENCES

Employees of TAIPA are entitled to paid sick days and personal days off, depending on their length of service. Effective January 1, 2007, employees are eligible to receive monetary reimbursement for a maximum of 37 1/2 hours of unused All Purpose Leave from the prior year. The compensation will be paid prior to January 31. The employees who have remaining All Purpose Leave available as of December 31 are able to carry up to 350 hours over to the following year. Any amount in excess of 350 hours will be forfeited each January 1. Accrued leave in the amount of \$44,848 and \$40,939 has been recorded in the accompanying statements of financial position as of December 31, 2023 and 2022, respectively.

NOTE D - LEASE COMMITMENTS

TAIPA is obligated on leases for retail space. For accounting purposes, the leases are treated as operating leases. Lease expense under the operating leases for the year ended December 31, 2023 and 2022, totaled \$73,890 and \$94,644, respectively.

	2023	2022
Operating lease cost:		
Amortization of right of use asset	\$ 43,823	\$ 67,042
Interest on lease obligation	7,777	8,062
Operational cost sharing and short-term leases	22,290	19,540
Total operating lease cost	\$ 73,890	\$ 94,644
Current lease liability	\$ 51,413	\$ 33,647
Long - term lease liability	201,196	252,609
	\$ 252,609	\$ 286,256
	2023	2022
Weighted average discount rate	2.90%	2.89%

Aggregate future minimum lease payments on all operating leases are as follows:

Due in Years Ending	
December 31, 2024	\$ 57,889
December 31, 2025	59,462
December 31, 2026	60,625
December 31, 2027	57,275
December 31, 2028	33,988
	\$ 269,239

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE E - LINE OF CREDIT

TAIPA renewed a bank line of credit totaling \$300,000 on September 23, 2019. Interest, calculated at the bank's prime rate, is payable monthly. At December 31, 2023, there was no outstanding balance on the line, and there were no borrowings on the line of credit during the years ended December 31, 2023 and 2022. The line of credit matures on September 13, 2024.

NOTE F - LIQUIDITY AND AVAILABILITY

The following represents TAIPA's financial assets at December 31, 2023 and 2022:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 414,108	\$ 434,253
Accounts receivable	60,786	1,769
Total financial assets available to use	\$ 474,894	\$ 436,022

In addition to financial assets available to meet general expenditures over the next 12 months, TAIPA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. TAIPA regularly monitors liquidity required to meet its operating needs and other contractual commitments. TAIPA's goal is to maintain financial assets to meet approximately one year of operating expenses. This is achieved by determining: 1. TAIPA's budget for the upcoming year, 2. what, if any, amount of carryover cash can be applied to the budget, and 3. the proper membership fees and assessments to cover that budget. As part of TAIPA's liquidity plan, excess cash is moved to TAIPA's savings account to maximize the interest income. TAIPA also maintains a \$300,000 line of credit to meet any unexpected cash flow needs.

SUPPLEMENTAL
INFORMATION

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
SUPPLEMENTAL INFORMATION
COMPARISON OF REVENUES AND EXPENSES VERSUS BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues			
Member assessments	\$ 866,126	\$ 867,000	\$ (874)
Interest income	14,588	-	14,588
Assessment penalties	13,391	-	13,391
Total Revenues	<u>894,105</u>	<u>867,000</u>	<u>27,105</u>
Operating Expenses			
Salaries	357,925	384,500	26,575
Employee benefits and other insurance	268,591	231,100	(37,491)
Rent	73,890	70,313	(3,577)
Telephone/internet access	6,223	10,300	4,077
Property taxes	480	1,200	720
Professional services			
Legal	47,176	60,600	13,424
Audit	20,773	26,800	6,027
Systems consultants	60,553	66,400	5,847
Consultants - other	21,181	30,300	9,119
Actuary	-	8,500	8,500
Depreciation and amortization	2,599	5,100	2,501
Postage and delivery	12,605	26,400	13,795
Office equipment and supplies	15,478	16,500	1,022
Printing and stationary	2,227	4,300	2,073
Governing committee	17,153	38,900	21,747
Computer supplies and expenses	8,965	14,715	5,750
Operating subcommittee	1,000	4,500	3,500
Employee meetings, seminars, and travel	8,511	26,000	17,489
Staff expense and other	9,534	10,300	766
Dues, subscriptions, and publications	518	3,300	2,782
Total Operating Expenses	<u>935,382</u>	<u>1,040,028</u>	<u>104,646</u>
Other Revenues (Expenses)			
Pension minimum liability adjustment	131,295	-	131,295
Total Other Revenues (Expenses)	<u>131,295</u>	<u>-</u>	<u>131,295</u>
Change in Net Assets Without Donor Restrictions	<u>\$ 90,018</u>	<u>\$ (173,113)</u>	<u>\$ 263,046</u>

Exhibit 2

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 that all 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.

Attendees:

Governing Committee Members

Keith Wechsler
Matthew Snyder
Brian Ferguson
Doug Queenin
John Lusardi
Adam Hall
Becky Jackson
Carmelita Hogan
Mary Carol Awalt
Laura Hausman
Betsy Blair
Janet Dewey
Ramon Montalvo III, C.I.C.
Adam Payton
Kit Morris

TAIPA Staff

Stacy Dutton
Mimi Leece
Amanda Reynolds
Ruth Wise

TAIPA Legal Counsel

Michael W. Jones

TDI

Melissa Herman
Katelyn Boehm
Jessica O'Connor
Marianne Baker
Drew Beglau

OPIC

Melissa Heggen
Kim Donovan

Other

Ron Wiest
Anne O'Ryan
Brent McGill
Carol Berthold
Regan Ellmer

1. Call to Order

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

Mimi Leece explained the way the Zoom meeting would proceed.

2. Introductions

Chair Jackson turned the meeting over to Stacy Dutton to call the 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 activities of the Association, and shall not discuss or pursue the business interests of individual insurers or others.

4. Conflict of Interest Policy/Disclosures

Chair Jackson turned the meeting over to Mike Jones to go over TAIPA's Conflict of Interest policy and disclosures. Mr. Jones reminded everyone of TAIPA's conflict of interest policy and that disclosures would need to be made if anyone felt they would be in conflict. There were no comments.

5. Election of Officers

Chair Jackson turned the meeting over to Adam Payton for the Nominating Subcommittee report. The nominating subcommittee members are Carmelita Hogan, Matthew Snyder, and Adam Payton. Mr. Payton presented the proposed 2024 officers for the TAIPA Governing Committee. The nominees were as follows:

Chair- Matt Snyder

1st Vice Chair-David Weber

2nd Vice Chair-John Lusardi

Secretary-Betsy Blair

Immediate Past Chair-Becky Jackson

Chair Jackson asked for a motion to accept the nominees presented by the Nominating Subcommittee. Ramon Montalvo made the motion. Adam Payton seconded the motion. The motion carried. No other nominations were made. Chair Jackson asked for a motion to close

nominations. Matt Snyder made the motion. Adam Payton seconded the motion. The motion carried. There was no further discussion regarding the nominees. Chair Jackson asked for a motion to elect the presented nominees. Mary Carol Awalt made the motion. Janet Dewey seconded the motion. The motion carried.

Chair Jackson turned the meeting over to the newly elected Chair, Matt Snyder. Chair Snyder thanked Ms. Jackson for her dedication while serving as TAIPA's Chair for 2022 and 2023. Ms. Jackson was presented with a framed Texas flag which had been flown over the Texas State Capitol on February 14, 2024. Ms. Jackson shared her appreciation for the gift.

6. Chair's Report

A. Thank you to Becky Jackson for serving as Chair for the previous two years.

B. Welcome to Melissa Herman from TDI

Chair Snyder welcomed Melissa Herman, who will be serving as TDI's representative.

C. Thank you to John Mooney from TDI

Chair Snyder thanked John Mooney for his hard work while serving as TDI's representative.

D. Strategic Planning Subcommittee Opening for Company Member

Chair Snyder reminded everyone that there was one open position on the Strategic Planning Subcommittee that needed to be filled by a company member. He stated that any interested party could reach out to him or Stacy Dutton.

7. Review and Approval of the Minutes of the November 17, 2023 Meeting

Chair Snyder turned the meeting over to John Lusardi to review the meeting minutes. There were no changes needed and Chair Snyder asked for a motion to approve the minutes. Becky Jackson made the motion. Betsy Blair seconded the motion. The motion carried.

8. Review and Approval of the Minutes of the March 6, 2024 Special Meeting

Mike Jones noted that on page 3, subsection B, of the meeting minutes the word "insignificant" should be edited to read "significant." There were no other changes. Chair Snyder asked for a motion to approve the minutes with the stated correction. Ramon Montalvo made the motion. Becky Jackson seconded the motion. The motion carried.

9. Manager's Report

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

A. Application Count Update

Ms. Dutton gave an update on the application counts for Yearend 2023 and as of February 2024. Ms. Dutton stated that in 2023 TAIPA assigned 1,758 applications compared to 1,352 applications that were assigned in 2022. This was 406 more applications assigned in 2023 or a 29.73% increase.

In February 2024 TAIPA received 144 applications compared to 129 applications received in February of 2023. This is 15 more applications, or an 11.62% increase. Year-to-date for 2024, TAIPA has received 281 applications compared with 252 applications received year-to-date in 2023. This is 29 more applications, or an 11.51% increase. Ms. Dutton stated that TAIPA expects to receive about 1,950 applications in 2024, which would be 192 more than 2023. There were no comments.

B. Financial Update- For Yearend 2023

Ms. Dutton explained that TAIPA used 92.46% of its 2023 budget. She noted that two categories show as over-budget at the end of December 2023: employee benefits and computer equipment. She stated that the employee benefits category was over due to a non-cash expense of \$98,927 for pension benefit costs. She noted that because this is not controlled by TAIPA it is not a budgeted item. Computer equipment was over budget because to cover costs involved in TAIPA's previous depreciations, money was moved from computer supplies to computer equipment.. This left computer supplies under budget and computer equipment over budget. Ms. Dutton also noted that TAIPA did make eight non-cash adjustments to the 2023 budget, which she worked on with Tyler Mosley from Atchley and Associates. Chair Snyder asked for a motion to accept the variances to the budget as stated. Becky Jackson made the motion. Adam Payton seconded the motion. The motion carried.

C. LAD/CLAD Verification Completed

Ms. Dutton reminded everyone of TAIPA's policy to recertify the LAD/CLAD carriers every five years. This was done in 2023 and it was noted that all TAIPA's LAD/CLAD carriers have an A and A+ rating according to AM Best.

D. Update on List of Active Producers on TAIPA's Website

Ms. Dutton reported on where TAIPA was regarding updating the website with a search option for potential applicants to find TAIPA certified agents in their area. She noted that TAIPA had been in contact with a company that would make this website adjustment for \$3,150. Chair Snyder asked for a motion to approve the \$3,150 expense to automate TAIPA's website with this new feature and approve adding \$3,150 to the budget. Betsy Blair made the motion. Janet Dewey seconded the motion. The motion carried.

E. Administrative Rules

The administrative rules were distributed. It is TAIPA's policy to distribute these at the first Governing Committee meeting of the year as a reminder to all members. There were no questions or concerns regarding this.

F. Open Meetings Act Training

Mrs. Dutton reminded the Governing Board members that they must complete the online Open Meetings Act training once every two years. She noted that if a member's two-year training was coming up, TAIPA staff would reach out to them with a reminder.

G. Conflict of Interest Policy Reminder

Ms. Dutton reminded everyone that they must sign TAIPA's Conflict of Interest Policy document every year and noted that one had been provided to everyone at the meeting. She asked that everyone sign that policy and return it by April 15, 2024.

The meeting was turned back over to Chair Snyder.

10. Audit/Finance Committee Report

As chair of the Audit Finance Committee, Matthew Snyder went over the Audit/Finance Subcommittee Report. Chair Snyder went over the Audit Engagement Letter from Atchley and Associates. He noted that it is the same letter that Atchley provides each year stipulating their responsibilities, TAIPA's responsibilities, and what they will do and provide in the financial audit. The estimated cost for the audit is between \$16,000 and \$17,500. Mr. Snyder asked for a motion to approve the financial audit to be performed by Atchley and Associates. Ramon Montalvo made the motion. Brian Ferguson seconded the motion. The motion carried.

11. Operation Subcommittee Report

David Weber, who is chair of the Operation Subcommittee, was unable to attend the meeting, so Ms. Dutton went over the Operation Subcommittee Report.

A. Over/Under Report

Ms. Dutton noted that there was nothing of significance to report regarding the Over/Under Report.

B. Study on Method to Use to Calculate Future TAIPA Rates

Ms. Dutton reminded everyone that the Operation Subcommittee was tasked with developing a new method for the actuary to calculate TAIPA rates at the March 6, 2024 Special Meeting. She noted that David Weber would like feedback from any source regarding this subject. She stated that TAIPA will be sending out an email to all Governing Committee members as well as any interested parties with potential dates for the first exploratory meeting.

12. Report of Counsel

Chair Snyder turned the meeting over to Mike Jones for the Report of Counsel. Mr. Jones updated everyone on the rate filing that was scheduled for April 16, 2024.

13. Next Meeting- August 16, 2024

Chair Snyder announced that the next meeting of the TAIPA Governing Committee will be August 16, 2024.

14. Personnel Matters-Closed Meeting

Chair Snyder announced that a closed meeting will be held pursuant to Texas Government Code Sec. 551.074 relating to personnel matters. He stated that all members of the Governing Committee were welcome to stay in the meeting and everyone else could wait in the Zoom waiting room or would need to leave the conference room. The closed session ended at 10:20 AM.

Chair Snyder asked for a motion to meet with the Association Manager and give her performance review. The motion was made by Adam Payton. The motion was seconded by Kit Morris. The motion carried.

15. Adjournment

Chair Snyder asked for a motion to adjourn the meeting. John Lusardi made the motion. Becky Jackson seconded the motion. The motion carried. The meeting was adjourned at 10:21 AM.



Betsy Blair, Secretary

Exhibit 3

Monthly Total (July 2024)

	Private Passenger	Commercial
EASi Applications	171	18
Paper Applications	0	0
Total Applications Received	170	18
Applications Assigned	165	17
Apps Returned for Correction	5	0
Applications Deficient	3	1
Applications with SR-22s	3	0
Total Applications Received in July 2023:		115
Total Applications Received in July 2024:		188

Year to Date Total (as of July 2024)

	Private Passenger	Commercial
EASi Applications	1077	153
Paper Applications	0	0
Total Applications Received	1074	147
Applications Assigned	1043	142
Apps Returned for Correction	31	4
Applications Deficient	33	13
Applications with SR-22s	18	0
Total Applications Received YTD (as of July 2023):		969
Total Applications Received YTD (as of July 2024):		1,221
YTD Percent Change from July 2023 to July 2024:		26.01%

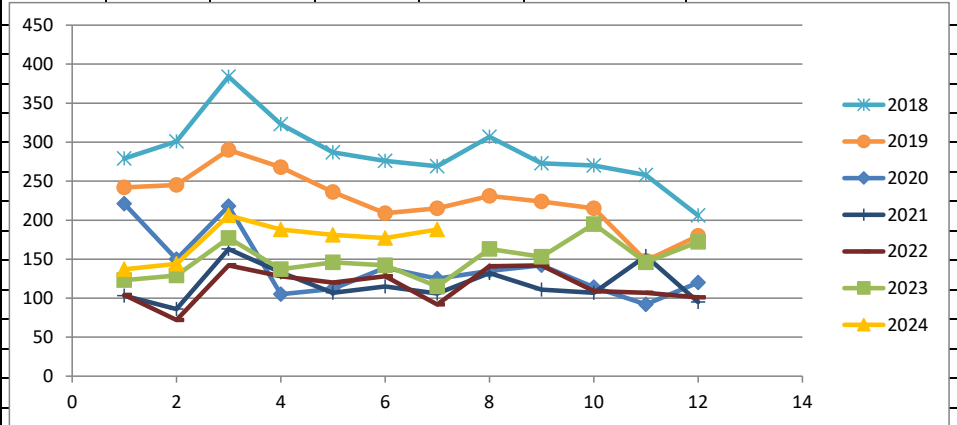
Application Assignment History*

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

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

Trend of Applications Received from 2016 to 2023

	2018	2019	2020	2021	2022	2023	2024
January	279	242	221	103	104	123	137
February	301	245	150	86	72	129	144
March	384	290	218	163	142	177	206
April	323	268	105	133	128	137	188
May	287	236	112	107	120	146	181
June	276	209	139	115	128	142	177
July	269	215	125	106	92	115	188
August	307	231	135	132	141	163	
September	273	224	142	111	142	153	
October	270	215	114	107	109	195	
November	258	148	92	154	107	146	
December	206	180	120	95	101	172	
Total	3,433	2,703	1,673	1,412	1,386	1798	1221



Percent Change in Applications Received from 2016 to 2023

	2018	2019	2020	2021	2022	2023	2024
January	-11.71%	-13.26%	-8.68%	-53.39%	0.97%	18.27%	11.38%
February	0.33%	-18.60%	-38.78%	-42.67%	-16.28%	79.17%	11.63%
March	5.21%	-24.48%	-24.20%	-25.23%	-12.88%	24.65%	16.38%
April	26.67%	-17.03%	-33.59%	26.67%	-3.76%	7.03%	37.23%
May	-23.47%	-17.77%	-52.54%	-4.46%	12.15%	21.67%	23.97%
June	-0.72%	-24.28%	-33.49%	-17.27%	11.30%	10.94%	24.65%
July	-7.24%	-20.07%	-41.86%	-15.20%	-13.21%	25.00%	63.48%
August	-8.63%	-24.76%	-41.56%	-2.22%	6.82%	15.60%	
September	-2.50%	-17.95%	-36.61%	-21.83%	27.93%	7.75%	
October	1.50%	-20.37%	-46.98%	-6.14%	1.87%	78.90%	
November	-2.27%	-21.82%	-37.84%	67.39%	-30.52%	36.45%	
December	-21.37%	-21.26%	-33.33%	-20.83%	6.32%	70.30%	
Total YTD	-4.29%	-20.01%	-35.79%	-37.11%	3.65%	32.98%	26.96%

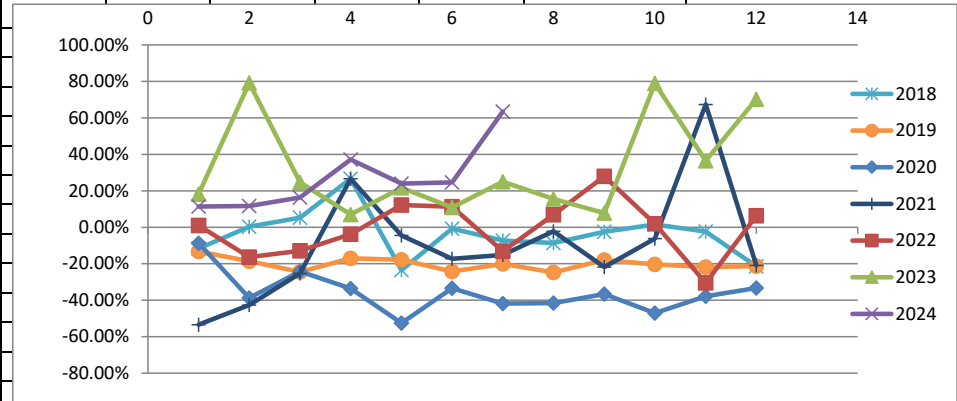


Exhibit 4

TAIPA
ACTUAL VS. BUDGET
For the period ended June 30, 2024

	Actual	2024 Year To Date Budget	Variance	2024 Annual Budget	% Used	Reason for Variance
<u>REVENUE</u>						
Assessments & Penalties	500,114	497,180	2,934	994,360	50.30%	55.00%
Other Revenue	12,247	0	12,247	0	0.00%	45.00%
TOTAL	512,361	497,180	15,181	994,360	51.53%	Within range.
<u>EXPENDITURES</u>						
Salaries	185,483	201,800	16,317	403,600	45.96%	Within range
Emp. Benefits & Other Ins. Exp.	97,314	119,550	22,236	239,100	40.70%	TAIPA moved from Humana to United Health Care medical costs are lower than expected. Expect to end on budget.
Office Equipment Expense	6,690	9,550	2,860	19,100	35.03%	TAIPA has purchases some Office Supplies & Equip. We expect to end on budget.
Printing & Stationary Exp.	0	2,150	2,150	4,300	0.00%	We have not purchased envelopes. We expect to end on budget.
Computer Expenses	3,755	7,400	3,645	14,800	25.37%	We have not yet purchased all of the recommended computer supplies that Vintage suggested. We expect to end on budget.
Postage & Shipping Exp.	9,583	10,900	1,317	21,800	43.96%	We continue to try & minimize what we send out by hard copy. TAIPA mailouts are down, also some of the follow up assessment invoices have been sent electronically. We expect to end under budget
Telephone Expense	3,142	3,650	508	7,300	43.04%	We have not moved to fiber. TAIPA's telephones are now all using VOIP, through the internet. We expect to end under budget unless we move to fiber internet services.
Rent Expense	39,366	39,600	234	79,200	49.70%	Within range
Moving Expense	0	0	0	0	0.00%	Within range

TAIPA
ACTUAL VS. BUDGET
For the period ended June 30, 2024

	Actual	2024 Year To Date Budget	Variance	2024 Annual Budget	% Used	Reason for Variance
Taxes	480	600	120	1,200	40.03%	We have not paid all of TAIPA's taxes. We expect to end on budget.
Other Office Expenses	2,488	4,250	1,762	8,500	29.27%	TAIPA has not had very many assessment write-offs, we have not restocked kitchen & first aid supplies & service awards happen later in the year. We expect to end on budget.
Governing Committee	11,565	19,700	8,135	39,400	29.35%	TAIPA has had only 1 Governing Board Meeting. Expect to end on budget.
Subcommittee Meetings	649	1,500	851	3,000	21.64%	TAIPA only had 1 Ops-Sub Committee meeting prior to the August 2023 Gov. Board Meeting. If we have an additional Ops-Sub meeting after the August meeting, we anticipate going over budget.
Producer Review Panel	0	0	0	0	0.00%	Within range
Employee Meetings, Seminars & Staff Travel	138	13,400	13,262	26,800	0.51%	Employees have not attended courses/seminars. We expect to end on budget.
Legal Expenses	33,145	42,330	9,185	84,660	39.15%	We are currently under budget & have completed the rate filing/hearing for 2024. We will start work obtaining data for the 2025 rate filing . We expect to end on budget.
Audit Expense	18,612	13,200	-5,412	26,400	70.50%	TAIPA 's 2023 Audit is complete & paid for. We expect to end on budget.
Dues, Subscriptions & Publications	304	400	96	800	38.01%	Some of the expected dues will be paid later in the year. We expect to end on budget.
TAIPA Tradition, Visitor Meals & Gifts	937	1,750	813	3,500	26.78%	Events for Governing Committee Members/Employees/Visitors happen randomly throughout the year. We expect to end on budget.

TAIPA
ACTUAL VS. BUDGET
For the period ended June 30, 2024

	2024 Year To Date	2024 Annual	Variance	Budget	% Used	Reason for Variance
	Actual	Budget		Budget		
System Consultants	33,079	36,100	3,021	72,200	45.82%	Within range
Consultants - Other	9,487	18,782	9,295	37,565	25.26%	We are currently under budget, but TAIPA has plans to update the accounting MACRO, move TAIPA's Excel Company Master List to Sage. This will happen later in the year. We expect to end on budget.
Actuary	15,900	22,000	6,100	44,000	36.14%	We are currently under budget, TAIPA has completed the rate filing/hearing. We will hope to start working on the 2025 rate filing. We expect to end on budget.
Other	0	0	0	0	0.00%	
SUBTOTAL	472,117	568,612	96,495	1,137,225	41.51%	
Depreciation	1,603	1,800	197	3,600	44.53%	
Amortization	0	0	0	0	0.00%	
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0	0.00%	
SUBTOTAL	1,603	1,800	197	3,600	44.53%	
TOTAL OPERATING EXPENSE	473,720	570,412	96,692	1,140,825	41.52%	We are currently under budget by 8.48%. We expect to end within budget at the end of the year..
NET FROM OPERATIONS	38,641	-73,232	111,873	-146,465		
Non-Operating Pension Costs	0	0	0	0	0.00%	
NET	38,641	-73,232	111,873	-146,465		
<u>CAPITAL BUDGET</u>						
Software Development in Progress	0	0	0	0	0.00%	
Office Furniture & Equipment	0	0	0	0	0.00%	

TAIPA
ACTUAL VS. BUDGET
For the period ended June 30, 2024

	Actual	2024 Year To Date Budget	Variance	2024 Annual Budget	% Used	Reason for Variance
Computer Equipment	0	5,100	5,100	10,200	0.00%	
Computer Software	0	0	0	0	0.00%	
Leasehold Improvements	0	0	0	0	0.00%	
TOTAL	0	5,100	5,100	10,200	0.00%	

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 June 30, 2024

Unaudited

Changes in unrestricted net assets

	Current YTD
Revenues	
Member assessments	\$ 493,847
Interest income	12,247
Assessment penalties	6,267
Total revenues	<u>512,361</u>
Expenses	
Salaries and related expenses	282,797
Occupancy expenses	42,988
Professional Services	110,223
Depreciation & amortization	1,603
Postage and delivery	9,583
Office supplies and expense	6,690
Governing committee	11,565
Computer supplies & expenses	3,755
Subcommittee meetings	649
Staff education & seminars	138
Miscellaneous	2,488
Staff expense	937
Dues and subscriptions	304
Total operating expenses	<u>473,720</u>
Other revenues (expenses)	
Total other revenue (expenses)	<u>-</u>
<i>Increase (decrease) in unrestricted net assets</i>	38,641
<i>Net assets (deficiency) at beginning of year</i>	<u>492,153</u>
<i>Net assets (deficiency) as of June 30, 2024</i>	<u><u>\$ 530,793</u></u>

Texas Auto Ins. Plan Assoc.

Statement of Financial Position

As Of June 30, 2024

Unaudited

ASSETS

Current Assets	
Cash and cash equivalents	\$ 981,187
Accounts receivable	3,721
Prepaid expenses	27,392
Total current assets	<u>1,012,299</u>
Security Deposits	5,379
Prepaid Pension Benefit Costs	126,924
Property and Equipment	
Furniture and equipment	26,653
Computer equipment	24,155
Leasehold improvements	2,222
Computer software	25,000
	<u>78,030</u>
Less accumulated depreciation	70,855
	7,175
Other Assets	
Operating lease right of use asset, net	<u>210,745</u>
Total assets	<u><u>1,362,523</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	26,046
Accrued vacation	44,848
Accrued payroll liabilities	10,809
Deferred revenue	497,416
Short Term Lease Liability	51,413
Total current liabilities	<u>630,533</u>
Other Liabilities	
Long Term Lease Liability	<u>201,196</u>
Total other liabilities	201,196
Net (Deficiency) Assets	
Without donor restrictions	<u>530,793</u>
Total net assets	<u>530,793</u>
Total liabilities and net assets	<u><u>\$ 1,362,523</u></u>

Exhibit 5

TAIPA Proposed 2025 Governing Committee Meeting Dates

Friday, April 11th, 2025

Friday, August 1st, 2025

Friday, November 21st, 2025

Exhibit 6

Marriott Austin South
 4415 South IH 35, Austin, TX 78744
 (P)512.634.2029(F)512.634.2088

Description		Amount	
Food & Beverage			
All food & beverage Charges			\$1,560.00
Labor			
Service Charge	24% Service Charge		\$374.40
Tax	8.25%		\$159.59
Total Catering Charges			\$2,093.99
			\$2,093.99
AV Encore service charge/tax inclusive \$3,497.83			
Miscellaneous Charges \$0.00			
Subtotal		Subtotal	\$5,591.82
Guest Rooms	Attrition- 7 contracted @ 80% attrition- 1 picked up -4 rooms in attrition	4@ \$170	\$680.00
Rooms Tax		17.60%	\$119.97
Total Charges			\$6,391.79

ICT & Aloft Hotel Southwest
 6731 Legado Cir, Austin, TX 78749
 (P)(512) 614-1010

Description		Amount	
Food & Beverage			
All food & beverage Charges			\$600.00
Plates, cups, etc.			
Delivery Fee			\$100.00
Tax		8.25%	\$80.00
Tax		8.25%	\$49.50
Total Catering Charges			\$829.50
			\$829.50
ICT + AV AV/service charge/tax inclusive \$400.00			
Miscellaneous Charges \$0.00			
Subtotal		Subtotal	\$1,229.50
Guest Rooms	4 rooms @ Aloft Austin Southwest 2.5 miles from ICT room pricing is about the same. April's room rate is \$190, Aug & Nov room rates \$160	4@ \$170	\$680.00
Rooms Tax		17.60%	\$119.97
Uber	4 people		\$35.00
Total Charges			\$2,064.47

Savings \$4,327.32

ICT & AC Hotel Austin Hill Country
 7415 Southwest Pkwy Building 8, Austin, TX 78735
 (P)(512) 551-4009

Description		Amount	
Food & Beverage			
All food & beverage Charges			\$600.00
Plates, cups, etc.			
Delivery Fee			\$100.00
Tax		8.25%	\$80.00
Tax		8.25%	\$49.50
Total Catering Charges			\$829.50
			\$829.50
ICT + AV AV/service charge/tax inclusive \$400.00			
Miscellaneous Charges \$0.00			
Subtotal		Subtotal	\$1,229.50
Guest Rooms	This is an estimate based on other Marriott hotel rates. 4 rooms @ AC Hotel Austin Hill Country 3 miles from ICT room pricing is about the same	4@ \$230	\$920.00
Rooms Tax		17.60%	\$161.96
Uber	4 people		\$35.00
Total Charges			\$2,346.46

Savings \$4,045.33

Exhibit 7

Exhibit 7 –

Complaint from producer on mail time of applications and antiquated payment option.

Reasons for this request:

- Mail time is inconsistent and not always reliable.
- Obviously takes more time than sending electronically.
- Insurance agents probably send most of their non-TAIPA applications electronically as many companies require this.
 - TAIPA Staff agree with these points.

Other reasons to consider this request:

- Assuming that this would mean sending the application and payment to TAIPA and then to the assigned company electronically – This could assist companies that send applications to be scanned and sent to their employees to process as it could eliminate the scanning of the application and eliminate problems with missing pages.

Reasons why TAIPA hasn't changed our current practice of requiring applications to be sent hard copy and with a check previously:

1. TAIPA has been slow to change the practice for several reasons –
 - This is the first formal request that Stacy has received.
 - Although in talking with staff, they have often heard comments about TAIPA being in the dark ages because electronic applications and payment options are not available.
 - There haven't been a lot of complaints, at least not formal requests for any changes. The producer who made this complaint was actually calling regarding a different problem, but formally asked why we were so antiquated. He also stated that he felt that companies didn't want to make the investment into TAIPA's system.
 - That said, Mimi was talking to one of our larger agents (meaning that he has sent us about 20% of our applications this year) and he asked when we would be moving to an electronic application and payment.
 - One of the main reasons TAIPA staff didn't initiate a change was because of the costs associated with making changes to our system.
 - Since TAIPA has so few applications and they have consistently continued to go down, we didn't make the suggestion.
 - Until 2023, applications only went up 400+ applications in 2017 and then continued the downward trend until last year when they went up 400+ applications.
 - Currently it appears that our volume will go up again in 2024, but again even with the increase, we are unlikely to hit 3000 applications.

- By annualizing our applications, we estimate that we will end the year with a little over 2000 applications.
 - If we estimate that our volume continues to go up 60% each month through the end of the year, we would only end the year with 2500 applications.
 - We expect to see some reduction in October 2024 when the 2024 rates go into effect.
 - We didn't anticipate that the companies would want to make the investment necessary for our current volume.
 - At this point we don't know what the cost will be and the Governing Committee will have to review the costs and determine if it is worth moving to a more automated.
- When Mimi and I came to TAIPA, there were some insurance agents who were slow to change.
 - In 2007, Agents had the option of using EASi (completing the application electronically or writing/typing the application) either way they had to send in a hard copy of the application. If they used EASi, the application was bound, or they could bind coverage through ESP (call in) for a paper application, but if they wrote out or typed the application it wasn't bound until the day after it was received in our office. *The ESP procedure was eliminated April 1, 2009.
 - Back then some agents didn't have computers and some didn't have the internet in their office and there were others who had it available but still wanted to complete a paper application.
 - TAIPA did not require producers to enter the applications into EASi until 2015.

Things to consider:

1. TAIPA will have to change our Plan of Operation and have this approved by TDI.

TAIPA's Plan of Operation contains the following requirements:

“WHAT TO SEND TO THE ASSOCIATION EASi applications – forward the submitted application with signatures.

Private passenger applications should be accompanied by the following documents:

Deposit check

Driver Improvement Course Certificate, if a credit has been applied.

Check payable to the Texas Department of Public Safety, if TAIPA is to file an SR-22 requiring a fee, directly with TDPS. Refer to subsection 7.A.6.

Commercial applications should be accompanied by the following documents:

Deposit check

Supplemental operator schedule, if applicable

In addition, TAIPA may need to change sections of the plan based on decisions made on electronic applications :

Sec. 6. PREMIUM DEPOSIT REQUIREMENTS AND PAYMENT OPTIONS..... P-3

TAIPA will need to add the electronic payment option and information about a convenience fee.

Sec. 15. PERFORMANCE STANDARDS FOR PRODUCERS WRITING ASSOCIATION PRIVATE PASSENGER ASSIGNMENTS

..... P-9

TAIPA will need to add the electronic payment violations.

Sec. 22. PREMIUM DEPOSIT REQUIREMENTS AND PAYMENT OPTIONS..... C-2

TAIPA will need to add the electronic payment option and information about a convenience fee

Sec. 33. PERFORMANCE STANDARDS FOR PRODUCERS WRITING ASSOCIATION OTHER THAN PRIVATE PASSENGER ASSIGNMENTS

..... C-7

TAIPA will need to add the electronic payment violations

*Note - There may be additional sections that would need to be changed as well, but these are the sections TAIPA staff anticipates would need to be changed.

Do we want to look into making a change or not?	Yes	No
	<p>Pros</p> <ul style="list-style-type: none"> • TAIPA would receive applications and payments timely. • It should make the process of getting the application to the company in tact. • It should make the process from application 	<p>Cons</p> <ul style="list-style-type: none"> • Applications and payments will continue to be subject to mail. • There are problems with <ul style="list-style-type: none"> -timeliness -never arriving -arriving damaged

	to having the policy in the applicants hand more timely.	
<p>The first thing that we need to know is if a convenience fee is legal in Texas.</p> <p>If it is illegal, then the companies would have to pay the convenience fee.</p> <p>I found conflicting answers in my Google search.</p>	<p>Google Answer to:</p> <p>“Can you charge a convenience fee in Texas?”</p> <p><u>That indicate it is illegal</u></p> <p>Chapter 604A of the Business and Commerce Code does, in fact, make it illegal for a business to impose a surcharge on customers who use credit cards. There is a civil penalty of up to \$500 for each violation. Under the law, only state and local governments and some private schools can impose a surcharge.</p> <p>Two sections in the Texas Business & Commerce Code prohibit a seller from charging a fee when a buyer uses a credit or debit card as payment. These laws are in Sections 604A. 0021 and 604A. 002, respectively.</p> <p>If it is illegal, then I would assume that the convenience fee would need to be paid by the companies and not charged to the applicant.</p>	<p>Google Answer to:</p> <p>“Can you charge a convenience fee in Texas?”</p> <p><u>That indicate it is not illegal</u></p> <p>Yes, businesses in Texas can charge convenience fees if they meet certain criteria:</p> <ul style="list-style-type: none"> • Uniform: The fee must be the same for all payment methods, including credit cards • Disclosed: The fee must be clearly communicated to the customer at the point of sale, preferably in writing, and listed as a separate line item before payment • Alternative payment: There must be another preferred payment method available <p>And</p> <p>However, Texas law prohibits sellers from charging fees when customers use debit or credit cards, with some exceptions for state and local governments and private schools. In 2018, a federal court ruled that the Texas law on credit card surcharges was unconstitutional, but the Texas attorney general's office said that the ruling only applied to the parties involved in the lawsuit and that the law is still enforceable in some situations.</p> <p>And</p>

		<p>“Can you charge a credit card fee in Texas?”</p> <p>Yes, businesses can charge credit card fees in Texas, as long as the fee is based on the actual swipe fee and doesn't exceed 4%. This is because a federal judge in Austin overturned Texas's previous law banning credit card surcharges in 2018, ruling that it was unconstitutional. The merchants who won the lawsuit argued that the law violated their First Amendment right to free speech by preventing them from informing customers about swipe fees.</p> <p>In addition – David Weber indicated that he thinks that:</p> <ol style="list-style-type: none"> 1. The applicant will be responsible for payment of the charge. 2. The OAG is not enforcing this law so there is really no fear of anything bad happening. 3. The legislature will fix this issue in 2025 because it came close last session.
<p>We will need to change our Plan of Operation and get it approved by TDI</p>	<p>I don't see this as an issue as I think TDI would see this as a benefit to the companies and the insureds.</p> <p>It would be nice to find out if this is acceptable to TAIPA prior to moving forward with the programming etc.</p> <p>TAIPA staff anticipates that TDI would view the convenience fee</p>	

	<p>associated with electronic payments in a similar way that they viewed installment fees and premium finance fees as long as it is not a requirement for the insured. That said, we would need to know how TDI would ultimately rule on the convenience fee.</p>	
<p>Do we want to come up with our own system or use AIPSO's system?</p>	<p>TAIPA System –</p> <p>Pros –</p> <ul style="list-style-type: none"> ○ TAIPA controls the system. <p>Cons -</p> <ul style="list-style-type: none"> ○ We don't have experience doing this. ○ The previous system that we had contracted to build never came to fruition and we lost the money that we had paid for the system. ○ There is a known risk of handling credit card information. 	<p>AIPSO System –</p> <p>Pros –</p> <ul style="list-style-type: none"> ○ implemented electronic applications and payments in _____ states. ○ worked through the kinks. ○ producers already use AIPSO's EASi system to enter the applications so I anticipate that it would be using this same system to send the application. ○ Has a system set up to take the payments. I believe that this is through a 3rd party, and I believe that eliminates or limits the liability around credit card information being stolen. ○ Implemented different processes in different states such as – Currently they only accept electronic applications for private passengers. ○ They know why different states implemented different options so they could share this knowledge. <p>Cons –</p> <ul style="list-style-type: none"> ○ TAIPA will have to pay for this upgrade since this would be a TAIPA request only so there would be no cost sharing.

		<ul style="list-style-type: none"> ○ AIPSO will have to come up with a proposal and time frame.
Do we want:		
-to keep accepting hard copy and checks	-I assume that we would since not everyone will have a credit card or want to pay the convenience fee.	
-implement for both private passenger and commercial?	AIPSO hasn't done this yet for commercial, but they are willing to talk to us about it.	
Who will pay the convenience fee – applicant or the companies?	We assume that the applicant would pay the convenience fee - similar to how they pay a fee for installment payments.	
How will the payment process work given that the company is unknown when the application is sent in and currently payments are made payable to TAIPA.	To discuss with AIPSO	
AIPSO QUESTIONS/CONCERNS		
TAIPA staff will need to figure out how TAIPA will handle the accounting process. Specifically, the accounting piece behind all the processing that takes place electronically – EASi electronic submission.	<p>Currently we assume that:</p> <ul style="list-style-type: none"> ● the credit card company will send the premiums to TAIPA. ● TAIPA will need to set up an account to receive these funds. We assume there will be some fee for this account. ● TAIPA will then need to send the premium for each application to the company the application is assigned to. We understand that we will 	

	<p>have to pay a fee to set up ACH payments and then pay a fee for each ACH transaction we send. (Currently we would pay a \$75 set up fee and then .15 per ACH payment made.) This would be less expensive than what it would cost us to cut a check given the employee's time required. That said, we don't know how much additional work/time this will be for staff to send the ACH payments.</p> <p>We will need to discuss with AIPSO to find out what their process is and how it would need to be modified to fit TAIPA's needs.</p>	
<p>TAIPA staff will need to establish an agreement with the processing arm for credit cards (between TAIPA and that entity).</p>	<p>Currently we assume that:</p> <ul style="list-style-type: none"> • the TAIPA process will differ from the plans that AIPSO has set up for the other states and will be unique to TAIPA. • TAIPA reviews and processes all TAIPA applications before sending them to the companies. • TAIPA will need to determine what if any liability TAIPA will take on with the process and determine if additional commercial insurance will need to be purchased. 	

	To discuss with AIPSO and possibly our insurance agent.	
<p>Commercial business, AIPSO has not implemented this for Commercial yet.</p> <p>AIPSO understands that TAIPA’s commercial business differs significantly from the AIPSO CAIP.</p> <p>Since TAIPA offers minimum limits only for Commercial business – it may not be as cost prohibitive as it is in some states.</p>	<p>Currently we assume that:</p> <ul style="list-style-type: none"> • Since TAIPA offers minimum limits only for Commercial business – it may not be as cost prohibitive for the convenience fee as it is in some states. <p>To discuss with AIPSO –</p> <ul style="list-style-type: none"> • AIPSO indicated that it would be helpful to discuss that aspect of TAIPA’s business model with regard to Commercial applications. 	
<p>Plan language or Plan manual revisions.</p> <p>As indicated, TAIPA will need to change our Plan of Operation because the application and payment process is spelled out in the plan.</p>	<p>Currently we assume that:</p> <ul style="list-style-type: none"> • TAIPA will need to determine what we want to offer with regard to electronic applications and obtain approval from TDI to make the procedural changes and wording changes to the Plan of Operation. <p>To discuss with AIPSO –</p> <ul style="list-style-type: none"> • AIPSO indicated that they will be able to provide sample language that they have used in other states, but the TAIPA plan language will need to be developed in concert with the decisions made on the processing side (EASi and accounting etc.). 	

Exhibit 8

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:

Signature

Printed name

Date

Exhibit 9

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COMPANY

Year End 2020

Year End 2021

Year End 2022

1st QTR 2023

2nd QTR 2023

3rd QTR 2023

4th QTR 2023

1st QTR 2024

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
21ST CENTURY CENTENNIAL INS CO (SC)		82,479		173,295		94,829		148,038		198,806		264,833		273,681		223,007
ACUITY A MUT INS CO											New to quota	1		2		3
AFFIRMATIVE INS CO (co is in liquidation)		2,831	Went into storage													
AMER FAMILY MUT INS CO SI		12		12		0		12								
AXA INS CO		21		50		59		59		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	Went into storage															
GOVERNMENT EMPLOYEES INS CO		28,150		58,246		73,402	Entered LAD									
GREENWICH INS CO			New to quota	1		21		36		54		76		96		126
HALLMARK COUNTY MUT INS CO	440,269		440,169		440,105		440,075		440,046		440,005		439,983		439,940	

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COMPANY

Year End 2020

Year End 2021

Year End 2022

1st QTR 2023

2nd QTR 2023

3rd QTR 2023

4th QTR 2023

1st QTR 2024

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
HOUSTON GENERAL INS EXCH (co is in liquidation)	New to quota	190		235		249		249		249		249		249		249
INTEGON NATIONAL INS CO		185,414		207,690		271,688		291,575		241,079		174,900		166,443		216,910
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO)	Went into Storage															
METROPOLITAN GEN INS CO (this co has zero basic quota-research)													(this co has zero basic quota-research)			24
MIDVALE IND CO																
MILEMETER INS CO																
MILLERS INS CO (receivership 2003)																
NATIONAL INTERSTATE INS CO																
NATIONAL LIABILITY & FIRE (SC)																
NATIONWIDE MUT INS CO																
NATIONAL UNITY INS CO							New to quota	171								
NOBLR RECIPROCAL EXCHANGE					Entered LAD											
SPINNAKER INS CO					Co is in LAD	5										
STATE FARM MUT AUTO INS CO		104,343	Entered LAD		15	Co is in LAD										

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Year End 2020

Year End 2021

Year End 2022

1st QTR 2023

2nd QTR 2023

3rd QTR 2023

4th QTR 2023

1st QTR 2024

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
TEXAS FARM BUREAU CAS INS CO		36,078	Entered LAD													
TREXIS ONE INS CORP (prev co ALFA SPECIALTY INS CORP)		663		613	377		313		237		150		547		438	
UNITED SEC HEALTH & CAS INS CO/UNITED SECURITY INS CO						3		6		15		37	Became grouped			
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		88		10		3			CO zeroed out							
TOTALS	440,269	440,269	440,169	440,169	440,497	440,476	440,388	440,388	440,283	440,262	440,155	440,155	440,530	440,530	440,378	440,378

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	1,262,528	1,000,446	928,016	1st qtr 327,481	2nd qtr 345,484	3rd qtr 357,637	4th qtr 289,067	1st qtr 509,088
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COMPANY

Year End 2020

Year End 2021

Year End 2022

1st QTR 2023

2nd QTR 2023

3rd QTR 2023

4th QTR 2023

1st QTR 2024

	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R
ACCIDENT INS CO	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		24,080		22,918
AMER COUNTRY INS CO		1,535		1,535	Company has zeroed out											
BRITISH AMERICAN INS CO	822		611		264		121		5		167		262		367	
CIMARRON INS CO INC							New to quota 47	Entered CLAD								
CLEAR SPRING PROP & CAS CO							New to quota 3		5		8		9		253	
GATEWAY INS CO		2,739					New to quota 22	Entered CLAD								
GENERALI US BRANCH						1		1		1		1		1		1
GOVERNMENT EMPLOYEES INS CO	478,955		463,695		451,023		447,799		445,206		441,348		439,192		436,989	
GREYHAWK INS CO															New to quota 9	
HOUSING ENTERPRISE INS CO INC		12		12		12		12		12		12		12	Went into storage	
HOUSTON GENERAL INS EXCHANGE (co is in liquidation)				372		372		372		372		372		372		372
INTEGON NATIONAL INS CO		1,775,103		1,874,186		1,829,273		1,825,934		1,822,132		1,816,259		1,813,179		1,810,811
INTREPID INS CO	Became grouped															

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Year End 2020

Year End 2021

Year End 2022

1st QTR 2023

2nd QTR 2023

3rd QTR 2023

4th QTR 2023

1st QTR 2024

	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R
LUMBERMENS CAS INS CO							Generate d in error	23	corrected							
MIDCONTINENT CAS CO	743,230		742,224		740,792		740,379		740,046		739,551		739,275		738,926	
MIDVALE IND CO									New to quota	42		69		85		
MGT INS CO															New to quota	1
MOTORISTS COMM MUT INS CO (co has zeroed outprev Amer Hardware Mut Ins Co)	27,086		27,086		Company has zeroed out											
MS TRANSVERSE INS CO															New to quota	4
NEXT INS US CO/Restricted Withdrew from the market 11/03/23				49		566	Entered CLAD						CLAD termination 12/31/2023 Restricted type Withdrew from the market 11/03/23			127
NORTH POINTE INS CO															Became grouped	90
NUTMEG INS CO							New to quota	55		100		166				207
OKLAHOMA SURETY CO	676,507		675,699		674,694		674,372		674,113		673,728		673,512		673,296	
PREFERRED PROFESSIONAL INS CO							New to quota	54		97		161		197		226
RIVERPORT INS CO		Became grouped														
SAMSUNG FIRE & MARINE INS CO						2		2		3		3		4		6
STARNET																
STATE FARM MUT AUTO INS CO		104,930	Entered CLAD													

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COMPANY Year End 2020 Year End 2021 Year End 2022 1st QTR 2023 2nd QTR 2023 3rd QTR 2023 4th QTR 2023 1st QTR 2024

	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R	OVER	UND R
TEXAS FARM BUREAU CAS INS CO (prev Southern Farm Bur)		29,114	Entered CLAD													
TEXAS HOSPITAL INS EXCH		13,086		13,280		13,498		13,551		13,594		13,658		13,694		13,735
TIG INS CO		81		84		84		84		84		84		84		84
TRISURA INS CO							New to quota	79	Entered CLAD							
WATFORD INS CO						1,150	Entered CLAD									
TOTALS	1,926,600	1,926,600	1,909,315	1,909,315	1,866,773	1,866,773	1,862,671	1,862,671	1,859,370	1,859,370	1,854,627	1,854,627	1,851,979	1,851,979	1,849,211	1,849,211

PREMIUMS CREDITED	1,737,041	1,695,128	1,750,543	496,278 1st qtr	406,324 2nd qtr	593,928 3rd qtr	331,825 4th qtr	396,845 1st qtr
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