

TAIPA Governing Committee Meeting Announcement/Invitation/Agenda**Announcement**

Given the continuing concerns related to the COVID-19 virus, TAIPA will be holding the TAIPA Governing Committee Meeting on August 21, 2020 as a Zoom Meeting Only.

Note: In accordance with Governor Abbott's directive suspending certain statutory provisions relating to open meetings and requiring certain actions of the boards of governmental bodies, this meeting may be conducted entirely by teleconference or web conference with no one gathered at a physical location.

**Invitation
(Zoom Meeting Information)**

Mary Margaret Leece is inviting you to a scheduled Zoom meeting.

Topic: TAIPA's August 21st Governing Board Meeting

Time: Aug 21, 2020 09:00 AM Central Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/81001069015?pwd=Rlp1TnNTL1U4elh4N3lkTmN5cGgzZz09>

Meeting ID: 810 0106 9015

Passcode: 992985

One tap mobile

+13462487799,,81001069015# US (Houston)

+16699006833,,81001069015# US (San Jose)

Dial by your location

+1 346 248 7799 US (Houston)

+1 669 900 6833 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 929 436 2866 US (New York)

+1 301 715 8592 US (Germantown)

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

Texas Automobile Insurance Plan Association Governing Committee Meeting Agenda
Friday, August 21, 2020 - 9:00 A.M.

1. Call to Order
2. Introductions
3. Reading of the Anti-Trust Statement
4. Audit/Finance Committee Report
 - A. Report on 2019 Audit (Exhibit 1)*
5. Review and Approval of the Minutes of the March 27, 2020 Meeting (Exhibit 2)*
6. Review and Approval of the Minutes of the April 27, 2020 Meeting (Exhibit 3)*
7. Chair's Report
 - A. Future 2020 TAIPA Governing Committee Meetings
8. Manager's Report
 - A. Application Count Update as of July 2020 (Exhibit 4)
 - B. Financial Update as of June 2020 (Exhibit 5)*
 - C. Line of Credit Renewal*
 - D. COVID-19
 - a. TAIPA's COVID-19 Relief Program (Exhibit 6)
 - b. TAIPA's Work Procedural Changes due to COVID-19 (Exhibit 7)
 - c. Costs for TAIPA regarding COVID-19 (Exhibit 8)
 - E. 2021 Meeting Dates (Exhibit 9)*
9. Operations Subcommittee Report
 - A. Over/Under Report (Exhibit 10)
10. GEICO request to remove their remaining overage from storage (Exhibit 11)*
11. Report of Counsel
 - A. TAIPA Rates*
12. Next Meeting—November 20, 2020
13. Personnel Matters
14. Adjournment

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

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



Audit Committee
Texas Automobile Insurance Plan Association
Austin, Texas

We have audited the financial statements of Texas Automobile Insurance Plan Association as of and for the year ended December 31, 2019, and have issued our report thereon dated June 23, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 2, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Texas Automobile Insurance Plan Association solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Texas Automobile Insurance Plan Association is included in Note A to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

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 estimate affecting the financial statements is related to the defined benefit plan detailed in Note B of the financial statements. Management's estimate is based on information provided by the plan's actuaries.

We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. We noted no such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Texas Automobile Insurance Plan Association's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated June 23, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with Texas Automobile Insurance Plan Association, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Texas Automobile Insurance Plan Association's auditors.

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 23, 2020

Stacy Dutton
Association Manager
sdutton@taipa.org

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June 23, 2020

Atchley & Associates, LLP
1005 La Posada Drive
Austin, Texas 78752

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, 2019 and 2018, 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 December 2, 2019, 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. We have no knowledge of any uncorrected misstatements in the financial statements.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. 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

9. 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.
10. All transactions have been recorded in the accounting records and are reflected in the financial statements.
11. 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.
12. 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.
13. 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.
14. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
15. 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.
16. 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.
17. 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.
18. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. 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.
20. 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, 2019.

21. 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. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
 - 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. Agreements to repurchase assets previously sold.
 - e. Security agreements in effect under the Uniform Commercial code.
 - f. Other liens or encumbrances on assets and all other pledges of assets.
 - g. Uninsured losses or loss retentions (deductibles) attributable to events occurring through December 31, 2019, and/or for expected retroactive insurance premium adjustments applicable to periods through December 31, 2019.
 - h. Liabilities that are subordinated to any other actual or possible liabilities of the Organization.
 - i. Assets and liabilities measured at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification.
 - j. Concentrations of credit risk.
 - k. Reclassifications between net asset classes
22. The Organization has satisfactory title to all owned assets.
23. 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.
24. 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.
25. 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 accounting principles generally accepted in the United States of America
 - 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 auditor's report thereon.
26. We are responsible for determining that significant events or transactions that have occurred since the statement of financial position date 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 accounting principles generally accepted in the United States of America, and all approvals necessary for issuance of the financial statements had been obtained.

27. 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 Dutton, Association Manager



INDEPENDENT AUDITORS' REPORT

Governing Committee
Texas Automobile Insurance Plan Association

Report on the Financial Statements

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, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

TEXAS AUTOMOBILE INSURANCE
PLAN ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TAIPA as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Management's Responsibility for the Financial Statements

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of comparison of revenues and expenses versus budget is presented for purposes of additional analysis and 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.

Atehley & Associates, LLP

Austin, Texas

June 23, 2020

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 251,829	\$ 179,078
Accounts receivable	-	200
Prepaid expenses	16,651	22,347
Security deposits	5,379	5,379
Total current assets	273,859	207,004
Property and Equipment		
Furniture and equipment	26,653	26,653
Computer equipment	13,275	8,124
Leasehold improvements	2,222	2,222
Computer software and program development costs	25,000	25,000
	67,150	61,999
Less accumulated depreciation	(53,615)	(47,100)
	13,535	14,899
Total assets	\$ 287,394	\$ 221,903
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 11,696	\$ 6,210
Accrued leave	28,038	23,761
Accrued payroll liabilities	7,826	9,277
Other accrued liabilities	4,203	5,453
Total current liabilities	51,763	44,701
Other Liabilities		
Accrued pension benefit costs	261,418	301,284
Deferred lease benefit	7,358	7,283
Total other liabilities	268,776	308,567
Net Assets (Deficiency)		
Without Donor Restrictions	1,054,520	1,016,760
Accumulated effect of pension adjustment	(1,087,665)	(1,148,125)
Total net assets (deficiency)	(33,145)	(131,365)
Total liabilities and net assets (deficiency)	\$ 287,394	\$ 221,903

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

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Member assessments	\$ 800,200	\$ 825,700
Assessment penalties	5,243	5,350
Interest income	5,083	3,162
Total revenues	<u>810,526</u>	<u>834,212</u>
Expenses		
Program services	498,495	480,808
Management and general	274,271	279,352
Total expenses	<u>772,766</u>	<u>760,160</u>
Other revenues (expenses)		
Loss from disposals of property and equipment	-	(271)
Pension minimum liability adjustment	60,460	(133,346)
Total other revenues (expenses)	<u>60,460</u>	<u>(133,617)</u>
Net change in net assets without donor restrictions	98,220	(59,565)
Net assets (deficiency) at beginning of year	<u>(131,365)</u>	<u>(71,800)</u>
Net assets (deficiency) at end of year	<u>\$ (33,145)</u>	<u>\$ (131,365)</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, 2019

	Program services	Management and general	Total
Expenses			
Salaries and related expenses	\$ 246,356	\$ 211,911	\$ 458,267
Professional services	147,034	4,943	151,977
Occupancy expenses	68,292	7,508	75,800
Governing committee	-	19,654	19,654
Postage and delivery	9,901	9,513	19,414
Office supplies and expense	10,653	3,551	14,204
Depreciation and amortization	5,000	1,515	6,515
Staff education and seminars	5,579	2,587	8,166
Computer supplies and expense	5,680	1,894	7,574
Miscellaneous	-	4,564	4,564
Staff expense	-	1,965	1,965
Operating committee	-	2,750	2,750
Dues, subscriptions and publications	-	1,916	1,916
Total expenses	<u>\$ 498,495</u>	<u>\$ 274,271</u>	<u>\$ 772,766</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, 2018

	Program services	Management and general	Total
Expenses			
Salaries and related expenses	\$ 246,178	\$ 213,800	\$ 459,978
Professional services	117,830	1,387	119,217
Occupancy expenses	86,672	8,756	95,428
Governing committee	-	19,622	19,622
Postage and delivery	9,783	9,400	19,183
Office supplies and expense	10,317	3,439	13,756
Depreciation and amortization	5,000	3,485	8,485
Staff education and seminars	-	6,837	6,837
Computer supplies and expense	5,028	1,676	6,704
Miscellaneous	-	6,079	6,079
Staff expense	-	1,799	1,799
Operating committee	-	1,750	1,750
Dues, subscriptions and publications	-	1,322	1,322
Total expenses	<u>\$ 480,808</u>	<u>\$ 279,352</u>	<u>\$ 760,160</u>

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

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
OPERATING ACTIVITIES		
Change in net assets	\$ 98,220	\$ (59,565)
Adjustments to reconcile change in net assets to net cash flows		
Depreciation and amortization	6,515	8,485
Net losses (gains) on asset dispositions	-	271
Change in operating assets and liabilities		
Accounts receivable	200	(200)
Prepaid expenses	5,696	6,905
Accounts payable	5,486	(5,428)
Accrued leave	4,277	(1,554)
Accrued payroll liabilities	(1,451)	(43,135)
Other accrued liabilities	(1,250)	(881)
Accrued pension benefit costs	(39,866)	117,375
Deferred lease benefit	75	3,457
	77,902	25,730
INVESTING ACTIVITIES		
Purchases of property and equipment	(5,151)	(2,223)
	(5,151)	(2,223)
Net change in cash and cash equivalents	72,751	23,507
Cash and cash equivalents - beginning of year	179,078	155,571
Cash and cash equivalents - end of year	\$ 251,829	\$ 179,078

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

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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, 2019 AND 2018

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, 2019, TAIPA had \$17,862 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, 2019 and 2018, 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, 2016, 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, 2019 AND 2018

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.

NOTE B - EMPLOYEE BENEFIT PLANS

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 \$10,582 and \$12,744 for 2019 and 2018, respectively.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE B - EMPLOYEE BENEFIT PLANS - Continued

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, 2019, 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, 2019 and 2018.

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:

	2019	2018
Service cost	\$ 34,102	\$ 36,015
Interest cost	166,552	151,773
Expected return on MRVA	(197,105)	(222,763)
Amortization of net prior service cost	5,736	5,736
Amortization of net actuarial loss (gain)	85,085	85,394
Net periodic benefit cost	\$ 94,370	\$ 56,155

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE B - EMPLOYEE BENEFIT PLANS - Continued

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

	2019	2018
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 4,000,999	\$ 4,341,160
Service cost	34,102	36,015
Interest cost	166,552	151,773
Actuarial loss (gain)	598,704	(247,908)
Benefits paid	(277,578)	(280,041)
Benefit obligation at end of year	4,522,779	4,000,999
Change in pension plan assets		
Fair value of pension plan assets at beginning of year	3,699,715	4,157,251
Actual return on pension plan assets	765,448	(249,621)
Employer contributions	73,776	72,126
Benefits paid	(277,578)	(280,041)
Fair value of pension plan assets at end of year	4,261,361	3,699,715
Funded status at end of year	\$ (261,418)	\$ (301,284)

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

Accrued pension benefit costs	\$ 261,418	\$ 301,284
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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)	\$ 1,087,665	\$ 1,148,125
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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)	\$ (85,085)	\$ (85,394)
Net prior service credit (cost)	(5,736)	(5,736)
New actuarial losses	30,361	224,476
	\$ (60,460)	\$ 133,346

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 \$74,911.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE B - EMPLOYEE BENEFIT PLANS - Continued

The accumulated benefit obligation for the Pension was \$4,402,806 and \$3,913,532 as of December 31, 2019 and 2018, respectively.

Employer contributions expected to be paid during the year ending December 31, 2020, is \$50,532.

Weighted average assumptions used to develop benefit obligations were:

	<u>2019</u>	<u>2018</u>
Discount rate	3.25%	4.25%
Rate of compensation increases	3.00%	3.00%

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

	<u>2019</u>	<u>2018</u>
Discount rate	4.25%	3.50%
Expected return on pension plan assets	5.50%	5.50%
Rate of compensation increases	3.00%	3.00%

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

	<u>2019</u>	<u>2018</u>
Equity securities	36.00%	31.80%
Debt securities	59.00%	61.20%
Real estate	4.80%	5.10%
Cash	0.20%	1.90%
	<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, 2020	\$ 273,599
December 31, 2021	268,898
December 31, 2022	268,428
December 31, 2023	269,112
December 31, 2024	265,764
December 31, 2025-2029	<u>1,372,865</u>
Total	<u>\$ 2,718,666</u>

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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 \$28,038 and \$23,761 has been recorded in the accompanying statements of financial position as of December 31, 2019 and 2018, respectively.

NOTE D - LEASE COMMITMENTS

TAIPA leases office space and certain equipment under noncancelable operating leases. The lease for office space terminates on April 30, 2023, while the leases for equipment expire through 2021. Minimum future obligations from leases in effect at December 31, 2019, are as follows:

Due in Years Ending	
December 31, 2020	\$ 44,943
December 31, 2021	42,399
December 31, 2022	42,960
December 31, 2023	14,380
	\$ 144,682

Lease expenses for operating leases were \$74,222 and \$86,263 for the years ended December 31, 2019 and 2018, respectively.

NOTE E - DEFERRED LEASE BENEFIT

TAIPA's office lease agreement contains provisions for future rent increases, rent free periods, or periods in which rent payments are reduced. Per FASB ASC 840, the total amount of rental payments due over the lease term is charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is credited to "deferred lease benefit", and is included in the accompanying statements of financial position.

NOTE F - 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, 2019, there was no outstanding balance on the line, and there were no borrowings on the line of credit during the years ended December 31, 2019 and 2018. The line of credit matures on September 21, 2020.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE G - LIQUIDITY AND AVAILABILITY

The following represents TAIPA's financial assets at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 251,829	\$ 179,078
Accounts receivable	-	200
Total financial assets available to use	<u>\$ 251,829</u>	<u>\$ 179,278</u>

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, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues			
Member assessments	\$ 800,200	\$ 800,000	\$ 200
Interest income	5,083	-	5,083
Assessment penalties	5,243	-	5,243
Total Revenues	<u>810,526</u>	<u>800,000</u>	<u>10,526</u>
Operating Expenses			
Salaries	285,740	333,800	48,060
Employee benefits and other insurance	172,527	184,600	12,073
Rent	64,752	62,400	(2,352)
Telephone/internet access	10,326	10,100	(226)
Property taxes	722	900	178
Professional services			
Legal	60,483	46,700	(13,783)
Audit	23,383	23,900	517
Systems consultants	46,603	51,200	4,597
Consultants - other	13,008	19,300	6,292
Actuary	8,500	8,500	-
Depreciation and amortization	6,515	6,300	(215)
Postage and delivery	19,414	24,800	5,386
Office equipment and supplies	12,450	12,100	(350)
Printing and stationary	1,754	1,800	46
Governing committee	19,654	24,900	5,246
Computer supplies and expenses	7,574	12,200	4,626
Operating committee	2,750	3,000	250
Employee meetings, seminars and travel	8,166	30,000	21,834
Staff expense and other	6,529	8,700	2,171
Dues, subscriptions and publications	1,916	1,600	(316)
Total Operating Expenses	<u>772,766</u>	<u>866,800</u>	<u>94,034</u>
Other Revenues (Expenses)			
Pension minimum liability adjustment	60,460	-	60,460
Total Other Revenues (Expenses)	<u>60,460</u>	<u>-</u>	<u>60,460</u>
Change in Net Assets Without Donor Restrictions	<u>\$ 98,220</u>	<u>\$ (66,800)</u>	<u>\$ 165,020</u>

**TAIPA Governing Committee Meeting Minutes
Friday, March 27, 2020, 9:00 A.M.
CALL-IN MEETING**

ATTENDEES:

VOTING MEMBERS:

Ryan Shapiro, Travelers
Bill Brooks, Texas Farm Bureau
David Weber, Hochheim Prairie
Michael Schalk, Allstate
Corise Morrison, USAA
Matt Schneider, Farmers
Todd Feltman, State Farm
Stephen Hyllka, Liberty Mutual/Safeco
Becky Jackson, Public Member
Carmelita Hogan, Public Member
Mary Carol Awalt, Public Member
Laura Hausman, Public Member
Leslie Hurley, Public Member
Pete Hamel, Producer Member
Adam Payton, Producer Member
Ramon Montalvo, Alternative Producer Member

COUNSEL:

Michael Jones, Thompson Coe, Cousins & Irons

TAIPA STAFF:

Stacy Dutton, Association Manager
Mimi Leece
Mishayla Twyman

OTHERS:

Doug Beck, Farmers
John Lusardi, Universal Casualty Insurance Company
Carol Berthold, GEICO
Kim Donovan, OPIC
John Mooney, TDI
Anh Vo, State Farm
Ann O’Ryan, Auto Club County Mutual
David Nardechi
Katelyn Marak, TDI
Melissa Herman, TDI

ITEM 1. CALL TO ORDER

David Weber called the meeting to order at 9:00 a.m.

This meeting was held by teleconference due to the concerns around the COVID-19 Pandemic.

ITEM 2: INTRODUCTIONS

Introductions were made.

ITEM 3: READING OF THE ANTITRUST STATEMENT

Stacy Dutton read the Anti-Trust Statement:

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

ITEM 4. ELECTION OF THE OFFICERS

Mike Schalk presented the Nominating Committee’s Report. The 2020 Nominating Committee Members were Pete Hamel, Carmelita Hogan, and Mike Schalk. The Nominating Committee submits the following slate as the proposed 20 Officers of the TAIPA Governing Committee:

Chair:	Corise Morrison – USAA, At-Large Representative
1 st Vice Chair:	Becky Jackson – Public Member Representative
2 nd Vice Chair:	Stephen Hylka – Liberty Mutual, At-Large Representative
Secretary:	Anh Vo – State Farm, At-Large Representative
Immediate Past Chair:	David Weber – Hochheim Prairie Insurance, NAMIC

Motion to accept the nominations of the Nominating Committee was made by Todd Feltman and seconded by Adam Payton.

The Motion carried.

David Weber asked if there were any other nominations or objections. There being none, motion to elect those nomination was made by Todd Feltman and seconded by Adam Payton.

The Motion carried.

David Weber congratulated the members on their new positions. Mr. Weber thanked PCI and NAMIC for letting him serve on the TAIPA Governing Committee and everyone that he has worked with including the board and OPIC. Mr. Weber welcomed Corise Morison to the chair.

Corise Morrison thanked Mr. Weber for his time and leadership as Governing Committee Chair for the past two years and thanks Mr. Weber for his work on the TAIPA Employee Benefits Package and Auto Policy.

ITEM 5. REVIEW AND APPROVAL OF MINUTES OF NOVEMBER 22, 2019 MEETING

Becky Jackson went over the November 22, 2019 meeting minutes in Exhibit 1. Corise Morrison asked if anyone had any changes or concerns. There being none, motion to approve was made by Becky Jackson and seconded by David Weber.

The Motion carried.

ITEM 6. CHAIR'S REPORT

A. Thank You to David Weber.

David Weber became Chair of the Governing Committee in March of 2018. In his role as Chair, David has lead the charge in reviewing TAIPA's Benefit Package to ensure that the plans that it offers are both sustainable and competitive in the Austin market. David is an attorney and has used his knowledge to assist TAIPA staff in several endeavors including assisting in rewriting TAIPA's personal auto policy. TAIPA will present Mr. Weber with a gift at the August meeting.

B. Welcome Ryan Shapiro and Anh Vo to Governing Committee.

Ryan Shapiro is with Travelers Insurance and he is the new representative for APCI. Anh Vo is the new representative from State Farm taking over from Todd Feltman.

C. Recognition of Anise Mulkey and Todd Feltman's Service to TAIPA.

TAIPA would like to recognize Anise Mulkey who was with Travelers and was the AIA representative on the Governing Committee. Anise served on the Governing Committee from 2016 to 2020. Anise served as both the Chair of the Operations Subcommittee and the 2nd Vice Chair for the last couple of years. Anise has been sent a plaque thanking her for her service to TAIPA. Todd Feltman served as the State Farm Representative from 2017 to 2020 and served on the Operations Subcommittee as well. Todd has indicated that he will join us for the August 2020 meeting where he be will presented with his plaque.

ITEM 7. MANAGER'S REPORT

A. Application Count Update as of 2019.

Stacy Dutton presented information concerning the application count for 2019 in Exhibit 2. In 2019, TAIPA received 2703 applications, compared with 3433 applications received in 2018. This is a decrease of 730 applications or a 21.26% decrease. Even with the large decrease in applications, the commercial applications received actually went up from 363 in 2018 and 409 in 2019. This is an increase of 46 apps which is a 12.67% increase. This increase in Commercial applications continued in January 2020, but then all applications fell off in February of this year. Year-to-date for February 2020, TAIPA received 371 applications, compared with 487 applications from January to February 2019. This is a decrease of 116 application and a 23.9% decrease compared to 2019. Right now, TAIPA is expecting to receive about 2,300 applications in 2020.

There were no questions or concerns about Application Volume.

B. Financial Update for 2019.

Stacy Dutton reported on the 2019 financials shown in Exhibit 4.

At the end of 2019, TAIPA used 88.57% of the budget which resulted in a savings of a little over \$99,000. The biggest reason for being so far under budget in 2019 was that TAIPA operated with 2 or 3 employees instead of 4. This reduced the amount of salary and employee benefits paid. \$64,000 of the \$99,000 savings came from a reduction in salaries and benefits. The line items that show as over-budget at the end of 2019 are:

Legal Expenses – TAIPA anticipated that it would go over budget by \$5,000, but actually went over budget by \$13,783. As previously stated in November, Mike Jones was asked to work on some unanticipated items such as the Plan of Operation changes for HB 2048 and SB 604, some additional Operations Subcommittee work, changing the personal auto policy, and reviewing the 401(K) change document.

Office Equipment Expense – TAIPA went over budget on their copier rental expense by \$230.

Telephone Expense – TAIPA went over budget on their telephone expense by \$226.

Dues, Subscriptions & Publications – TAIPA ended the year \$316 over budget in this area.

Office Furniture & Equipment – TAIPA ended over budget by \$119 because they had to purchase a fax machine.

Computer Equipment – TAIPA ended over budget by \$5,151. This was due to the fact that their auditors suggested that they move to new computers that were purchased in 2019 from computer expense to computer equipment so that they would be depreciated over the next 5 years. TAIPA anticipated ending with computer expense being over budget by \$525. Computer expenses now show that they are under budget by \$4,626.

There were no questions or concerns regarding TAIPA's financials.

C. Progress on TAIPA's Handbook.

Changes to TAIPA's Handbook were approved at the November 2019 meeting. Changes included added Total Rewards Philosophy, changing All-Purpose Leave to Paid Time Off, updated Educational Assistance Policy, and added information about Employee's Major anniversaries and giving employees \$25 for each year of service on their 5th, 10th, 15th, 20th, 25th anniversaries. These changes have been reviewed by their HR attorney and a new handbook will be given to all of the employees.

D. Emergency/Quarantine Procedures.

Stacy Dutton presented information concerning the Emergency/Quarantine Procedures in Exhibit 5. TAIPA staff was asked to consider how they would continue to operate if one or more of their employees were quarantined. TAIPA staff started working from home voluntarily as of Monday, March 23, 2020. All tasks have been a smooth transition except for their scanning project due to the smaller

printers. Instead, they have resorted to working on other projects like updating their website. They continue to think through potential issues and are coming up with different plans if any issue arose. Corise Morrison thanked TAIPA Staff for making this adjustment.

E. Conflict of Interest Policy.

Stacy Dutton presented information about the Conflict of Interest Policy shown in Exhibit 6.

A copy of the policy was also given to all of the Governing Committee Members. It is required that each Governing Committee Member sign a copy of the Conflict of Interest Policy annually.

G. Administrative Rules.

It was agreed that TAIPA would provide a copy of the Administrative Rules to each Governing Committee Member annually. A copy of the Rules are included in Exhibit 7.

That concluded Stacy Dutton's Manager's Report.

ITEM 8. Audit/Finance Committee Reports.

Bill Brooks provided the Audit/Finance Committee Report found in Exhibit 8. Exhibit 8 includes the Engagement Letter for TAIPA's 2019 Audit from Atchley and Associates. There is also a memo from Stacy Dutton and Mimi Leece addressed to Atchley & Associates that outlines TAIPA's revenue stream and how there are no revenue transactions that are based on a reciprocal agreement with the insurance companies that fund the cost of administering the plan found in Exhibit 10. Note that this memo has been reviewed and approved by Atchley and Associates.

We need authorization from the Governing Committee the Audit Committee Chair and Stacy Dutton to sign this document prior to the beginning of the 2019 audit.

Motion made by Pete Hamel, and seconded by Laura Hausman.

The Motion carried.

ITEM 9. OPERATIONS SUBMITTEE REPORT

Stacy Dutton provided the Operations Subcommittee Report pursuant to Exhibit 10.

A. Over/Under Report (Exhibit 6).

Ms. Dutton stated there was nothing significant to report.

ITEM 10. REPORT OF COUNSEL

A. Discussion of Rate Process.

Mike Jones presented information regarding TAIPA's Rate Process. TAIPA rates are to be approved and they cannot make more than one rate filing in one year. New rates were approved by the

commissioner and the new rates were published March 1, 2020. Mike Miller prepares the rates and looks at the loss trends in voluntary market. If TAIPA rates are still high, Mr. Miller will make an analysis the make changes to base rates as well as look to see if territory rates need to be adjusted. This summer he analyzed and will prepare a recommendation for private passenger and commercial rates. These will be presented for approval in the August meeting. Once the filing is made, there will be 30 days to act on it. TAIPA participates a rate coming out in November 2020 and will be published March 1, 2020.

Mike Jones asks if there are any questions. There being none, he turns it over to Ms. Morrison.

ITEM 11. NEXT MEETING – August 21, 2020 at Omni Austin Hotel Southpark

ITEM 12. PERSONNEL MATTERS

Pursuant to Government Code Sec. 551.074 the Chair announced at 9:35 a.m. that a closed meeting would be held.

The Governing Committee met in closed session.

The Governing Committee returned to Open Session at 9:57 a.m.

Corise Morrison asked motions for matters discussed in closed meeting.

Mike Jones read motion to authorize David Weber and/or Corise Morrison to administer the performance review of Stacy Dutton.

A motion was made by Bill Brooks and seconded by Becky Jackson.

The Motion carried.

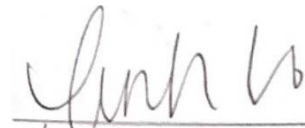
Todd Feltman brought up a business recommendation for the operations committee. Mr. Feltman referenced the TAIPA Rules and Ratings Manual pages R10, C47, and CR3.

He referred to the note that a dollar is added for the first motor vehicle or dealer's plate for an individual husband and wife with each designated person. This fee no longer applies.

Corise Morrison referred the recommendation to the committee.

ITEM 13. ADJOURNMENT

Ms. Morrison asked for a motion to adjourn the meeting. Upon motion by Todd Feltman, seconded by David Weber, and approved by the Governing Committee, the meeting adjourned at 10:02a.m.



Anh Vo
Secretary

Date Signed: 4/14, 2020

A recording of this meeting is available. If you would like to receive this recording, please contact Mishayla at mtwyman@taipa.org.



TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

ADMINISTRATION

805 LAS CIMAS PARKWAY, BUILDING III, STE. 210 • AUSTIN, TX 78746-4400

P.O. BOX 162890 • AUSTIN, TX 78716-2890

Texas Automobile Insurance Plan Association Governing Committee Special Meeting

Agenda for Monday, April 27, 2020 at 3:00 p.m.

Given the ongoing concerns related to the COVID-19 virus, TAIPA will be holding this meeting of the TAIPA Governing Committee Meeting as a Call-In Meeting. Please call:

Call-In Number: 888-887-4274

Participant Passcode: 5127035055#

1. Call to Order
2. Introductions
3. Reading of the Anti-Trust Statement
4. Discussion on whether to take any action with regard to the Stay Home Order in Texas.
5. Adjournment

TAIPA Governing Committee Meeting Minutes
Monday, April 27, 2020, 3:00 P.M.
CALL-IN MEETING

ATTENDEES:

VOTING MEMBERS:

Corise Morrison , United Services Automobile Association
Bill Brooks, Texas Farm Bureau
David Weber, Hochheim Prairie Insurance
Ryan Shapiro, Travelers
Stephen Hylka, Liberty Mutual
Anh Vo, State Farm
Matt Snyder, Farmers Insurance
Becky Jackson, Public Member
Laura Hausman, Public Member
Leslie Hurley, Public Member
Mary Carol Awalt, Public Member
Carmelita Hogan, Public Member
Pete Hamel, Producer Member
Adam Payton, Producer Member
Ramon Montalvo, Producer Member
Mike Schalk - Allstate Insurance

COUNSEL:

Michael Jones, Thompson, Coe, Cousins & Irons

TAIPA STAFF:

Stacy Dutton (Association Manager)
Mimi Leece
Mishayla Twyman
Ruth Wise

OTHERS:

Carol Berthold, GEICO
Doug Beck, 21st Century
Talia Bright, OPIC
John Mooney, TDI
John Lusardi, Universal Casualty Insurance Company
Todd Feltman, State Farm

Corise Morrison asked Stacy Dutton to call out the names of the people on the telephone call.

Corise Morrison asked Stacy to read the Anti-trust Statement.

Stacy Dutton read the Anti-Trust Statement:

“The creation and operation of the Texas Automobile Insurance Plan Association is set forth in Chapter 2151 of the Texas Insurance Code. The Association is a non-profit corporate body composed of all authorized insurers. The organization was created to provide a means by which insurance may be assigned to an authorized insurer for a

person required by the Texas Motor Vehicle Safety-Responsibility Act to show proof of financial responsibility for the future. Members of the Association and of its Governing Committee, when involved in meetings or other activities of the Association, are bound to limit their discussions and actions to matters relating to the business of the Association, and shall not discuss or pursue the business interest of individual insurers or others."

Corise Morrison addressed the reason for calling the meeting. TAIPA had an officers' meeting to discuss whether TAIPA should take any action with regard to COVID-19 Stay Home Orders similar to what the larger insurance companies were doing in the regular market. Although there was not a 100% agreement reached at the officers' meeting it was decided to call this special meeting and to recommend that TAIPA

"Provide a refund of 15% of private passenger auto policies in effect for the months of April and May 2020 and authorize counsel and the Manager to make the appropriate filing or filings with TDI."

Corise Morrison asked for discussion from TAIPA officers that were in the prior meeting.

There was discussion about support and opposition to the recommendation. This included discussions about:

- the types of drivers that come through TAIPA and the issues that some of them have with regard to their driving abilities and experiences.
- how much people have or have not complied with the Stay Home orders in Texas.
- whether personal experience should or should not play a factor in this decision.
- there being reduced traffic simply because schools are not in session.
- stay home orders being a matter of public policy and regardless there is evidence there will be less claims.
- the fact that commercial coverage is not included in this recommendation due to the amount of commercial vehicles still on the road. Although there was some discussion that there may be some justification for a reduction in premium for commercial coverage as well. There was also some discussion on different ways that commercial customers have been able to reduce their premiums
- the Texas Governor letting the Stay Home Order expire on April 30 and people are going to be back on the road in May and that is when we are talking about giving this discount.
- refunds and how different companies handle it if the policy isn't paid in full.
- the fact that some people need cash in hand for groceries where others felt that this was a way to help them save on insurance – not pay for other things.
- how much these checks would typically be for and the amount of time and energy it would take for a company to get these checks to the insureds.
- what months should be covered in the program
- what other states are doing.
- there is no actual data yet about what is actually happening.

- client frequency is down.
- the tremendous amount of disruption we have experienced in the last 6 weeks.
- TAIPA insureds having to pay their premium in advance.
- how to provide relief but control the costs for administration of the plan.
- how people's individual providers had administered their program.
- easing customer pain and financial obligations regardless of the amount.
- how much companies in the general market are giving back.

It was noted that Mike Jones had prepared some motions if this is the pleasure of the committee the motion that we would offer today would be that TAIPA would approve 2020 COVID-19 TAIPA. The program would provide a refund of 15% of private passenger auto policies in effect for the months of April and May 2020 and authorize counsel and the Manager to make the appropriate filing or filings with TDI.”

David Weber made a motion to approve the motion that Mike prepared but to change the percentage from a 15% reduction to a 100% reduction.

Corise asked if there was a second motion for 100%? Hearing no second, the motion failed for 100%.

Corise asked if anyone wanted to make the motion that the officer group had brought forward. The motion to approve the COVID 19 2020 TAIPA relief Program giving a 15% credit or refund for personal policies in force in April and May of 2020.

Anh Vo made the motion. Stephen Hylka seconded the motion.

There were some questions and clarifications about the motion.

The motion

- Require 15% credit to TAIPA policy or refund if the policy was paid in full for April and May.
- Only get refund for time in effect for April and May, it would be 15% credit if there are current amounts due.
- Require a 15% credit to the policy holder for the coverage provided April and May 2020.

There was discussion about modifying the motion to include:

Require 15% credit to policy holder to policy amount for private passenger.

Corise asks Anh Vo and Stephen Hylka if they want to make the motion again.

Anh Vo accepted the modification and Stephen Hylka accepted it.

Corise Morrison asked if there are any oppositions.

David Weber and Becky Jackson opposed it.

Corise Morrison asked if there were any abstentions. Hearing none the motion passes.

There had been some discussion about how this would affect producers' commissions and if they would have to repay a portion of their commissions due to the refund. There were also some other issues that needed to be clarified. It was determined that there would be a second motion made to address these items.

Second motion. (a) the refunds or credits shall not affect commissions paid or due to TAIPA producers; (b) the Chair is authorized to appoint an ad hoc committee to advise staff on the implementation of the Program; (c) staff and counsel are authorized: (1) to make any necessary filings at TDI to implement this action; (2) to issue instructions or guidance to insurers on how to issue the refund or credit for TAIPA policyholders; and (3) to take such other and further action as may be needed to implement these motions.

Motion to approve was made by Bill Brooks and seconded by Becky Jackson. The Motion carried.

Third motion that carriers will provide the credits or refund as soon as administratively possible, but no later than August 1, 2020;

Motion to approve was made by Pete Hamel and seconded by Becky Jackson.

Corise asked for anyone opposed.

David Weber opposed.

Corise asked for any abstentions. The Motion carried with one negative vote.

Corise asked for volunteers to be on the committee.

Volunteers:

Carol Berthold

John Lusardi

Bill Brooks (Chair)

Todd Feltman

Doug Beck

Anh Vo

Pete Hamel

There was some discussion about what it would take to get this approved through TDI.

Corise Morrison asked for a motion to adjourn. Motion to adjourn was made by David Weber and seconded by Leslie Hurley.

Meeting was adjourned at 4:27pm.

DocuSigned by:

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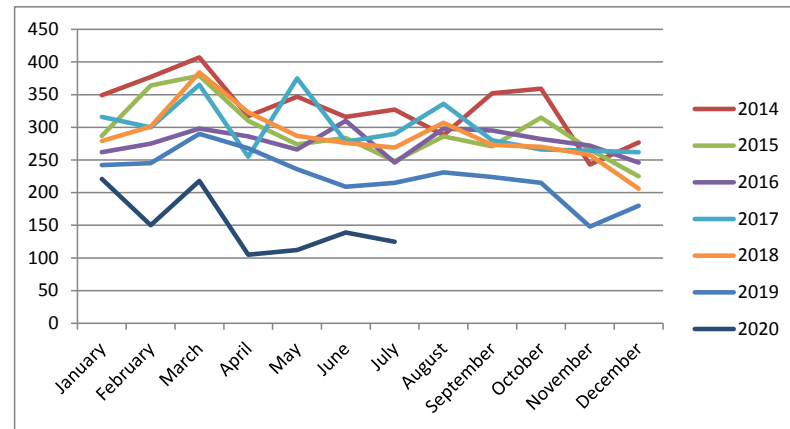
Anh Vo
Secretary

Date Signed: 6/18/2020

Monthly Total (July 2020)		
	Private Passenger	Commercial
EASi Applications	100	25
Paper Applications	0	0
Total Applications Received	100	25
Applications Assigned	98	23
Apps Returned for Correction	2	2
Applications Deficient	9	2
Applications with SR-22s	2	0
Total Applications Received in July 2019:		215
Total Applications Received in July 2020:		125
Year to Date Total (as of July 2020)		
	Private Passenger	Commercial
EASi Applications	897	173
Paper Applications	0	0
Total Applications Received	897	173
Applications Assigned	875	167
Apps Returned for Correction	19	5
Applications Deficient	80	10
Applications with SR-22s	52	2
Total Applications Received YTD (as of July 2019):		1,705
Total Applications Received YTD (as of July 2020):		1,070
YTD Percent Change from July 2019 to July 2020:		-37.24%
Application Assignment History*		
1996: 214,744	2004: 47,434	2012: 5,898
1997: 95,461	2005: 31,517	2013: 4,708
1998: 55,041	2006: 23,634	2014: 3,628
1999: 47,108	2007: 16,780	2015: 3,217
2000: 44,945	2008: 12,896	2016: 3,089
2001: 53,477	2009: 10,299	2017: 3,508
2002: 66,153	2010: 8,725	2018: 3,338
2003: 74,506	2011: 7,364	2019: 2,606
*Application Assignment History based on applications assigned, not received.		

Trend of Applications Received from 2014 to 2019

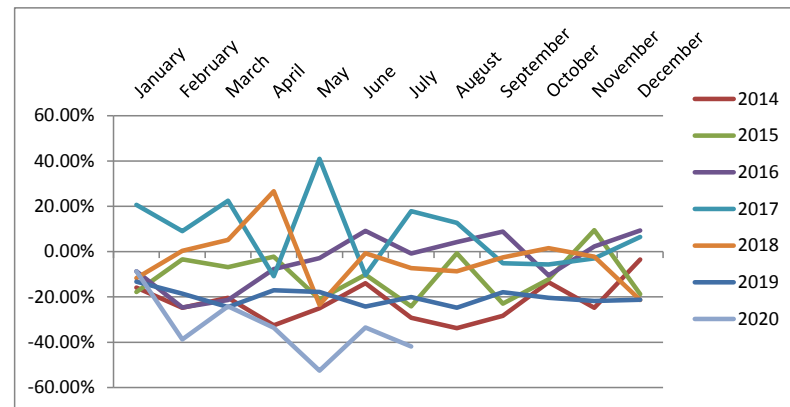
	2014	2015	2016	2017	2018	2019	2020
January	349	287	262	316	279	242	221
February	377	364	275	300	301	245	150
March	407	379	298	365	384	290	218
April	317	310	286	255	323	268	105
May	347	274	266	375	287	236	112
June	316	284	310	278	276	209	139
July	327	248	246	290	269	215	125
August	288	286	298	336	307	231	
September	352	271	295	280	273	224	
October	359	315	282	266	270	215	
November	243	266	272	264	258	148	
December	277	225	246	262	206	180	
Total	3,959	3,509	3,336	3,587	3,433	2,703	1,070



Estimate of Applications to be Received in 2019: 3,500

Percent Change in Applications Received from 2014 to 2019

	2014	2015	2016	2017	2018	2019	2020
January	-15.90%	-17.77%	-8.71%	20.61%	-11.71%	-13.26%	-8.68%
February	-24.75%	-3.45%	-24.66%	9.09%	0.33%	-18.60%	-38.78%
March	-20.35%	-6.88%	-21.37%	22.48%	5.21%	-24.48%	-24.20%
April	-32.55%	-2.21%	-7.74%	-10.84%	26.67%	-17.03%	-33.59%
May	-25.05%	-21.04%	-2.92%	40.98%	-23.47%	-17.77%	-52.54%
June	-13.90%	-10.13%	9.15%	-10.32%	-0.72%	-24.28%	-33.49%
July	-29.22%	-24.16%	-0.81%	17.89%	-7.24%	-20.07%	-41.86%
August	-33.79%	-0.69%	4.20%	12.75%	-8.63%	-24.76%	
September	-28.31%	-23.01%	8.86%	-5.08%	-2.50%	-17.95%	
October	-13.49%	-12.26%	-10.48%	-5.67%	1.50%	-20.37%	
November	-24.77%	9.47%	2.26%	-2.94%	-2.27%	-21.82%	
December	-3.48%	-18.77%	9.33%	6.50%	-21.37%	-21.26%	
Total YTD	-22.98%	-11.37%	-4.96%	7.52%	-4.29%	-20.01%	



Texas Auto Ins. Plan Assoc.

ACTUAL VS. BUDGET

For the period ended June 30, 2020

	Actual	2020 Year To Date Budget	Variance	2020 Annual Budget	% Used
<u>REVENUE</u>					
Assessments & Penalties	383,799	380,000	3,799	760,000	50.50%
Other Revenue	616	0	616	0	0.00%
TOTAL	384,415	380,000	4,415	760,000	50.58%
<u>EXPENDITURES</u>					
Salaries	149,380	160,500	11,120	321,000	46.54% Within range.
Emp. Benefits & Other Ins. Exp.	64,167	80,100	15,932	160,200	TAIPA's Med/Dent/Vis/Life renewals came in 40.05% lower than expected.
Office Equipment Expense	4,674	6,250	1,576	12,500	TAIPA signed a new lease for the copier this year 37.39% & rec'd 3 months free as an incentive
Printing & Stationary Exp.	0	2,550	2,550	5,100	We have not purchased envelopes. Expect to end 0.00% on budget.
Computer Expenses	2,804	5,150	2,346	10,300	We have not purchased additional computer 27.23% supplies this year.
Postage & Shipping Exp.	5,972	12,450	6,478	24,900	Application volume is down substantially and we 23.98% have only sent out 2 bulletins to date.
Telephone Expense	3,837	5,200	1,363	10,400	36.90% Expenses have been reduced due to less usage.
Rent Expense	31,773	32,450	677	64,900	48.96% Within range.
Moving Expense	0	0	0	0	0.00% Within range. No plan to move in 2020.
Taxes	27	450	423	900	Have not paid all of TAIPA's taxes. Expect to end 3.05% on budget.

Texas Auto Ins. Plan Assoc.

ACTUAL VS. BUDGET

For the period ended June 30, 2020

	Actual	2020 Year To Date Budget	Variance	2020 Annual Budget	% Used	
Other Office Expenses	989	3,200	2,211	6,400	15.45%	TAIPA received an adjusted credit from 2019 on AMEX. Expect to end on budget.
Governing Committee	5,000	12,950	7,950	25,900	19.31%	TAIPA Governing Board Meetings have been held by teleconference, thus travel expenses have been reduced. Expect to end under budget.
Subcommittee Meetings	0	2,250	2,250	4,500	0.00%	1 Subcommittee meeting held to date. Expect to end on budget.
Producer Review Panel	0	0	0	0	0.00%	
Employee Meetings, Seminars & Staff Travel	1,015	14,850	13,835	29,700	3.42%	To date employee courses and seminars have been cancelled due to COVID-19.
Legal Expenses	35,305	25,850	-9,455	51,700	68.29%	Legal expenses are up mostly due to Covid-19 issues.
Audit Expense	19,683	12,750	-6,933	25,500	77.19%	Most of the Audit expenses have been paid. We anticipate additional expenses for completing 990 form. Expect to end on budget.
Dues, Subscriptions & Publications	225	300	75	600	37.50%	Some of the expected dues will be paid later in the year.
TAIPA Tradition, Visitor Meals & Gifts	719	1,400	681	2,800	25.67%	Events happen later in the year. Expect to end on budget.
System Consultants	29,716	27,050	-2,666	54,100	54.93%	Within range.

Texas Auto Ins. Plan Assoc.

ACTUAL VS. BUDGET

For the period ended June 30, 2020

	Actual	2020 Year To Date Budget	Variance	2020 Annual Budget	% Used	
Consultants - Other	1,983	9,650	7,667	19,300	10.27%	TAIPA has not utilized our accounting system consultants as we had expected. We anticipate ending on budget.
Actuary	0	4,250	4,250	8,500	0.00%	TAIPA has not been billed for actuarial services yet, but much of the rate filing work has been completed. Expect to end on budget.
Other	0	0	0	0	0.00%	
SUBTOTAL	357,269	419,600	62,331	839,200	42.57%	Currently, we expect to end on budget
Depreciation	1,334	650	-684	1,300	102.59%	Added the computers to the depreciation schedule after the budget was approved. Will end over budget.
Amortization	2,917	2,500	-417	5,000	58.33%	Within range.
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0	0.00%	
SUBTOTAL	4,250	3,150	-1,100	6,300	67.47%	
TOTAL OPERATING EXPENSE	361,519	422,750	61,230	845,500	42.76%	We are currently under budget by 7.42%. We'd expect to be at 50% of budget at the end of this period.
NET FROM OPERATIONS	22,895	-42,750	65,645	-85,500		
Non-Operating Pension Costs	0	0	0	0	0.00%	
NET	22,895	-42,750	65,645	-85,500		

Texas Auto Ins. Plan Assoc.
ACTUAL VS. BUDGET
For the period ended June 30, 2020

	Actual	2020 Year To Date Budget	Variance	2020 Annual Budget	% Used
<u>CAPITAL BUDGET</u>					
Software Development in Progress	0	0	0	0	0.00%
Office Furniture & Equipment	216	0	-216	0	0.00%
Computer Equipment	0	0	0	0	0.00%
Computer Software	0	0	0	0	0.00%
Leasehold Improvements	0	0	0	0	0.00%
TOTAL	216	0	-216	0	0.00%

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

Texas Auto Ins. Plan Assoc.

Statement of Financial Position

As Of June 30, 2020

Unaudited

ASSETS

Current Assets	
Cash and cash equivalents	\$ 628,014
Accounts receivable	33,291
Prepaid expenses	18,675
Total current assets	679,980
Security Deposits	5,379
Property and Equipment	
Furniture and equipment	26,869
Computer equipment	13,275
Leasehold improvements	2,222
Computer software	25,000
	67,367
Less accumulated depreciation	57,865
	9,502
Total assets	694,861

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	21,144
Accrued vacation	28,038
Accrued payroll liabilities	7,152
Deferred revenue	380,000
Total current liabilities	436,333
Other Liabilities	
Accrued pension benefit costs	261,418
Deferred lease benefit	7,358
Total other liabilities	268,776
Net (Deficiency) Assets	
Without donor restrictions	(10,248)
Total net assets	(10,248)
Total liabilities and net assets	\$ 694,861

Texas Auto Ins. Plan Assoc.

Statement of Activities

For the period ended June 30, 2020

Unaudited

Changes in without donor restrictions net assets

	Current YTD
Revenues	
Member assessments	\$ 377,000
Interest income	616
Assessment penalties	6,799
Total revenues	384,415
Expenses	
Salaries and related expenses	213,547
Occupancy expenses	35,638
Professional Services	86,686
Depreciation & amortization	4,250
Postage and delivery	5,972
Office supplies and expense	4,674
Governing committee	5,000
Computer supplies & expenses	2,804
Staff education & seminars	1,015
Miscellaneous	989
Staff expense	719
Dues and subscriptions	225
Total operating expenses	361,519
Other revenues (expenses)	
Total other revenue (expenses)	-
<i>Increase (decrease) in unrestricted net assets</i>	22,895
<i>Net assets (deficiency) at beginning of year</i>	(33,143)
<i>Net assets (deficiency) as of June 30, 2020</i>	\$ (10,248)

COVID 19 2020 TAIPA Relief Program

Shortly after TAIPA's March 27, 2020 meeting, TAIPA was asked to consider whether or not TAIPA should offer a COVID Relief Program similar to what some of the national companies were doing.

- TAIPA staff discussed the matter with our Chair, Corise Morrison. It was decided to call a TAIPA officer's meeting about the matter. Although, there was not 100% agreement among the officers, it was determined that we should call a special meeting of the Governing Committee to discuss the matter.
- On April 27, 2020 a meeting of the Governing Committee was held and the COVID Relief Program was discussed by the committee. It was determined that TAIPA should offer a plan for the months of April and May, 2020. A COVID Relief subcommittee was assigned to find a way to implement the program.
- TAIPA submitted a Plan to TDI and TDI staff worked to assist TAIPA in pushing the program through the approval process.
- The plan was approved and TAIPA staff sent a bulletin out to all affected companies on the plan provisions with a deadline date of implementing the plan by August 1, 2020.
- TAIPA sent out a survey to the companies that actually implemented the plan for TAIPA private passenger policy holders asking for feedback of the plan. The feedback that was received indicated that:
 - All respondents had implemented the plan.
 - One respondent indicated that implementing the plan did cause some hardships due to the number of checks and explanatory documents it required them to print.
 - The respondents also indicated that the program was about the same as the other plans that other TAIPA like entities had implemented.
 - When asked if there was anything that they would like TAIPA to consider if we implemented another program, one respondent stated that the keys for companies to implementing a plan are the timing of the notice, and how clear and concise the instructions are. The respondent also stated that it would be beneficial if any future program closely replicates the current plan.

Stacy Dutton
Association Manager
sdutton@taipa.org

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P.O. BOX 162890 • AUSTIN, TX 78716-2890
TEL. 512/531-7271 • FAX 512/444-4562
<http://www.taipa.org>

June 10, 2020

Bulletin 241

To: TAIPA Member Companies

**2020 COVID-19 TAIPA RELIEF PROGRAM
FOR TAIPA PRIVATE PASSENGER AUTO POLICIES IN EFFECT DURING
APRIL AND MAY 2020**

The Texas Department of Insurance (TDI) has approved the 2020 Covid-19 TAIPA Relief Program on June 1, 2020.

The Governing Committee of the Texas Automobile Insurance Plan Association met on April 27, 2020 and approved the 2020 COVID-19 TAIPA RELIEF PROGRAM. This Program is being implemented in response to the Covid-19 pandemic and the shelter-in-place orders affecting Texas drivers who obtain their private passenger auto insurance through TAIPA.

Under the Program:

1. Carriers writing TAIPA policies are required to give a 15% credit to the policyholder of the premium amount for coverage provided during April and May 2020 on a TAIPA private passenger auto policy.
2. In the event the policy is fully paid-up, the carrier will refund the amount to the policyholder or premium finance company, as applicable.
3. The refunds or credits do not affect commissions paid or due to TAIPA producers.
4. The carriers will provide the credit or refund as soon as administratively possible, but no later than August 1, 2020.

Companies that write TAIPA policies will need to:

1. **Issue this refund/credit by August 1, 2020.**
2. **Send a letter of explanation to the insured with a copy to the applicable producer including the amount of the refund or credit.**

If you have any questions regarding this program, please contact TAIPA Customer Service toll-free at 866-321-9154 or by email at customer.service@taipa.org.

Sincerely,

Stacy Dutton
Association Manager

TAIPA's Work Procedural Changes Due to COVID-19

TAIPA employees started working at home on March 23, 2020 which was slightly ahead of the Governor's mandate which happened the following week.

Technically, TAIPA is considered an essential business and because we have only 4 employees in our office, we were not mandated to work from home. We opted to work from home for the safety of our employees.

We gave each employee:

- Laptop – Each employee has a docking station so the laptop is part of their current set-up.
- Printer/Scanner/Copier Combination – We purchased a printer/scanner/copier Combinations for each employee that did not have one at home.
- A supply of office supplies for each employee.

We initially divided the front office work into:

- One employee was responsible for receiving the mail from our main PO Box at their home via the courier service and processing the mail.
- The second employee would answer all of the phone calls by accessing the voicemail system.
- Both employees worked on our scanning project.
- Mimi and Stacy continued to perform their normal duties from home.
- Mimi used Zoom meetings to train employees

This plan worked for a while but we ran into problems when:

1. One of the two front office employees needed to be “out for the day”. We realized that it was not ideal because we did not have easy access to the applications.
2. Both Mishayla and Ruth are new to TAIPA and are doing very well in learning their positions especially when you consider that since coming on our payroll, they have spent most of their time working from home. Since they haven't been employed for a year yet, they have not received training on several of the annual projects nor do they have a frame of reference for those projects. Therefore, using Zoom to train them was not as effective as it would be if they had some understanding

of project from previous years. Therefore, the most difficult thing that we have experienced is that we have not been able to train the new employees on the certain projects that only occur yearly. Because of the timing and deadlines for some of the projects, Mimi has had to complete these projects herself. She then proceeded to train the employees on how to perform the task for the next time it comes up. This has caused us to get behind on some of the accounting procedures. Although all bills are paid and we monitor our accounts every day, we only have the preliminary breakdown of the expenses until we can get to the accounting procedures completed.

Therefore, we implemented the plan that we are currently working where:

- The employees are split into two teams (Mimi/Ruth and Stacy/Mishayla). The thought there is that if we have one set of employees who get the virus, the other set could continue to operate.
- The two teams go into the office every other day and work in the office until the daily mail and application processing is complete. Then the employees prepare whatever they are going to need to work on for the afternoon and the following day. The thought here is to minimize the time they need to be in the office, but to ensure that the work is completed and all applications are kept in the office.
- This has improved the training because it can be done in person or at least the follow-up training can be done in person if necessary.
- We have also implemented different ways of ensuring that the employees can replicate the work product by having them work on the project and bring their work product in to check against the actual work Mimi performed. An example of this would be the rate project and Help Insure project.
- We have asked Atchley & Associates to provide someone to assist us in getting caught up with our accounting work. They have

assigned an employee who does not work on the Audit side of their business so it won't create a conflict of interest.

To ensure employees safety:

- When employees enter the office, they are required to:
 1. Use the hand sanitizer
 2. Take their temperature using the thermometer at the door. (Digital scanner type).
 3. There are also masks provided at the door if an employee doesn't have one.
 4. Employees are asked to wear their masks if they are within 6 feet of each other.
 5. When the last employee leaves, they turn on the UVlizer by remote control. The UVlizer is a light similar to those used to kill germs in hospitals.

- Building Protocols
 1. The TAIPA Office Building remains locked so anyone entering must have a badge to access the building or have someone let them into the building.
 2. There are hand sanitizer dispenser at each entrances, the elevators and in each of the restrooms.
 3. The building has set protocols and signage for:
 - a. 2 people max in the elevators with people in opposite corners.
 - b. Places to stand 6 feet apart while waiting.
 - c. Staircases have signage for going up and another staircase for going down.
 - d. Bathrooms have signage that only 3 people maximum in the bathroom at one time.
 - e. Bathrooms also have a foot pull

- Currently there are very few people in our building and fewer on our floor.

Expenses Related to COVID-19 in 2020

Legal Expenses related to holding the March 23,2020 Meeting via conference call	\$ 6,105.00
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Expenses included:

1. Reviewing and researching materials on holding the annual meeting by phone including proxies (statutes on open meetings, TDI web site; Business Organizations Code, email from David Weber with Governor's notice; Texas Insurance Code, Government Code regarding emergency declarations)
2. Telephone conferences & emails with TDI regarding corona virus and TAIPA's option to conduct a telephonic meeting;
3. Telephone conference regarding protocol for annual meeting and to test the recording for the conference calls; check on the recording;
4. Obtain recording of the March 27 Governing Committee meeting and email to Stacy Dutton; review governors' order and open meetings law regarding making recording available to public; email to Ms. Dutton;

Legal Expenses related to holding the April 27, 2020 Meeting and follow-up on TAIPA's COVID-19 Relief Program	\$ 11,088.00
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Expenses included:

1. Conference with partner regarding companies reducing auto rates and desire to reduce TAIPA rates; possible credit/reduction in premiums;
2. Review & Research Commissioner's Order suspending FAIR Plan rate changes; TAIPA rate statutes, several companies' filings on SERFF TDI bulletins, Plan of Operation, the TAIPA policy, what other states did,
3. Emails and conferences with TDI staff, TAIPA manager, and TAIPA Chair & Officers
4. Officer's Meeting, Governing Committee Meeting & Subcommittee Meeting on COVID-19 Relief Program 2020
5. Prepare and submit COVID 19 Relief Program to TDI and answer questions from TDI, & monitor progress
6. Obtain the meeting recording and send to TAIPA staff

TOTAL LEGAL EXPENSE RELATED TO COVID	\$ 17,193.00
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Office Expenses related to COVID-19

Expenses included:

Printers for employees who did not have printers at home	\$435.23
Ink cartridges & processing stamps for home use	\$1,047.29
Office Equipment for home use (lamp, cart, surge protector/extension cords)	\$225.51
Zoom software for video conferencing	\$383.52
Employee lunches to discuss potentially working from home and another for implementation day	\$180.58
Safety equipment supplies (thermometer, UV Light sanitizer, Hand sanitizer, face masks)	\$312.95
Programing required for phone system to let callers know TAIPA staff would be working from home	\$135.31
Extra cost for postage (.05 per stamp vs using metered mail)	\$75.00
	<hr/>
	\$2,795.39

TOTAL KNOWN EXPENSES RELATED TO COVID TO DATE	\$ 19,988.39
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Proposed 2021 TAIPA Governing Committee Meeting Dates

The following dates are proposed for TAIPA's Governing Committee Meetings in 2021:

Friday, March 26, 2021

Friday, August 20, 2021

Friday, November 19, 2021

COMPANY

YearEnd 2015

Year End 2016

Year End 2017

Year End 2018

1st QTR 2019

2nd QTR 2019

3rd QTR 2019

4th QTR 2019

1st QTR 2020

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
21ST CENTURY CENTENNIAL INS CO (SC)		279,672		280,342		315,137		266,162		258,416		218,313		223,216		266,986		273,871	
ACE AMERICA	245,800		244,859		236,537		Entered LAD												
AFFIRMATIVE INS CO (co is in liquidation)			New to quota	2,446		2,831		2,831		2,831		2,831		2,831		2,831		2,831	
ALLSTATE INS CO		93,356		90,642	Entered LAD														
AMER FAMILY MUT INS CO SI							New to quota	6		10		11		12		12		12	
AMER MERCURY INS CO		3,313		1,954		7,174		4,047	Entered LAD										
ASSURANCEAMERICA INS CO		56		58	Entered LAD														
AXA INS CO								1	New to quota		0		1		3			8	
COLONIAL LLOYDS		1,277	Entered LAD																
CRESTBROOK INS CO	New to quota	8		155	Became grouped														
DIRECT GEN INS CO																		New to quota	2
ESURANCE PROP & CAS INS CO		218	Became grouped																
FALCON INS CO	New to quota	4		4	Entered LAD														
FREESTONE INS CO		443		443		443		443		443		443		443		443		443	
GENERAL CAS CO OF WISCONSIN		73		76	Entered LAD														
GOVERNMENT EMPLOYEES INS CO		93,728		128,245		96,915		63,079		65,454		107,165		117,354		54,639		58,230	
HALLMARK COUNTY MUT INS CO	443,407		443,127		441,819		440,802		440,670		440,564		440,466		440,400		440,347		

COMPANY

YearEnd 2015

Year End 2016

Year End 2017

Year End 2018

1st QTR 2019

2nd QTR 2019

3rd QTR 2019

4th QTR 2019

1st QTR 2020

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
HOMEOWNERS OF AMER INS CO		4,639		4,639		4,639		4,639		4,639		4,639		4,639		4,639		4,639
HOUSTON GENERAL INS EXCH (this is a new company that has generated this quota)														7		26		77
ICM INS CO		13		13		13	Went into storage			13								
IMPERIAL FIRE & CAS	1,395		1,381		Became grouped													
INTEGON NATIONAL INS CO			New to quota	279,949		322,579		201,462		208,830		230,891		238,395		248,825		242,873
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO)	330,051		330,044		330,040		330,038		330,038		330,038		330,038		330,038		330,038	
MIDVALE IND CO							New to quota	1	Entered LAD									
MILEMETER INS CO		2,211	Cert of Authority Cancelled															
NATIONAL LIABILITY & FIRE (SC)		294,194	Entered LAD															
PALOMAR SPECIALTY INS CO		AIPSO Error	Became grouped															
PHARMACISTS MUT INS CO	New to quota	3		25	Entered LAD													
RIVERPORT INS CO							New to quota	51		107		181	Entered LAD					
SOMPO JAPAN INS CO (prev Yasuda F&M)	Went into storage																	
SOUTHLAND LLOYDS INS CO	Went into storage																	
STARR INDEMNITY & LIABILITY CO		955		955		955	Went into storage											
STATE FARM MUT AUTO INS CO		190,293		175,003		193,430		170,618		169,954		153,087		138,266		146,425		136,152

COMPANY

YearEnd 2015

Year End 2016

Year End 2017

Year End 2018

1st QTR 2019

2nd QTR 2019

3rd QTR 2019

4th QTR 2019

1st QTR 2020

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
SUSSEX INS CO (prior Companion Pro & Cas Ins Co) Effective 12/31/2017, Sussex Ins Co merged into CLARENDON NATIONAL INS CO		324		324		324	CO / Inactive Merged											
TEXAS FARM BUREAU CAS INS CO		55,332		53,796		63,251		57,078		59,787		52,314		44,395		44,510		50,407
TOKIO MARINE & NICHIDO FIRE INS	Went into storage																	
TREXIS ONE INS CORP (prev co ALFA SPECIALTY INS CORP)		428		88		352		138		176		375		542		657		792
UNIVERSAL NORTH AMERICA		89		89		89	Went into storage			89								
WESTERN GEN INS CO									New to quota	1	Entered LAD							
WINDHAVEN NATIONAL INS. CO (10348 ATX PREMIER INS CO) Co is in receivership as of 03/05/2020	New to quota	24		165		264		285		311		352		403		442		48
TOTALS	1,020,653	1,020,653	1,019,411	1,019,411	1,008,396	1,008,396	770,840	770,840	770,885	770,885	770,602	770,602	770,504	770,504	770,438	770,438	770,385	770,385
PREMIUMS WRITTEN	1,864,575	1,916,600	2,424,419	2,346,137	515,700 1st qtr	483,119 2nd qtr	460,122 3rd qtr	330,249 4th qtr	418,679 1st qtr									

TAIPA OTPP Over/Under Report

COMPANY	Year End 2015		Year End 2016		Year End 2017		Year End 2018		1st QTR 2019		2nd QTR 2019		3rd QTR 2019		4th QTR 2019		1st QTR 2020	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
ACCIDENT INS CO			New to quota	65		132		154		179		199		223		241		241
ALASKA NATL		101		123	Entered CLAD													
AMALGAMATED CAS INS CO					New to quota	531												
AMER BANKERS INS CO OF FLORIDA		398		328	Became ungrouped co has not Vol Premium (co w/ quota moved to Diamond StateCo is in a CLAD)													
AMER CONTRACTORS INS RISK RET. GRP		16,743		16,743		16,743	Went into storage											
AMER COUNTRY INS CO													New to quota	595		746		986
AMER INTER FIDELITY EXCHANGE									New to quota	15								
AMER MERCURY INS CO	3,823			4,296		13,859		12,787		Entered CLAD								
AMER NATIONAL PROP & CAS CO		1,104		1,522	Entered CLAD													
AMER NATL COUNTY MUT INS CO		12		107	Became grouped													
AMER ROAD INS CO		195		248	Entered CLAD													
AMERICAN BUILDERS INS CO (prev Association Ins Co)		257		320	Entered CLAD													
BRITISH AMERICAN INS CO		16,238	2,993		3,696		1,489		1,371		1,279		1,162		1,079		1,002	
CLARENDON NATIONAL INS CO	51,569		Went into storage															
CLEAR BLUE INS CO																		
COLUMBIA INS CO			Became grouped															
COLUMBIA MUT INS CO		7,156	Entered CLAD															
COREPOINTE INS CO (prev Chrysler & Daimlerchrysler)		40,252	Entered CLAD															
GATEWAY INS CO																	New to Quota	855

TAIPA OTPP Over/Under Report

COMPANY	Year End 2015		Year End 2016		Year End 2017		Year End 2018		1st QTR 2019		2nd QTR 2019		3rd QTR 2019		4th QTR 2019		1st QTR 2020	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
GLOBAL LIBERTY INS CO OF NY		33		462	Entered CLAD													
GOVERNMENT EMPLOYEES INS CO Out of Storage \$514,977 start 2010 less \$5K per year. Current balance as of 2018: \$469.977	25,707		26,691		25,871		24,233		21,763		19,843		17,394		15,661		13,574	
GRAMERCY INS CO		9,371		9,371	Went into storage													
HARLEYSVILLE INS CO			New to quota	160	Became grouped Nationwide in a CLAD													
HISCOX INS CO INC		226		800	Entered CLAD													
HDIGERLING AMERICA INS CO																		
HOUSING ENTERPRISE INS CO INC		33		38	Entered CLAD 1st QTR 2017 *Cancelled CLAD 4th QTR 2017			6		8		9		11		12		12
INTREPID INS CO													New to quota	1		1		2
INTEGON NATIONAL INS CO			New to quota	1,673,492		1,695,119		1,715,041		1,712,124		1,720,572		1,714,196		1,710,986		1,710,675
LINCOLN GENERAL		73,631	Went into storage															
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO & Penn General)	414,901		414,900		414,900		414,900		414,900		414,900		414,900		414,900		414,900	
MIDCONTINENT CAS CO	750,412		747,924		746,849		746,030		745,618		745,298		744,890		744,601		744,186	
MOTORISTS COMM MUT INS CO (prev Amer Hardware Mut Ins Co)	27,839		27,561		27,288		27,086		27,086		27,086		27,086		27,086		27,086	
NATIONAL BUILDERS INS CO		201		236	Became grouped													
NATIONAL LIABILITY & FIRE INS CO (SC)			Entered CLAD															

TAIPA OTPP Over/Under Report

COMPANY	Year End 2015		Year End 2016		Year End 2017		Year End 2018		1st QTR 2019		2nd QTR 2019		3rd QTR 2019		4th QTR 2019		1st QTR 2020		
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
NAVIGATORS INS CO		1,558	Entered CLAD																
NORTH AMER SPECIALTY INS CO		40		70	Entered CLAD														
OKLAHOMA SURETY CO	684,181		683,103		681,118		679,207		678,774		678,437		678,007		677,703		677,343		
PENN MANUFACTURERS ASSN INS CO			Entered New CLAD																
PREFERRED PROFESSIONAL INS CO		1,303		1,516	Entered CLAD														
QUALITAS INS CO			New to quota	250	Entered CLAD														
REDPOINT COUNTY MUT INS CO									New to quota	1,335									
REP WEST INS CO (REPUBLIC WESTERN INS CO)		48	Entered CLAD																
RIVERPORT INS CO		83		83		83		83		83		83		83		83		83	Started writing again
RURAL TRUST INS CO			New to quota	91	Entered CLAD														
SAMSUNG FIRE & MARINE INS CO		77	Entered CLAD																
SENECA INS CO		238		343	Entered CLAD														
STATE FARM MUT AUTO INS CO		153,291		137,542		129,892		123,853		133,811		123,410		123,554		126,554			120,277
TEXAS FARM BUREAU CAS INS CO (prev Southern Farm Bur)		43,460		41,727		29,894		28,473		29,310		29,846		31,953		29,514			31,889
TEXAS HOSPITAL INS EXCH		11,512		11,836		12,178		12,469		12,568		12,645		12,744		12,814			12,896
TIG INS CO								79		79		79		79		79			80
TNUS INS CO		36		49	Became grouped														
TORUS NATIONAL INS CO (chg'd to Starstone Nat'l Ins Co 11/24/15)			Entered New CLAD																

TAIPA OTPP Over/Under Report

COMPANY	Year End 2015		Year End 2016		Year End 2017		Year End 2018		1st QTR 2019		2nd QTR 2019		3rd QTR 2019		4th QTR 2019		1st QTR 2020		
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
TRANS PACIFIC INS CO			<i>Became grouped</i>																
TRISTATE INS CO OF MN			<i>New to quota</i>	4	<i>Became grouped</i>														
TRIUMPHE CAS CO			<i>Entered CLAD</i>																
ULLICO CAS CO		1,291		1,291		1,291	<i>Went into storage</i>												
UNITRIN AUTO & HOME INS CO		32,159	<i>Went into storage</i>																
TOTALS	1,958,432	411,106	1,903,172	1,903,172	1,899,722	1,899,722	1,892,945	1,892,945	1,889,512	1,889,512	1,886,843	1,886,843	1,883,439	1,883,439	1,881,030	1,881,030	1,878,091	1,878,091	1,878,091
PREMIUMS CREDITED	1,923,849		1,777,884		1,942,623		1,679,205		562,825 1st qtr		437,664 2nd qtr		557,901 3rd qtr		394,894 3rd qtr		542,472 1st qtr		

Stacy Dutton

From: Berthold, Carol <CBerthold@gelco.com>
Sent: Tuesday, February 4, 2020 12:04 PM
To: Stacy Dutton
Subject: GEICO Commercial Over assignment

Follow Up Flag: Follow up
Flag Status: Completed

Dear TAIPA Governing Committee members

I would like to request that GEICO's overage of \$469,977 be brought out of storage when TAIPA runs the preliminary quota calculations and makes adjustments to what is in storage in June of this year.

The background on this is the TAIPA Plan manager at the time requested GEICO's overage be transferred to storage as it was distorting the over/under report. I agreed to the change as long as \$5,000.00 was transferred every year to fulfill my quota. The Governing Committee to that change. After discussion with Mimi and Stacy, it is our understanding that this change will not dramatically affect the quotas at this time as the obligation for commercial is so small.

The reason that GEICO is requesting this change now is:

1. GEICO is the only company that is currently having their overage redistributed in this way. By making this change, all companies will be treated in the same manner going forward.
2. There is another company with a similar overage going into storage in June. Therefore, making this change in June will not have much of an impact on any of the companies that are writing commercial coverage now.

Carol Berthold
Residual Market Manager
GEICO
516-496-5616

Sensitivity: Confidential
=====

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TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

ADMINISTRATION

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Texas Automobile Insurance Plan Association Governing Committee Meeting
Tuesday, November 3, 2009- 9:00 A.M.
Omni Austin Hotel Southpark, 4140 Governor's Row, Austin TX
Dress: Business Casual

1. Call to Order
2. Reading of the Anti-Trust Statement
3. Review and Approval of the Minutes of the September 2, 2009 Meeting (Exhibit 1)
4. Manager's Report
 - A. Application Count Update (Exhibit 2)
 - B. Financial Update (Exhibit 3)
 - C. Budget for 2010 (Exhibit 4)
5. Operations Subcommittee Report
 - A. Over/Under Report (Exhibit 5)
 - B. Storage Exception Procedures (Exhibit 6)
6. Quota Task Force Committee Report
7. Attorney RFP Committee Report
8. Systems RFP
9. Report of Counsel
 - A. Letter to Commissioner
 - B. Rate Data
10. Public Relations Report
11. 2010 Meetings
12. 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.

TAIPA

Over Assignment and Under Assignment Procedures -- Analysis

Large Over Assignments were influenced by the redistribution (the removal of) the old credit plan (2'c's) and introduction of the new credit plan (territory credits). The reporting of named non-owner premium prior to 1991 and companies that voluntarily stopped writing Private Passenger in Texas created the majority of the over assignment.

In the year of 1993

- Transition of 'In House' calculated quota to AIPSO calculated quota to be effective February 1, 1994 was worked. The goals for the change were to establish an equitable distribution of the market share and to maintain a consistent workflow volume.

In the year of 1995

- New quota report created; the over/under status of companies is shown on the report.

In the year of 1996

- The data used for Insurer quota determination changed effective 1-1-96. The quotas reflect the Insurer credits for business voluntarily written in underserved areas.

September 26, 1996

- In minutes: 'There is currently a large fluctuation in quotas due to over and under fulfillment data. The Operations Subcommittee determined Section 16. Determination and Fulfillment data needs to be rewritten since we have completed the cycle for utilizing vehicles as the component for private passenger quotas instead of car years'.

November 13, 1996

- Operations Sub-Committee report to GC: Due to programming changes, TAIPA can maintain the credit balance (companies having a credit assignment balance for years) indefinitely. The question was raised how long TAIPA should maintain the balances. Operations Sub-Committee recommended TAIPA staff maintain credit balances for companies for (5) years. The Private Passenger over/under analysis provided as an exhibit (commercial over/under not an exhibit until after 2002). No voting in minutes for this topic.

November 13, 1997

- Operations Sub-Committee report to GC: Concern they had related to the over/under assignments for all companies; advising that the over/under assignments that existed for companies could present an equity issue if the current process was continued. The Private

Passenger over/under analysis provided as an exhibit (commercial over/under not an exhibit until after 2002). It was advised that the AIPSO quota committee was studying the issue. One of the possible recommendations was to adjust the capping for over and under. The Operations Sub-Committee was having AIPSO rerun the over/under reports utilizing several capping criteria. In January 1998, a 35% cap was approved, 'in order to more rapidly reduce over/under discrepancies'.

September 14, 2000

- A test 'match back' on all 1999 commercial assignments was conducted in order to identify any problems with over-assignments as a result of the new payment plan. Subcommittee reviewed the 1999 commercial assignments data report which indicated no problems as a result of the 'match back'.
- TAIPA staff identified 24 companies with approximately \$12.4 million in premium which did not report statistical data in 1998 and therefore received no quota assignments. Gary Gola responded some of these companies are exempt from reporting with less than \$1,000,000 in premium volume. He also reported ISO did not follow up on other companies because some were not members of ISO. TDI would pursue this issue with both ISO and the companies in question to enforce compliance.

May 30, 2002

- The private passenger 2nd quarter over/under report (commercial over/under not an exhibit until after 2002) was provided. It was noted the reporting of named non-owner premium prior to 1991 and companies that voluntarily stopped writing Private Passenger in Texas created the majority of the over assignment. It was the consensus to recommend to the Governing Committee any over assignment that remained the same for a 5 year period be removed and stored. If the company becomes active in the future, the over assignment will be transferred to that company. The GC voted to accept the recommendation of the subcommittee.

Summary

TAIPA Policy

- Over assigned in premiums or Under assigned in premiums.
 - If unchanged for 5 years, ex: stopped writing business.
 - Over assignment \$'s or Under assignment \$'s voided.
 - Reinstated once company begins to write business again.

AIPSO 'Void/Stored' Premiums Process

- All companies overage in premiums and underage in premiums must balance to zero in the AIPSO system.
 - Carrier overage or underage voided/stored, i.e. shelved.
 - All carriers automatically adjusted by their share of that amount.
 - Ex: \$5,000 overage are voided/stored:
 - Over assignment dollars given to all other companies as an over assignment.
 - Giving carriers additional premiums to enable removal of overage premium that is taken from one carrier so that all will balance to zero.
 - Ex: \$5,000 overage are voided/stored reinstated years later:
 - Under assignment dollars given to all other companies as an under assignment.
 - Taking carriers premiums to give premium back to the stored carrier so that all will balance to zero.
 - Ex: \$5,000 underage are voided/stored:
 - Under assignment dollars taken from all other companies as an under assignment.
 - Taking carriers premiums to enable removal of the underage premium that is taken from one carrier so that all will balance to zero.
 - Ex: \$5,000 underage are voided/stored reinstated years later:
 - Over assignment dollars given to all other companies as an over assignment.
 - Giving carriers additional premiums to enable reinstatement of underage premium back to the stored carrier so that all will balance to zero.

Carrier Exception

GEICO Over Assignment of \$514,977

- Volded/Stored in 2000
 - Over assignment dollars given to all other companies as an over assignment.
 - Giving carriers additional premiums to enable removal of overage premium that is taken from one carrier so that all will balance to zero.

County Mutual Carriers become TAIPA member companies

- New to TAIPA December 1, 2004
 - None received over assignment given to all other companies in 2000.
 - Most hired LAD/CLAD carriers to handle their quota in premiums.
 - LAD/CLAD base fee on % of premiums.

GEICO Over Assignment of \$514,977

- Brought back into quota in 2005 (preliminary annual report).
 - Over assignment dollars taken from all other companies as an under assignment.
 - Taking carriers premiums to give premium back to the stored carrier so that all will balance to zero.
- County Mutual Carrier contacts TAIPA
 - Quota changed; however, CM data didn't change; asked why.
 - Advised LAD/CLAD carrier fee increased due to adjustment.
 - TAIPA researched.
 - GEICO Over assignment released as an adjustment to other carriers.
 - Released in 2005 (vs. 2006); without TAIPA notification.
 - Preliminary Annual report of 2005 updated; adjustment removed.
- GEICO Over assignment placed back in storage.
 - Small amounts released to prevent assignments.
 - Giving credit for some of the \$517,977 overage in prior TAIPA writings.
- Operations Sub-Committee Recommendation
 - Release \$5,000 per year of GEICO over assignment to GEICO
 - Adjust other carriers by \$5,000 accordingly.

Commercial

Yellow: Stored Amounts (not un-stored)
 Red: Active Today

	1999	Adjustm	2000	Adjustm	2001	Adjustm	2002	Adjustm	2003	Adjustm	2004	Adjustm
09591 Acceleration Natl	N/A		N/A		-2,932		-2,932					
07929 AIG Preferred	N/A		N/A		N/A		92,593		92,593		N/A	
09520 Alea North Am	N/A		N/A		N/A		-1		-1		-1	
07035 American Bankers	1,841		1,841		1,841		1,841					
09981 Amer Hallmark	11,494		11,494									
06236 American Hardware	36,668		36,668						out.stg			
10650 Amer Modern	N/A		N/A		N/A		N/A		N/A		N/A	
05283 Amer National	1,671		1,671									
10278 Amer Safety	N/A		N/A		N/A		N/A		N/A		-806	
02861 Argonaut	N/A		N/A		N/A		N/A		N/A		N/A	
06972 Artes Ins	N/A		N/A		-9		-9					
09833 Arrowood	N/A		N/A		N/A		N/A		N/A		N/A	
04262 Canal Ins	2,683		2,683									
06288 Capital City	N/A		N/A		N/A		N/A		N/A		N/A	
07754 CDC IXIS Fin Guar	N/A		N/A		N/A		-93					
08300 Chicago Ins	-138		-138									
01225 Continental	N/A		N/A		N/A		N/A		N/A		N/A	
09989 Diamond State	N/A		N/A		N/A		N/A		N/A		N/A	
07173 Empire Fire	N/A		N/A		N/A		145,468		145,468		N/A	
10657 Empire Lloyds	N/A		N/A		N/A		-22,689		-22,689			
09807 Fidelity	N/A		N/A		N/A		N/A		N/A		-1	
09527 First Amer/ Arch Ins	-166		-166									
02170 Georgia Casualty	4,345		4,345									
07929 GE Auto and Home	N/A		92,593		92,593		92,593		N/A		N/A	
07307 GEICO	514,977		514,977									
09690 General Security	N/A		N/A		-309		-309		N/A		N/A	
09813 Grain Dealers	-258		-258									
07413 Gramercy	-1,831		-1,831		-1,831		N/A		-53		N/A	
05715 Grocers Ins	-183		-183		N/A		N/A		N/A		N/A	
07398 Guarantee Ins	6,592		6,592				N/A		N/A		N/A	
06432 HomeSite	N/A		N/A		-45		-45		-45		-45	
07610 Horace Mann Ins	3,635		3,635									

	1999	Adjustm	2000	Adjustm	2001	Adjustm	2002	Adjustm	2003	Adjustm	2004	Adjustm
09050 Interstate	N/A		N/A		N/A		N/A		N/A		-6,016	
02233 Legion	N/A		N/A		N/A		-14,947	14947				
05695 LMI Ins Co	-93	93					-31,277	31,277				
06053 Lumbermans	N/A		N/A		N/A		N/A		N/A		N/A	
05293 Metropolitan	5,733		5,733	-5,733								
09887 MGA Ins	25,230		25,230	-25,230								
06623 National Amer	68,562		68,562		68,562		N/A		N/A		N/A	
07926 Northland	N/A		N/A		N/A		N/A		3,697		3,697	
07527 Occidental	623		623		623	-623						
02149 Penn Manufacturers	1,525		1,525	-1,525								
06098 Penn National	7,462		7,462	-7,462								
07534 Progressive	545		545	-545								
07562 Protective	-616		-616		-616							
01875 Prudential	7,675		7,675	-7,675								
06569 Redland	N/A		N/A		N/A				N/A		N/A	
07871 Regent	-93		-93		-93				N/A		N/A	
02232 Reliance	N/A		N/A		N/A				N/A		N/A	
11041 Reliant	N/A		N/A		-115,452	115,452						
04737 Republic	N/A		N/A		N/A				N/A			
05062 Seneca	188		188	-188					-19		-19	
07547 Service Loyds	N/A		N/A		N/A							
05068 Specialty Natl	N/A		N/A		-115				-476		-476	
02813 State & County Mut	N/A		N/A		N/A				N/A		N/A	
27821 State National	N/A		N/A		N/A				N/A		N/A	
06152 Villanova Ins	N/A		N/A		N/A				-6,067		-6,067	
06625 Un iversa	N/A		N/A		N/A				-6,080		-6,080	
02337 Westport Ins	5,730		5,730		N/A				N/A		N/A	
07754 Western Continental	N/A		N/A		N/A				N/A		N/A	
09832 Xl Ins	N/A		N/A		N/A				N/A		N/A	
											-5,280	

TAIPA Governing Committee Meeting
November 3, 2009

Leslie Hurley asked if there will still be ample funds available in the event that the amount of applications that TAIPA receives increases. Corise Morrison replied that she believes that there are adequate funds.

ITEM 5: OPERATIONS SUBCOMMITTEE REPORT

A. OVER/UNDER REPORT

Carol Berthold presented an update on the Over/Under Report (Exhibit #5).

Carol Berthold stated that the Over/Under Report will always appear on both the Operations Subcommittee and the Governing Committee agendas for monitoring.

B. STORAGE EXCEPTION PROCEDURES

Carol Berthold presented an update on the Storage Exception Procedures (Exhibit #6).

Carol Berthold stated that the analysis in Exhibit #6 will be attached to the Over/Under Report from now on in order to continually monitor it.

Carol Berthold stated that the first two pages of the exhibit are a summary of Governing Committee minutes related to the situation. The third page is a summary of the current storage procedure. The fourth page is a summary of the GEICO exception procedure used.

Carol Berthold stated that the recommendation from the Operations Subcommittee is to release \$5,000 from storage per year until all of GEICO's overage has been brought back in. This amount should not make a huge difference to all of the other companies. She stated that the \$5,000 per year will also be enough to cover GEICO's quarterly quota obligations.

It was moved by Bill Jeter and seconded by Dick Lonquist to:

"Remove \$5,000 of GEICO's overage from storage each year until the overage amount is exhausted."

The motion carried with 14 in favor and one abstention (Carol Berthold).

Carol Berthold stated that will be resigning from her position as Chair of the Operations Subcommittee.

Carol Berthold thanked TAIPA staff, TDI, and the Operations Subcommittee members for their help in the Operations Subcommittee meetings.

Carol Berthold stated that she will still be a member of the Operations Subcommittee.

Corise Morrison stated that she appreciates Carol Berthold's help and for leading the Operations Subcommittee for so many years.