

**Texas Automobile Insurance Plan Association Governing Committee Meeting Agenda
Friday, August 20, 2021 - 9:00 A.M.**

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Agenda

1. Call to Order
2. Introductions
3. Reading of the Anti-Trust Statement
4. Audit/Finance Committee Report
 - A. Report on 2020 Audit (Exhibit 1)*
5. Review and Approval of the Minutes of the March 26, 2021 Meeting (Exhibit 2)*
6. Chair's Report
 - A. Future 2022 TAIPA Governing Committee Meetings*
 - B. Pete Hamel retiring from TAIPA
 - C. Ramon Montalvo moving from Alternate to Producer Member
7. Manager's Report
 - A. Application Count Update as of July 2021 (Exhibit 3)
 - B. Financial Update as of June 2021 (Exhibit 4)
 - C. Line of Credit Renewal*
 - D. COVID-19

- E. 2022 Meeting Dates (Exhibit 5)*
- 8. Conflict of Interest (Exhibit 6)*
- 9. Strategic Planning Subcommittee Report
 - A. Recommendations with regard to TDI letter to Governing Committee Members (Exhibit 7)
 - i. Training
 - 1. Revised Welcome Letter and Created Handbook for New Governing Committee Members (Exhibit 8)
 - 2. Require Open Meetings Act Training every two years*
 - a. May go through and listen to the training provided by the Secretary of State
 - b. Go through the training that TAIPA staff will do as part of the onboarding process for new members after the regular Governing Committee Meetings (Exhibit 9)
 - ii. Access and Control of Counsel – (Exhibit 10)
 - iii. TAIPA 3rd Party relationships –
 - 1. Draft of Revised Vendor Selection Process* (Exhibit 11)
 - 2. Recommendation for Addendums to Contracts being reviewed for RFP process with updated fee structure for vendors we have agreements with.
 - B. Summary of Changes since February 25, 2016 to present with regard to staffing, volume, expenses
 - C. Enterprise Risk Management Update* (Exhibit 12)
- 10. Operations Subcommittee Report
 - A. Over/Under Report (Exhibit 13)
 - B. Update on Recommendation for Plan of Operation Change on what companies leaving the market must do.
 - C. Update on Review of the TAIPA Policies by Staff and Counsel
 - D. Update on Review TAIPA procedures to determine where it can be more efficient.
 - E. Recommendation regarding \$1 fee that is added for the first motor vehicle or dealer's plate for an individual, husband and wife with each designated person* (Exhibit 14)
 - F. Update on the discussion of what to do if LAD carriers leave Texas Market
- 11. Report of Counsel
 - A. TAIPA Rates*
 - B. Legislative Update* (Exhibit 15)
- 12. Next Meeting—November 19, 2021
- 13. Personnel Matters
- 14. Adjournment

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

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

Exhibit 1



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, 2020 and have issued our report thereon dated July 28, 2021. 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 February 26, 2021, 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 2020. 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 estimates affecting the financial statements are management's estimate of:

- Defined benefit plan which is based on information provided by the plan's actuaries.
- Allocation of functional expenses based on time and effort.

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 July 28, 2021.

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

July 28, 2021



Stacy Dutton
 Association Manager
 sdutton@taipa.org

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

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July 28, 2021

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and the supplementary comparison of revenues and expense versus budget. We confirm that we are responsible for the fair presentation in financial statements of financial position, results of activities, and cash flows in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated February 26, 2021, 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, 2020.
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, 2020, and/or for expected retroactive insurance premium adjustments applicable to periods through December 31, 2020.
 - 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. 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

TEXAS AUTOMOBILE INSURANCE
PLAN ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

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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, 2020 and 2019, 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.

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, 2020 and 2019, 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 of America.

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.

Atchley & Associates, LLP

Austin, Texas

July 28, 2021

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

ASSETS	2020	2019
Current Assets		
Cash and cash equivalents	\$ 316,395	\$ 251,829
Accounts receivable	818	-
Prepaid expenses	20,117	16,651
Security deposits	5,379	5,379
Total current assets	342,709	273,859
Property and Equipment		
Furniture and equipment	26,653	26,653
Computer equipment	13,275	13,275
Leasehold improvements	2,222	2,222
Computer software and program development costs	25,000	25,000
	67,150	67,150
Less accumulated depreciation	(60,901)	(53,615)
	6,249	13,535
Total assets	\$ 348,958	\$ 287,394
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 14,431	\$ 11,696
Accrued leave	35,835	28,038
Accrued payroll liabilities	11,432	7,826
Other accrued liabilities	3,218	4,203
Total current liabilities	64,916	51,763
Other Liabilities		
Accrued pension benefit costs	135,148	261,418
Deferred lease benefit	6,355	7,358
Total other liabilities	141,503	268,776
Net Assets (Deficiency)		
Without donor restrictions	1,068,648	1,054,520
Accumulated effect of pension adjustment	(926,109)	(1,087,665)
Total net assets (deficiency)	142,539	(33,145)
Total liabilities and net assets (deficiency)	\$ 348,958	\$ 287,394

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

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Member assessments	\$ 757,100	\$ 800,200
Assessment penalties	6,799	5,243
Interest income	862	5,083
Total revenues	<u>764,761</u>	<u>810,526</u>
Expenses		
Program services	482,775	498,495
Management and general	267,858	274,271
Total expenses	<u>750,633</u>	<u>772,766</u>
Other revenues (expenses)		
Pension minimum liability adjustment	161,556	60,460
Total other revenues (expenses)	<u>161,556</u>	<u>60,460</u>
Net change in net assets without donor restrictions	175,684	98,220
Net assets (deficiency) at beginning of year	<u>(33,145)</u>	<u>(131,365)</u>
Net assets (deficiency) at end of year	<u><u>\$ 142,539</u></u>	<u><u>\$ (33,145)</u></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, 2020

	Program services	Management and general	Total
Expenses			
Computer supplies and expense	\$ 4,247	\$ 1,416	\$ 5,663
Depreciation and amortization	5,000	2,286	7,286
Dues, subscriptions and publications	-	519	519
Governing committee	-	9,750	9,750
Miscellaneous	-	4,752	4,752
Occupancy expenses	65,189	7,171	72,360
Office supplies and expense	10,691	3,563	14,254
Operating committee	-	250	250
Postage and delivery	8,354	8,027	16,381
Professional services	135,451	2,897	138,348
Salaries and related expenses	251,305	224,742	476,047
Staff education and seminars	2,538	846	3,384
Staff expense	-	1,639	1,639
Total expenses	<u>\$ 482,775</u>	<u>\$ 267,858</u>	<u>\$ 750,633</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			
Computer supplies and expense	\$ 5,680	\$ 1,894	\$ 7,574
Depreciation and amortization	5,000	1,515	6,515
Dues, subscriptions and publications	-	1,916	1,916
Governing committee	-	19,654	19,654
Miscellaneous	-	4,564	4,564
Occupancy expenses	68,292	7,508	75,800
Office supplies and expense	10,653	3,551	14,204
Operating committee	-	2,750	2,750
Postage and delivery	9,901	9,513	19,414
Professional services	147,034	4,943	151,977
Salaries and related expenses	246,356	211,911	458,267
Staff education and seminars	5,579	2,587	8,166
Staff expense	-	1,965	1,965
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
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 175,684	\$ 98,220
Adjustments to reconcile change in net assets to net cash flows		
Depreciation and amortization	7,286	6,515
Change in operating assets and liabilities		
Accounts receivable	(818)	200
Prepaid expenses	(3,466)	5,696
Accounts payable	2,735	5,486
Accrued leave	7,797	4,277
Accrued payroll liabilities	3,606	(1,451)
Other accrued liabilities	(985)	(1,250)
Accrued pension benefit costs	(126,270)	(39,866)
Deferred lease benefit	(1,003)	75
	<u>64,566</u>	<u>77,902</u>
Net cash flows from operating activities		
INVESTING ACTIVITIES		
Purchases of property and equipment	<u>-</u>	<u>(5,151)</u>
Net cash flows from investing activities	<u>-</u>	<u>(5,151)</u>
Net change in cash and cash equivalents	64,566	72,751
Cash and cash equivalents - beginning of year	<u>251,829</u>	<u>179,078</u>
Cash and cash equivalents - end of year	<u>\$ 316,395</u>	<u>\$ 251,829</u>

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

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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, 2020 AND 2019

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, 2020, TAIPA had \$24,037 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, 2020 and 2019, 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, 2017, 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, 2020 AND 2019

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 \$9,987 and \$10,582 for 2020 and 2019, respectively.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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, 2020, 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, 2020 and 2019.

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:

	2020	2019
Service cost	\$ 36,812	\$ 34,102
Interest cost	144,754	166,552
Expected return on MRVA	(206,879)	(197,105)
Amortization of net prior service cost	5,736	5,736
Amortization of net actuarial loss (gain)	109,267	85,085
Net periodic benefit cost	\$ 89,690	\$ 94,370

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE B - EMPLOYEE BENEFIT PLANS - Continued

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

	<u>2020</u>	<u>2019</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 4,522,779	\$ 4,000,999
Service cost	36,812	34,102
Interest cost	144,754	166,552
Actuarial loss (gain)	260,020	598,704
Benefits paid	<u>(280,055)</u>	<u>(277,578)</u>
Benefit obligation at end of year	<u>4,684,310</u>	<u>4,522,779</u>
Change in pension plan assets		
Fair value of pension plan assets at beginning of year	4,261,361	3,699,715
Actual return on pension plan assets	513,452	765,448
Employer contributions	54,404	73,776
Benefits paid	<u>(280,055)</u>	<u>(277,578)</u>
Fair value of pension plan assets at end of year	<u>4,549,162</u>	<u>4,261,361</u>
Funded status at end of year	<u>\$ (135,148)</u>	<u>\$ (261,418)</u>

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

Accrued pension benefit costs	<u>\$ 135,148</u>	<u>\$ 261,418</u>
-------------------------------	-------------------	-------------------

Amounts recognized as changes in net assets without donor restrictions arising from a defined benefit plan as of December 31:

Accumulated net loss (gain)	<u>\$ 926,109</u>	<u>\$ 1,087,665</u>
-----------------------------	-------------------	---------------------

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)	\$ (109,267)	\$ (85,085)
Net prior service credit (cost)	(5,736)	(5,736)
New actuarial losses	<u>(46,553)</u>	<u>224,476</u>
	<u>\$ (161,556)</u>	<u>\$ 133,655</u>

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 \$79,027.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE B - EMPLOYEE BENEFIT PLANS - Continued

The accumulated benefit obligation for the Pension was \$4,578,253 and \$4,402,806 as of December 31, 2020 and 2019, respectively.

Employer contributions expected to be paid during the year ending December 31, 2020, is \$96,997.

Weighted average assumptions used to develop benefit obligations were:

	<u>2020</u>	<u>2019</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>2020</u>	<u>2019</u>
Discount rate	3.25%	4.25%
Expected return on pension plan assets	5.00%	5.50%
Rate of compensation increases	3.00%	3.00%

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

	<u>2020</u>	<u>2019</u>
Equity securities	36.90%	36.00%
Debt securities	58.20%	59.00%
Real estate	4.40%	4.80%
Cash	0.50%	0.20%
	<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, 2021	\$ 271,388
December 31, 2022	269,863
December 31, 2023	269,965
December 31, 2024	266,088
December 31, 2025	260,389
December 31, 2026-2030	<u>1,381,708</u>
Total	<u>\$ 2,719,401</u>

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 \$35,835 and \$28,038 has been recorded in the accompanying statements of financial position as of December 31, 2020 and 2019, 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, 2020, are as follows:

Due in Years Ending	
December 31, 2021	\$ 42,399
December 31, 2022	42,690
December 31, 2023	14,380
	\$ 99,469

Lease expenses for operating leases were \$63,094 and \$64,752 for the years ended December 31, 2020 and 2019, 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, 2020, there was no outstanding balance on the line, and there were no borrowings on the line of credit during the years ended December 31, 2020 and 2019. The line of credit matures on September 25, 2021.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE G - LIQUIDITY AND AVAILABILITY

The following represents TAIPA's financial assets at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 316,395	\$ 251,829
Accounts receivable	818	-
Total financial assets available to use	<u>\$ 317,213</u>	<u>\$ 251,829</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, 2020

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues			
Member assessments	\$ 757,100	\$ 760,000	\$ (2,900)
Interest income	862	-	862
Assessment penalties	6,799	-	6,799
Total Revenues	<u>764,761</u>	<u>760,000</u>	<u>4,761</u>
Operating Expenses			
Salaries	308,306	321,000	12,694
Employee benefits and other insurance	167,741	160,200	(7,541)
Rent	63,094	64,900	1,806
Telephone/internet access	8,620	10,400	1,780
Property taxes	646	900	254
Professional services			
Legal	51,371	51,700	329
Audit	21,583	25,500	3,917
Systems consultants	49,269	54,100	4,831
Consultants - other	7,625	19,300	11,675
Actuary	8,500	8,500	-
Depreciation and amortization	7,286	6,300	(986)
Postage and delivery	16,381	24,900	8,519
Office equipment and supplies	10,885	12,500	1,615
Printing and stationary	3,369	5,100	1,731
Governing committee	9,750	25,900	16,150
Computer supplies and expenses	5,663	10,300	4,637
Operating subcommittee	250	4,500	4,250
Employee meetings, seminars and travel	3,384	29,700	26,316
Staff expense and other	6,391	9,200	2,809
Dues, subscriptions, and publications	519	600	81
Total Operating Expenses	<u>750,633</u>	<u>845,500</u>	<u>94,867</u>
Other Revenues (Expenses)			
Pension minimum liability adjustment	161,556	-	161,556
Total Other Revenues (Expenses)	<u>161,556</u>	<u>-</u>	<u>161,556</u>
Change in Net Assets Without Donor Restrictions	<u>\$ 175,684</u>	<u>\$ (85,500)</u>	<u>\$ 261,184</u>

Exhibit 2



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
TEL. 512/531-7271 • FAX 512/531-7273
<http://www.taipa.org>

**Texas Automobile Insurance Plan Association Governing Committee Meeting
Agenda for Friday, March 26, 2021 – 9:00 A.M.
Zoom Call**

Given the continuing concerns related to COVID-19 virus, TAIPA will be making both the Annual Meeting and Regular TAIPA Governing Committee Meeting on March 26, 2021 a Zoom Meeting Only.

Join Zoom Meeting

<https://us02web.zoom.us/j/2030992102>

Meeting ID: 203 099 2102

One tap mobile

+13462487799,,2030992102# US (Houston)

+12532158782,,2030992102# US (Tacoma)

Dial by your location

+1 346 248 7799 US (Houston)

+1 253 215 8782 US (Tacoma)

+1 669 900 6833 US (San Jose)

+1 929 436 2866 US (New York)

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

Meeting ID: 203 099 2102

Find your local number: <https://us02web.zoom.us/j/2030992102>

1. Call to Order
2. Introductions
3. Reading of the Anti-Trust Statement
4. Election of Officers
5. Review and Approval of the Minutes of the November 20, 2020 Meeting (Exhibit 1)
6. Chair's Report
 1. Recognize Stephen Hylka's Service
 2. Welcome Mike Hass
 3. New Member and Changes to the Strategic Planning Subcommittee
 4. Discussion about holding the August and November meetings via Zoom.

7. Manager's Report
 - A. Application Count Update
 - a. For Yearend 2020 (Exhibit 2)
 - b. As of February, 2021 (Exhibit 3)
 - B. Financial Update - For Yearend 2020 (Exhibit 4)
 - C. Procedural Error
 - D. COVID Update
 - E. Conflict of Interest Policy (Exhibit 5)
 - F. Administrative Rules (Exhibit 6)
8. Audit/Finance Committee Report
 - A. Audit Engagement Letter (Exhibit 7)
9. Operations Subcommittee Report
 - A. Over/Under Report (Exhibit 8)
 - B. Update
10. Strategic Planning Committee Report
 - A. Update from March 22, 2021 Meeting
 - a. Staffing
 - b. Enterprise Risk Management Plan
 - c. Response to TDI Letter sent to Governing Committee Members
 - d. Governing Committee Members Training
 - e. Third Party Relationships
11. Report of Counsel
 - A. Discussion of Rate Process
 - B. Legislative Update
12. Next Meeting – August 20, 2021
13. Personnel Matters
 - A. Public/Producer Member Compensation when serving as Chair
 - B. Manager's Report
14. Adjournment

ATTENDEES:

VOTING MEMBERS:

Corise Morrison, USAA
David Weber, Hochheim Prairie
Bill Brooks, Texas Farm Bureau
Anh Vo, State Farm
Stephen Hylka, Liberty Mutual
Mike Hass, Liberty Mutual
Matthew Snyder, Farmers
Ryan Shaprio, Travelers
Mike Schalk, Allstate
Mary Carol Awalt, Public Member
Laura Hausman, Public Member
Carmelita Hogan, Public Member-
Leslie Hurley, Public Member
Becky Jackson, Public Member
David Nardecchia, Alternate Public Member
Pete Hamel, Producer Member
Adam Payton, Producer Member
Ramon Montalvo, Alternate Producer Member

COUNSEL:

Michael Jones, Thompson Coe, Cousins & Irons

TAIPA STAFF:

Stacy Dutton, Association Manager
Mimi Leece, Manager Operations/Financial Management
Mishayla Twyman, Customer Service/Administrative Support Specialist
Ruth Wise, Customer Service/Administrative Support Specialist

OTHERS:

Carol Berthold, Geico
John Lusardi, Integon
Doug Beck, 21st Century
Sean Cahill, Amica
John Mooney, TDI
Kim Donovan, OPIC

ITEM 1: Call to Order

Corise Morrison called the meeting to order at 9:00AM.

Mimi Leece explained how the zoom meeting would work.

ITEM 2: Introductions

Stacy Dutton called roll.

ITEM 3: Reading of the Anti-Trust Statement

Stacy Dutton read the Anti-Trust Statement:

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

ITEM 4: Election of the Officers

Pete Hamel presented the Nominating Committee’s Report.

The charge of the Nominating Committee is to prepare of slate of candidates to serve as officers of the TAIPA Governing Committee for 2021 and to present that slate of candidates for review and approval by the Governing Committee.

The 2021 Nominating Committee Members were:

- Pete Hamel – Producer Member
- Carmelita Hogan – Public Member
- Mike Schalk – Company Member – Allstate

The Nominating Committee submits the following slate as the proposed 2021 Officers of the TAIPA Governing Committee:

- Chair: Corise Morrison – USAA, At-Large Representative
- 1st Vice Chair: Becky Jackson – Public Member Representative
- 2nd Vice Chair: Anh Vo – State Farm, At-Large Representative
- Secretary: Matt Snyder – Farmers – At-Large Representative

Note that the:

- Immediate Past Chair is David Weber from Hochheim Prairie Insurance, and the NAMIC Representative on the Governing Committee. This is not an elected position but I did want thank David for continuing to serve in this officer position again in 2021.

Corise Morrison asked for a motion to accept the nominations of the Nominating Committee.

- It was moved by Becky Jackson and seconded by Stephen Hylka.
- The motion carried unanimously.

ITEM 5: Review and Approval of the Minutes of the November 20, 2020 Meeting

Anh Vo presented the Minutes of the November 20, 2020 meeting and went over the highlights of the meeting. She acknowledged some typos that have been corrected such as: the spelling of vendor, dates, and AIPSO spelling.

Carol Berthold asked to have item 9 restated indicating that the letter is from her regarding LAD coverage and not AIPSO. Mike Jones asked to remove the word “law” on page 5 to instead read “open meeting statute.” He also asked to change the commissioner approved increase to +4.8% on page 12.

Corise Morrison asked for a motion to approve the minutes.

- David Weber made the motion to accept the meeting notes with the above-mentioned changes and Matthew Snyder seconded the motion to: “Approve the Minutes.”
- The motion carried unanimously.

ITEM 6: Chair’s Report

1. Recognize Stephen Hylka’s Service

Stephen Hylka became a member of the TAIPA Governing Committee in 2014. Stephen served as TAIPA’s second vice chair in 2020. We will miss Stephen on the Governing Committee. TAIPA staff will be sending a plaque to Stephen in thanks for his service.

2. Welcome Michael Hass

Stephen Hylka has assured us that he is leaving TAIPA in good hands. Please join me in welcoming Mike Hass from Liberty Mutual to the 2021 TAIPA Governing Committee. We are delighted to have you join the TAIPA Governing Committee and we look forward to working with you.

3. New Member and Changes to the Strategic Planning Subcommittee

With Stephen Hylka leaving the Governing Committee, we needed to fill his position on the Strategic Planning Committee. David Weber has agreed to fill this position. In addition, Mary Carol Awalt has agreed to be the chair of this subcommittee.

4. Discussion About Holding the August and November Meetings via Zoom

Unfortunately, even though we are a year into the COVID situation, not a lot has changed with regard to the risks surrounding COVID. Therefore, I wanted to discuss with the committee what they want to do with regard to the August and November TAIPA meetings.

Ms. Morrison asked for a motion to hold the remaining 2021 TAIPA Governing Committees via Zoom.

- Michael Schalk made the motion and it was seconded by Anh Vo.
- The motion carries unanimously.

ITEM 7: Manager’s Report

A. APPLICATION COUNT UPDATE AS OF 2020 (EXHIBIT 2)

a. For Yearend 2020 (Exhibit 2)

TAIPA received 1,673 applications in 2020, compared to 2,703 applications in 2019, which is a decrease of 1,030 applications or about 38.11%.

b. As of February, 2021 (Exhibit 3)

TAIPA received 189 applications in February 2021, compared to 371 applications in February 2020 year to date, which is a decrease of 182 applications or about 49.06%. We expect to receive about 1,134 applications this year if there is no change.

B. FINANCIAL UPDATE AS OF JUNE 2020 (EXHIBIT 4)

At the end of 2020 TAIPA used 89.60% of their budget which resulted in a savings of \$87,932.

The items that were under-budget as well as over-budget were explained.

TAIPA recommended and was approved for a budget of \$912,400. TAIPA recommended an assessment of \$850,000 thus using \$62,400 of the savings for 2021's expenses.

Stacy Dutton went over TAIPA's approach to budget savings. TAIPA budgeted more this year when budgeting for the carryover for the first couple months of expenses because:

1. we didn't know how the money would come in this year because of the fact that many companies accounts payable employees are working from home.
2. with Mimi and Stacy still being new to determining the amount that we need for carryover and the fact that they had seen some issues with Accounts Payable invoices not getting to the correct person in a timely manner, etc.
3. what we found is that we have received 41% more ACH transfers coming in versus checks.

C. COVID-19 UPDATE (EXHIBIT 5)

Not much has changed since our November 2020 meetings.

- Mimi and Stacy have continued to work in the office except when we are quarantining while Mishayla and Ruth have continued to come into the office every other day.
- Mimi is continuing to work with Atchley & Associates on the accounting work which has helped immensely.
- We are continuing our safety protocols.
- As of March 10, 2021, our office building is no longer locked down during business hours. All of the other protocols are in place.
- We are waiting to see what happens in Austin now that the COVID restrictions have been loosened before making any changes to what we are currently doing.

D. PROCEDURAL ERROR

Typically, TAIPA staff sends out a bulletin regarding the updated rates in October or November - right after we receive the notice from TDI.

- a. Stacy wanted to make everyone aware that the most recent bulletin regarding TAIPA rates was sent out late. It was sent out February 24, 2021 when the increase in the commercial rates was effective March 1, 2021.
 - i. As a result, one of the companies that writes TAIPA commercial applications did not receive the notice of the commercial rate change until I called the representative and sent a

copy of TAIPA's bulletin. This caused the company to have 6 policies go out with the incorrect rates and for their system not to be updated until March 7, 2021. The company planned on leaving the policies this way for the term and correct it for the next. Other companies had already revised the rates in their systems.

- b. After this happened TAIPA staff started to consider:
 - i. what we could do to avoid this happening again
 - ii. as well as what other tasks or procedures we have that are dependent on someone in TAIPA just knowing what needs to happen.
 - iii. TAIPA staff is currently researching a means to create:
 1. a uniform place for all of TAIPA's Standard Operating Procedures
 2. and researching a means to put these events on TAIPA's shared calendar.
 3. In addition, we are working on changing the current work load for employees to spread the work out more evenly now that the newer employees are trained in customer service.

E. Conflict of Interest Policy (EXHIBIT 5)

A copy of the Conflict of Interest Policy is shown in Exhibit 5.

It is required that each Governing Committee Member sign a copy of the Conflict of Interest Policy every year. If you sit on the TAIPA Governing Committee or any of the sub committees, please sign your copy and send the signature page Ruth Wise here at TAIPA.

F. Administrative Rules (EXHIBIT 6)

A copy of the Administrative Rules is shown in Exhibit 6.

It was agreed that TAIPA would provide a copy of the Administrative Rules to each Governing Committee Member annually at the first meeting of the year. TAIPA staff will follow up with the members in 30 days.

ITEM 8: Audit/Finance Committee Report (EXHIBIT 7)

Bill Brooks went over the Audit/Finance Report.

Exhibit 7 includes the Engagement Letter for TAIPA's 2020 Audit from Atchley and Associates. This is the standard letter that Atchley and Associates send prior to completing the financial audit. We need authorization from the Governing Committee for me as the Audit Committee Chair and Stacy Dutton to sign this document prior to the beginning of the 2020 audit.

Corise Morrison asked for a motion for Stacy Dutton and Bill Brooks to sign the engagement letter.

- Matthew Snyder made the motion and Stephen Hylka seconded the motion.
- The motion carried anonymously.

ITEM 9: Operations Subcommittee Report

Bill Brooks presented the Operations Subcommittee Report.

a. Over and Under Report (Exhibit 8)

There is a discrepancy in the Over/Under Report of \$2. This is due to the fact that AIPSO received information from 2 different sources about one of the company's quota. AIPSO is aware of the error and addressing it.

b. Update on Research regarding Governing Committee Assignment for the Committee

The Operations Subcommittee has not met since September 5, 2019 but have been collecting information for the Operations Sub Committee to review with regard to the assignment from the Governing Committee to look into solutions if the LAD companies left the Texas Market. The following can be reported as this point:

- It is not an imminent threat right now but still something that we do need to look at.
- We have learned that the State of California Department of Insurance is holding a hearing on March 30, 2021 about a plan that appears to be similar to the plan that Carol Berthold mentioned in her letter.
 - I along with Stacy and Mimi, and Mike Jones are all planning to listen in on this meeting to learn as much as we can about the plan.
 - If anyone else is interested in doing so, please contact Stacy or Mimi and they will provide you with the information about the meeting.
 - Our plan is to meet in April and work through this

ITEM 10: Strategic Planning Committee Report

Mary Carol Awalt presented the Strategic Planning Committee Report.

- The Strategic Planning Subcommittee met on March 22, 2021 and discussed:
 - James Person's October 2, 2020 Letter sent to Governing Committee Members along with the issues the letter addresses including
 - Governing Committee Members Training
 - Access and Control of Counsel
 - TAIPA's Third Party Relationships

The subcommittee discussed a number of ideas and issues around these topics and plan to meet again prior to the August 2021 meeting and present our suggestions to you at the August meeting. They will also be discussing staffing and the Enterprise Risk Plan at that meeting.

ITEM 11: Report of Counsel

Mike Jones went over the Report of Counsel Report.

a. DISCUSSION OF RATE PROCESS

The last filing was made on September 14, 2020 so the next filing can be made on or after September 15, 2021. TAIPA uses statewide data. Our actuarial recommendation is prepared by Mike Miller. What he does is rely primarily on the trends. So as a reminder, TAIPA made a rate filing of 4.8% on commercial rates. We did not make a filing on private passenger due to COVID-19. This year we expect to make a rate filing for both commercial and private passenger.

Sometime next month we will ask TDI for the data and give it to Mike Miller for review. If Mike thinks we should make a rate recommendation we will bring it back to the August meeting for approval then we make filing. TDI has up to 60 days to rule on the filing. We would expect the rate change date to be March 1, 2022.

It was asked if the rate filing information could be sent out to the Governing Committee and interested parties prior to the meeting so that everyone can see the rate information earlier than the meeting. Mike indicated that he will try to get that out earlier to the Governing Committee members earlier. TAIPA statutes say if a rate filing is 5% or less than a hearing is not required. If it is more than 5% than we have to have a hearing.

B. LEGISLATIVE UPDATE

Legislature meets every two years for 140 days. The bill filing deadline has passed and our session will end August 31, 2021. Unless the bills have a different effective date, they will become effective August 30, 2021. We look at legislature that will affect TAIPA statute.

Generally, we review any bills that would affect Open Meetings since TAIPA is subject to Open Meetings. Right now several bills have been filed. Many bills are related to video conferencing so the public can attend virtually. Typically, we have to have at least one location with one member present where the public can attend. The Governor did extend his emergency declaration this month – so we did not have to have a meeting where one member was present. If he rescinds the declaration we might have to deal with that for August and/or November meeting.

Discussion was had about several other house bills that could potentially affect TAIPA.

ITEM 12: Next Governing Committee Meeting

Corise Morrison presented the date of the next Governing Committee Meeting which will be held on Friday, August 20, 2021.

ITEM 13: Personnel Matters

Corise Morrison announced that a closed meeting will be held pursuant to Government Code Section 551.074 relating to personnel matters.

We will leave the Zoom Meeting open and when we are done with the closed session, the Governing Committee members will call back in. Governing Committee members can either leave the zoom meeting and call back in or you can mute your microphones and shut off your video.

We will take a 5 minute brake until 5 after.

The Governing Committee came back in to Open Session. There were two items discussed in closed session. The first was

Public/Producer Member Compensation. The Governing Committee discussed what is in the the Plan of Operations regarding Public and Producer Member Compensation. It was determined that there was no action necessary on this.

The second was Stacy Dutton's performance as our General Manager of the Association. Corise requested a motion to authorize her as the chair to administer Stacy's performance review as discussed in the Governing Committee Meeting.

David Weber made the motion and Leslie Hurley seconded it.

ITEM 14: Adjournment

Corise stated that this concluded the meeting agenda. Corise asked if there was anything else to discuss. Hearing none, Corise thanked everyone for their work and participation in the meeting. She

Corise asked for a motion to “Adjourn the Meeting.”

- Matthew Snyder moved the motion and Becky Jackson seconded.
- The motion carried unanimously and the meeting ended at 11:07a.m.

Matthew Snyder
Matthew Snyder, Secretary

Date Signed: May 16, 2021

Exhibit 3

Monthly Total (July 2021)

	Private Passenger	Commercial
EASi Applications	93	13
Paper Applications	0	0
Total Applications Received	93	13
Applications Assigned	<i>90</i>	<i>13</i>
Apps Returned for Correction	<i>2</i>	<i>0</i>
Applications Deficient	<i>7</i>	<i>1</i>
Applications with SR-22s	<i>2</i>	<i>0</i>
Total Applications Received in July 2020:		173
Total Applications Received in July 2021:		142

Year to Date Total (as of July 2021)

	Private Passenger	Commercial
EASi Applications	671	142
Paper Applications	0	0
Total Applications Received	671	142
Applications Assigned	<i>656</i>	<i>139</i>
Apps Returned for Correction	<i>14</i>	<i>1</i>
Applications Deficient	<i>45</i>	<i>6</i>
Applications with SR-22s	<i>19</i>	<i>0</i>
Total Applications Received YTD (as of July 2020):		1,070
Total Applications Received YTD (as of July 2021):		813
YTD Percent Change from July 2020 to July 2021:		-24.02%

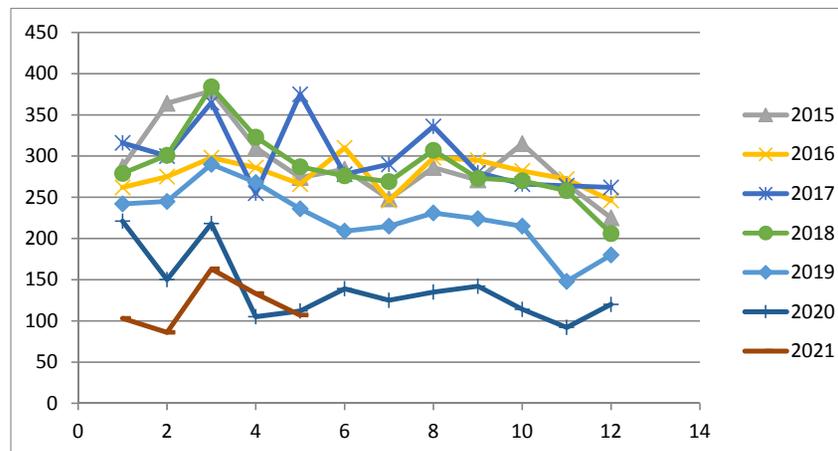
Application Assignment History*

1996: 214,744	2004: 47,434	2013: 4,708
1997: 95,461	2005: 31,517	2014: 3,628
1998: 55,041	2006: 23,634	2015: 3,217
1999: 47,108	2007: 16,780	2016: 3,089
2000: 44,945	2008: 12,896	2017: 3,508
2001: 53,477	2009: 10,299	2018: 3,338
2002: 66,153	2010: 8,725	2019: 2,606
2003: 74,506	2011: 7,364	2020: 1,673

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

Trend of Applications Received from 2015 to 2021

	2015	2016	2017	2018	2019	2020	2021
January	287	262	316	279	242	221	103
February	364	275	300	301	245	150	86
March	379	298	365	384	290	218	163
April	310	286	255	323	268	105	133
May	274	266	375	287	236	112	107
June	284	310	278	276	209	139	115
July	248	246	290	269	215	125	
August	286	298	336	307	231	135	
September	271	295	280	273	224	142	
October	315	282	266	270	215	114	
November	266	272	264	258	148	92	
December	225	246	262	206	180	120	
Total	3,509	3,336	3,587	3,433	2,703	1,673	707



Estimate of Applications to be Received in 2021:

Percent Change in Applications Received from 2015 to 2021

	2015	2016	2017	2018	2019	2020	2021
January	-17.77%	-8.71%	20.61%	-11.71%	-13.26%	-8.68%	-53.39%
February	-3.45%	-24.66%	9.09%	0.33%	-18.60%	-38.78%	-42.67%
March	-6.88%	-21.37%	22.48%	5.21%	-24.48%	-24.20%	-25.23%
April	-2.21%	-7.74%	-10.84%	26.67%	-17.03%	-33.59%	26.67%
May	-21.04%	-2.92%	40.98%	-23.47%	-17.77%	-52.54%	-4.46%
June	-10.13%	9.15%	-10.32%	-0.72%	-24.28%	-33.49%	-17.27%
July	-24.16%	-0.81%	17.89%	-7.24%	-20.07%	-41.86%	
August	-0.69%	4.20%	12.75%	-8.63%	-24.76%	-41.56%	
September	-23.01%	8.86%	-5.08%	-2.50%	-17.95%	-36.61%	
October	-12.26%	-10.48%	-5.67%	1.50%	-20.37%	-46.98%	
November	9.47%	2.26%	-2.94%	-2.27%	-21.82%	-37.84%	
December	-18.77%	9.33%	6.50%	-21.37%	-21.26%	-33.33%	
Total YTD	-11.37%	-4.96%	7.52%	-4.29%	-20.01%	-35.79%	-19.39%

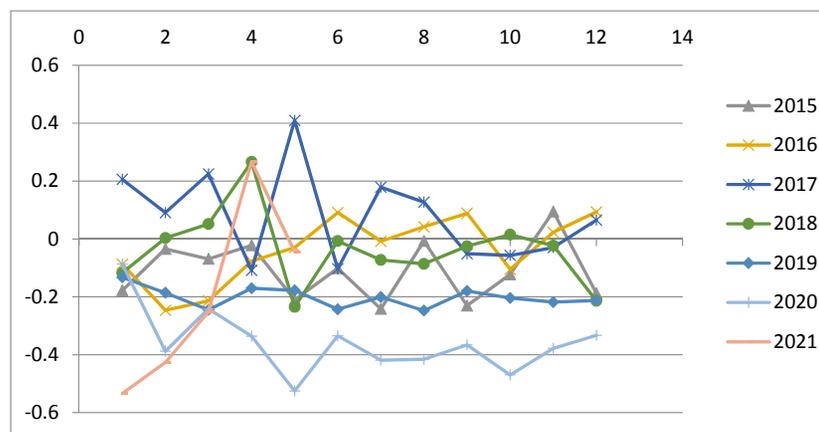


Exhibit 4

Texas Auto Ins. Plan Assoc.**ACTUAL VS. BUDGET**

For the period ended June 30, 2021

	Actual	2021 Year To Date Budget	Variance	2021 Annual Budget	% Used	Reason for Variance
<u>REVENUE</u>						
Assessments & Penalties	438,931	425,000	13,931	850,000	51.64%	55.00%
Other Revenue	251	0	251	0	0.00%	45.00%
TOTAL	439,182	425,000	14,182	850,000	51.67%	Within range.
<u>EXPENDITURES</u>						
Salaries	149,612	165,350	15,738	330,700	45.24%	Within range.
Emp. Benefits & Other Ins. Exp.	92,544	108,450	15,906	216,900	42.67%	We are down to 3 full time TAIPA employees with benefits and 1 temporary employee. Our medical, dental, and vision came in under what we anticipated. We expect to end on budget.
Office Equipment Expense	4,923	6,050	1,127	12,100	40.69%	TAIPA is currently using items that we have on hand before we order new supplies. We expect to end on budget.
Printing & Stationary Exp.	0	2,050	2,050	4,100	0.00%	TAIPA is currently using items that we have on hand before we order new supplies. We expect to end on budget.
Computer Expenses	-2,321	4,150	6,471	8,300	-27.96%	We are under budget because we received a refund from our Sage software vendor. Because the dollar amount exceeds \$1k we expense this over 12 months as a prepaid. We expect to end on budget
Postage & Shipping Exp.	10,649	11,500	851	23,000	46.30%	Within range.
Telephone Expense	5,279	5,650	371	11,300	46.72%	Within range.
Rent Expense	35,543	33,550	-1,993	67,100	52.97%	Within range.
Moving Expense	0	0	0	0	0.00%	Within range.
Taxes	647	550	-97	1,100	58.78%	We paid the majority of our taxes in April. We expect to end on budget.

Texas Auto Ins. Plan Assoc.**ACTUAL VS. BUDGET**

For the period ended June 30, 2021

	Actual	2021 Year To Date Budget	Variance	2021 Annual Budget	% Used	Reason for Variance
Other Office Expenses	1,210	3,550	2,340	7,100	17.04%	TAIPA has not written off any Assessment or Penalty fees to date, most service awards happen later in the year, and all staff was not in the office consistently until May, so some office expenses were lower than budget. We expect to end on budget.
Governing Committee	3,000	13,650	10,650	27,300	10.99%	TAIPA Governing Board Meetings have been held by teleconference, thus travel expenses have been reduced. We expect to end under budget.
Subcommittee Meetings	500	2,250	1,750	4,500	11.11%	TAIPA only had one subcommittee meeting as of June 2021. Since then we have had a Strategic Planning and an Ops-Sub meetings. We anticipate another Ops-Sub meeting before the end of the year. We may end over budget.
Producer Review Panel	0	0	0	0	0.00%	Within range.
Employee Meetings, Seminars & Staff Travel	397	12,750	12,353	25,500	1.56%	To date only 1 employee has enrolled in an online course, some seminars have been cancelled due to continued COVID concerns. We expect to end under budget.
Legal Expenses	28,702	26,450	-2,252	52,900	54.26%	Within range.
Audit Expense	3,000	12,750	9,750	25,500	11.76%	Most of the Audit expenses have not been paid. We anticipate additional expenses for the audit and for completing the 990 form. We expect to end on budget.
Dues, Subscriptions & Publications	289	300	11	600	48.15%	Within range.
TAIPA Tradition, Visitor Meals & Gifts	655	1,400	745	2,800	23.38%	Typically these events happen later in the year. Expect to end on budget.
System Consultants	21,509	26,650	5,141	53,300	40.35%	Vintage did not process June's payment in this period. We expect to end on budget.

Texas Auto Ins. Plan Assoc.**ACTUAL VS. BUDGET**

For the period ended June 30, 2021

	Actual	2021 Year To Date Budget	Variance	2021 Annual Budget	% Used	Reason for Variance
Consultants - Other	2,551	9,650	7,099	19,300	13.22%	TAIPA did not utilize our accounting system and accounting consultants as we had expected at the beginning of the year. We expect to end on budget.
Actuary	0	4,250	4,250	8,500	0.00%	TAIPA has not been billed for actuarial services yet, the rate filing work has begun but will probably be extended. Depending on work already completed and the possible work on rates through the end of the year, we may end over budget.
Other	0	0	0	0	0.00%	Within range.
SUBTOTAL	358,688	450,950	92,262	901,900	39.77%	
Depreciation	1,235	1,600	365	3,200	38.59%	
Amortization	833	2,500	1,667	5,000	16.67%	
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0	0.00%	
SUBTOTAL	2,068	4,100	2,032	8,200	25.22%	The amortization of Customization on New APS has been full amortized. We expect to end under budget.
TOTAL OPERATING EXPENSE	360,757	455,050	94,294	910,100	39.64%	Currently we are at 39.64% slightly under by 10% of our budget. Expenses are incurred later in the year (actuary, audit expense, consultants, other office expenses, purchase office supplies, governing board meetings held via zoom). We expect to end slightly under budget since we are holding all meetings via Zoom instead of in person.
NET FROM OPERATIONS	78,425	-30,050	108,476	-60,100		
Non-Operating Pension Costs	0	0	0	0	0.00%	
NET	78,425	-30,050	108,476	-60,100		

Texas Auto Ins. Plan Assoc.**ACTUAL VS. BUDGET**

For the period ended June 30, 2021

	Actual	2021 Year To Date Budget	Variance	2021 Annual Budget	% Used	Reason for Variance
<u>CAPITAL BUDGET</u>						
Software Development in Progress	0	0	0	0	0.00%	
Office Furniture & Equipment	0	0	0	0	0.00%	
Computer Equipment	1,830	1,150	-680	2,300	79.55%	TAIPA purchased a new computer setup earlier in the year. We expect to end on budget
Computer Software	0	0	0	0	0.00%	
Leasehold Improvements	0	0	0	0	0.00%	
TOTAL	1,830	1,150	-680	2,300	79.55%	

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, 2021

Unaudited

ASSETS

Current Assets	
Cash and cash equivalents	\$ 756,626
Accounts receivable	49,410
Prepaid expenses	27,690
Total current assets	833,726
Security Deposits	5,379
Property and Equipment	
Furniture and equipment	26,653
Computer equipment	15,105
Leasehold improvements	2,222
Computer software	25,000
	68,980
Less accumulated depreciation	62,968
	6,011
Total assets	845,117

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	7,166
Accrued vacation	35,835
Accrued payroll liabilities	11,277
Deferred revenue	425,236
Total current liabilities	479,514
Other Liabilities	
Accrued pension benefit costs	135,148
Deferred lease benefit	5,352
Total other liabilities	140,500
Net (Deficiency) Assets	
Without donor restrictions	225,103
Total net assets	225,103
Total liabilities and net assets	\$ 845,117

Texas Auto Ins. Plan Assoc.

Statement of Activities

For the period ended June 30, 2021

Unaudited

Changes in unrestricted net assets

	Current YTD
Revenues	
Member assessments	\$ 425,000
Interest income	251
Assessment penalties	13,931
Total revenues	439,182
Expenses	
Salaries and related expenses	242,156
Occupancy expenses	41,468
Professional Services	55,762
Depreciation & amortization	2,068
Postage and delivery	10,649
Office supplies and expense	4,923
Governing committee	3,000
Computer supplies & expenses	(2,321)
Subcommittee meetings	500
Staff education & seminars	397
Miscellaneous	1,210
Staff expense	655
Dues and subscriptions	289
Total operating expenses	360,757
Other revenues (expenses)	
Total other revenue (expenses)	-
<i>Increase (decrease) in unrestricted net assets</i>	78,425
<i>Net assets (deficiency) at beginning of year</i>	146,678
<i>Net assets (deficiency) as of June 30, 2021</i>	\$ 225,103

Exhibit 5

Proposed 2022 TAIPA Governing Committee Meeting Dates

The following dates are proposed for TAIPA's Governing Committee Meetings in 2022:

Friday, March 25, 2022

Friday, August 19, 2022

Friday, November 18, 2022

Exhibit 6

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

Article I

Purpose

The purpose of the conflict of interest policy is to protect the Texas Automobile Insurance Plan Association's (TAIPA) interest when a transaction or arrangement might directly or indirectly benefit the private interest of a Governing Committee member or employee of TAIPA or might result in a possible excess benefit transaction. A contemporaneous benefit is maintaining public confidence in the efficient, economical, fair and non-discriminatory administration of TAIPA. It is the intent of this policy to prevent not only a conflict from occurring but the appearance of a conflict from occurring. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit organizations. The pertinent Texas statutes governing the operations of a Texas non-profit corporation are to be found in subchapter A of Title 1 and Chapter 22, Business Organizations Code.

Article II

Definitions

1. Interested Person

Any Governing Committee member, employee or member of a committee with Governing Committee delegated powers, who has a direct or indirect financial (ten percent or more of the voting stock of or a general partnership interest in) or other beneficial interest, as defined below, is an Interested Person.

2. Financial Interest

An Interested Person has a financial or other beneficial interest if the Interested Person has, directly or indirectly, through their business, employment, investment, or family:

- a. an ownership or investment interest in any entity with which TAIPA has or proposes to have a transaction or arrangement;
- b. a compensation arrangement with TAIPA or with any entity or individual with which TAIPA has or proposes to have a transaction or arrangement;
- c. serves as a board member of the entity which has or proposes to have a transaction or arrangement with TAIPA or a member of a committee which has board-delegated powers concerning the contract; or,
- d. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which TAIPA is negotiating a transaction or arrangement. Compensation includes but is not limited to direct and indirect remuneration or financial gain or benefit as well as gifts or favors that are not

insubstantial. Compensation does not include incidental items, such as occasional meals.

Article III

Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, all Interested Persons must disclose the existence of the financial or beneficial interest and shall disclose all material facts to the Governing Committee members and members of committees with Governing Committee delegated powers considering the proposed transaction or arrangement.

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

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial or beneficial interest and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the Governing Committee or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining members of the Governing Committee or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

An Interested Person may make a presentation to the Governing Committee or committee meeting, but after the presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

4. Violations of the Conflicts of Interest Policy

- a. if the Governing Committee has reasonable cause to believe a member has failed to disclose actual or perceived conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose; and,
- b. if, after hearing the member's response and after making further investigation as warranted by the circumstances, the Governing Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action.

Article IV

Records of Proceedings

The minutes of the Governing Committee and all committees with Governing Committee delegated powers shall contain:

- a. the names of the persons who disclosed or otherwise were found to have a financial or beneficial interest in connection with an actual or possible conflict of interest, the nature of the financial or beneficial interest, any action taken to determine whether a conflict of interest was present, and the Governing Committee's or committee's decision as to whether a conflict of interest in fact existed; and,
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V

Annual Statements

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

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

Article VI

Periodic Reviews

To ensure TAIPA operates in a manner consistent with its statutory and not for profit purposes and does not engage in activities that could violate state or federal laws, periodic reviews shall be conducted that shall, at a minimum, include the following subjects:

Whether partnerships, joint ventures, and arrangements with management organizations conform to TAIPA's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further TAIPA's purposes and do not result in real or perceived inurement, impermissible private benefit or in an excess benefit transaction.

CERTIFICATION

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

I am employed by a member company.

I am a licensed insurance agent.

Signature

Date

Printed Name

Exhibit 7

October 2, 2020

Board Members:

State law bestows upon the commissioner of insurance the responsibility to oversee and make appointments to various organizations, boards, and committees ("organizations") that involve specific sectors of the insurance industry. These organizations are quasi-governmental in nature, and as such, should operate with the highest degree of professionalism and integrity. One of Commissioner Sullivan's priorities has been to implement best practices throughout TDI's programs and processes. Commissioner Sullivan has recently resigned from office, but prior to his departure, he instructed me to send this letter to you to stress the importance of implementing best practices throughout your organization's operations.

One specific area that may warrant your attention is the type and breadth of training that board members receive upon their appointment and throughout their tenure. Board members have fiduciary responsibilities to their respective organization, and the training they receive should impart the serious weight of those responsibilities. Without a proper understanding of their role and responsibilities, board members may inadvertently relinquish too much control to or become overly reliant on organization staff. Proper training for board members is key to ensuring that boards properly exercise their oversight responsibilities.

Most of the organizations overseen by the commissioner also have hired outside counsel. Accurate and timely legal counsel is generally vital to the proper operation of your organization, so it is important to make sure your outside counsel is fulfilling its responsibilities. Texas Disciplinary Rule of Professional Conduct 1.12 provides that a lawyer employed or retained by an organization represents the organizational entity rather than individual board members or staff. It is important to create a reporting structure for your counsel that ensures your organization's board has direct access to and control over your counsel. Staff members should not stand in between an organization's board and its counsel.

I also understand that contractors (ex. auditors and counsel) for several of the organizations overseen by the commissioner have been in their respective roles for many years. It is important to solicit proposals or bids for these contracts on a regular basis to help ensure your organization has the best possible arrangement for the contracted services and the contractors do not become complacent in their roles.

Board Member Letter
October 2, 2020
Page 2

TDI staff have begun reviewing the operations of other entities and organizations in an attempt to identify additional best practices that can be implemented in your organizations. But the primary responsibility to identify and implement best practices remains with you and your fellow board members. Therefore, we suggest that your organization engage in a similar review.

If you have any questions about this letter, please do not hesitate to contact your regular TDI staff contacts.

Sincerely,

A handwritten signature in cursive script that reads "James Person".

James Person
General Counsel

Exhibit 8

TAIPA

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

Stacy Dutton
 Association Manager
 sdutton@taipa.org

805 Las Cimas Parkway, Las Cimas III, Ste. 210, Austin, TX 78746
 P.O. BOX 162890 • AUSTIN, TX 78716-2890
 TEL. 512/531-7271 • FAX 512/444-4562
<http://www.taipa.org>

March 27, 2021

«Title» «First_Name» «Last_Name»
 «Company_Name»
 «Address_Line_1»
 «City», «State» «ZIP_Code»

Sent via Email: [«Email_Address»](#)

Dear «Title» «Last_Name»:

Thank you for agreeing to sit on TAIPA's Governing Committee. I wish to personally welcome you as a new member of the Texas Automobile Insurance Plan Association (TAIPA) Governing Committee. It is indeed a pleasure to have you join our committee.

TAIPA was created by statute and is subject to regulatory supervision of the Department of Insurance. The purpose of the Association is to make automobile bodily injury and property damage liability insurance required by the Texas Motor Vehicle Safety Responsibility Act available to eligible applicants, subject to the rules of the Association.

The Association has established procedures for the equitable distribution of applications for insurance to be assigned to insurance companies. All insurance companies authorized to write motor vehicle liability policies in the State of Texas must be members of the Association and participate in its operation.

The Association is governed by, Texas Insurance Code 2151 which can be found at <https://statutes.capitol.texas.gov/Docs/IN/htm/IN.2151.htm> and its Plan of Operation, which has been approved by the Commissioner of Insurance and can be found at <https://taipa.org/find-a-document/plan-of-operation/>.

Enclosed you will find the TAIPA Governing Committee Member Handbook including:

1. A copy of TAIPA's Conflict of Interest Policy. Please take a moment to review the policy. **Please sign the signature page and date it and return it to the TAIPA office.**
2. Information on the Open Meetings Act. As a Governing Committee member, you will need to watch the Open Meetings Act training. At the end of the training, you will be provided with the certification that shows that you have taken the training. **Please make a copy of your certification and return to the TAIPA office.** The link to the Open Meetings Act Training is: <https://texasattorneygeneral.gov/og/oma-training>.

PLEASE NOTE THAT THIS TRAINING MUST BE COMPLETED WITHIN 90 DAYS OF YOUR JOINING THE GOVERNING COMMITTEE.

Note that there is additional information on Page 23 and 24 of the Handbook relating to the Open Meetings Act. This information was prepared by TAIPA's legal counsel to highlight specific items in the Open Meetings Act that you as a member of the TAIPA Governing Committee will be responsible for knowing. Please read this prior to attending your first TAIPA Governing Committee.

3. Information regarding TAIPA's Administrative rules.
4. W-9 Form – For all public or producer members to complete. Public and producer members will be reimbursed for their travel expenses and paid an attendance fee for attending TAIPA meetings that you are invited to. Please return this form ASAP as we need it for our Accounts Payable Department in order to pay you the per diem.

Please complete and return:

- Certification page of the Conflict of Interest Policy (Page 18 of Handbook)
- Open Meetings Act Training “Certificate of Course Completion” form
- W-9 Form (for Public and Producer) members
- Contact Information for the Governing Committee Members (Page 32 of Handbook)

You can return this information via:

- Mail to TAIPA at -
Texas Automobile Insurance Plan Association
805 Las Cimas Parkway
Las Cimas III, Suite 210
Austin, TX 78746
- Fax to TAIPA at
(512) 444-4562
- Emailed to TAIPA at
sdutton@taipa.org

We encourage you to contact the TAIPA staff or me personally at 512-444-4441 if you have any questions and/or visit our web page at www.taipa.org for more information on the association. Note that you can access the agendas of our previous meetings, our annual report, etc. You can access these and other TAIPA documents under our “Find a Document” link.

If you have any questions or concerns, please don't hesitate to contact me on my direct line at (512) 531-7271.

Sincerely,
Stacy Dutton
Association Manager

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

INFORMATIONAL HANDBOOK FOR GOVERNING COMMITTEE MEMBERS

2021

**PREPARED BY TEXAS AUTOMOBILE PLAN ASSOCIATION
STACY DUTTON
ASSOCIATION MANAGER**

Texas Automobile Insurance Plan Association

Informational Handbook for Government Committee Members

Welcome to the world of assigned risk automobile insurance! As a member of the Texas Automobile Insurance Plan Association (TAIPA) Governing Board, you carry the important task of bringing consumers/producer/insurer issues before the committee. Drivers who depend on TAIPA in order to comply with the financial responsibility law, and those who share the road with them, benefit from this important entity. Your contribution to this committee can make a great difference to all Texans who rely on the availability and affordability of coverage through TAIPA.

We hope that the background history, terms and issues discussed in the handbook will help to familiarize you with the general workings of TAIPA. If there is ever an issue or concern with which you desire assistance, or just need an ear, please feel free to call us at 512-444-4441 any time.

What is TAIPA?

The Texas Automobile Insurance Plan Association (TAIPA) was created to provide a means by which persons who have been rejected by two insurers may purchase automobile liability insurance required by law. The statute describes TAIPA as providing a “means by which insurance may be assigned to an authorized insurance company for a person required by [the financial responsibility act] to show proof of financial responsibility for the future” (Texas Insurance Code 2151.102(a)). TAIPA offers only minimum limited liability, personal injury protection, and uninsured/underinsured motorist coverage. Physical damage coverages (comprehensive and collision) are not available through TAIPA.

TAIPA was created by the 1952 legislature and is governed by a fifteen member committee. The present TAIPA Governing Committee is composed of eight insurer representatives, two agent representatives, and five consumer representatives. The rules implementing the statute are contained in the TAIPA Plan of Operation, which was drafted in 1994 by members of the Governing Committee, TAIPA employees, staff from OPIC, and TAIPA counsel. The Plan of Operation is amended on an ongoing basis, and any changes must be approved by the Governing Committee and TDI Commissioner. The statute creating TAIPA is available at the State of Texas website and is the most recent Plan of Operation available on the TAIPA’s website www.TAIPA.org.

How does TAIPA work?

By statute, TAIPA is a nonprofit corporate body composed of all authorized insurers in the state of Texas (Texas Insurance Code 2151.051(a)). Consumers who have been denied auto insurance by two insurers may apply for coverage through TAIPA with any participating agent. TAIPA itself does not insure the consumer; rather, it assigns the application to a company who is then required to insure that consumer. The company takes all the profits or losses from the assignment. Thus, TAIPA is an assignment mechanism. It is not a “pooling” mechanism where all profits or losses are shared equally by insurers.

Assignments to companies are based on its share of the Texas liability insurance market. So if an insurance company writes 20% of the market, it can expect to be assigned 20% of the applications assigned through TAIPA. There are two exceptions to this mechanism that allow a company to lessen the number of assignments they receive from TAIPA. First, companies receive credits against their assignments for voluntarily writing business in territories defined as “underserved” by the Commissioner. Second, under LAD Program, discussed later in this notebook, a company can transfer its assignments to another company.

From a consumer’s perspective, the assignment process through TAIPA is much like a card game in which the consumer is a playing cards and the insurance companies are the players. Consumers are not able to choose their insurer, and companies may not select their insureds. Typically, the consumer has worked with an agent and has been unable to secure coverage. The agent then sends the application to TAIPA. TAIPA acts as the dealer, randomly distributing consumers to companies.

Coverages and Limits

TAIPA only provides minimum limits for the coverage that Texas drivers are required to carry by the Texas Motor Vehicle Safety-Responsibility Act.

The coverages and limits are:

Bodily Injury,	\$30,000/60,000
Property Damage,	\$25,000
Uninsured/Underinsured Motorists Coverage, and	\$30,000/60,000/25,000
Personal Injury Protection	\$2,500 per person

Growth of TAIPA

Until 1991, only 3% of the total market was insured through what was called, TAIP, the predecessor of TAIPA. However, underwriting guidelines began to tighten in 1991 and more and more consumers were pushed out of the rate regulated market. When tougher financial responsibility laws went into effect on September 1, 1991, there was a flood of new applications to TAIPA. Before 1991, the monthly rate of applications was approximately 15,000. This rate dramatically increased by September of 1991 to 50,000 and in March of 1994 the number of processed applications peaked at 80,000. Due in part to dramatic increases in TAIPA rates and regulations encouraging companies to pull drivers out of TAIPA, membership in TAIPA has recently been reduced.

TAIPA APPLICATIONS BY YEAR

1980's		1990's		2000's		2010's		2020's	
80	143,702	90	168,135	00	44,945	10	8,725	20	1,629
81	147,333	91	373,700	01	53,477	11	7,364		
82	340,309	92	685,366	02	66,153	12	5,898		
83	196,488	93	723,165	03	74,506	13	4,708		
84	146,869	94	716,036	04	47,434	14	3,628		
85	126,923	95	461,059	05	31,517	15	3,217		
86	174,545	96	214,744	06	23,634	16	3,089		
87	168,062	97	95,461	07	16,780	17	3,508		
88	145,462	98	55,041	08	12,896	18	3,338		
89	140,227	99	47,108	09	10,299	19	2,606		

Rates

Rates for TAIPA may be set by:

1. TAIPA filing for a rate increase if the rate change being requested is 5% or less or
2. Through a rate hearing before the Texas Commissioner of Insurance if the rate change requested is over 5%.

The commissioner can accept, reject or modify the filing. Currently the AIP market is so small that any conclusions that could be drawn from it are statistically insignificant. Therefore, TAIPA's rate filings use a methodology in which TAIPA rates are indexed against the Texas industrywide loss costs.

The insurance Code states the rates in TAIPA must be:

“Just, reasonable, adequate, not excessive, not confiscatory, and not unfairly discriminatory for the risk of which the rates apply; and sufficient to carry all claims to maturity and meet the expenses incurred in the writing and servicing of the business” (Section 2151.201)

In addition to the overall rate, TAIPA adds surcharges to the drivers who have accidents or traffic violations on their records and these higher risk drivers pay higher premiums than those with clean driving records. Currently, surcharges range as high as 100% and are applied for 3 years after the accident or conviction.

LAD

The Limited Assignment Distribution (LAD) program allows a company to agree to accept the assignments of another company. The company who takes the assignments is the “service carrier” and the company from which the assignments are taken is the “buy-out carrier”. The buy-out company pays the servicing carrier a fee for the buy-out and thereby relieves itself of handling any assigned risk business. The servicing carrier then collects the premium and pays all claims.

LAD enables the TAIPA system to run more efficiently and is a pro-consumer program. Small companies who have few assignments would otherwise have to service those assignments. This would require them to reprogram their computers for the difference in rates and incur other substantial cost which would ultimately increase insurance rates. Currently, more than 50% of all those insured through TAIPA have policies that are serviced by LAD carriers.

Plan of Operation

The Plan rules, contained in the Plan of Operation, determine numerous rights of TAIPA consumers, producers and insurers. The Plan of Operations can be accessed on TAIPA'S website at tapia.org under the "find a document" tab.

Amending the Plan of Operation

The Plan of Operation provides for amendments to the Plan of Operation. Any interested party may file a proposed amendment with the TAIPA Manager, who will then send the proposal to each member of the Governing Committee for review before the meeting at which the amendment is to be considered.

Any amendment to the Plan of Operation requires approval by a majority at a Governing Committee meeting in which there is a quorum present, as well as approval by the Commissioner of Insurance.

Quorum

The Governing Committee is composed of eight insurers, two agents, and five consumer, or public representatives. The presence of nine members of the Governing Committee which includes at least one public member constitutes a quorum. All meetings of the Governing Committee are to be conducted in the accordance with the Open Meetings Act, Chapter 551 of the Government Code.

Remuneration

Public and agent Governing Committee members are reimbursed for travel expenses incurred in attending meetings of the Governing Committee or subcommittees. Public and agent members also receive an attendance fee of \$250 for each day that they participate in any authorized meeting of the Governing Committee or any subcommittee of which they are a member or alternate member. Any questions regarding travel arrangements, reimbursements for expenses, or attendance fee payments may be directed to the Association Manager or TAIPA staff. Contacts for the TAIPA office in Austin and others are listed as an attachment.

TAIPA Governing Committee

TAIPA's Governing Committee consists of fifteen members.

1. Eight members represent the interests of insurers.
 - a. One insurer member is selected by each of the following trade associations:
 - i. American Property Casualty Insurance Association (APCIA)
 - ii. Association of Fire & Casualty Companies in Texas (AFACT)
 - iii. National Association of Mutual Insurance Companies (NAMIC)
 - b. One insurer member is selected to represent members of the Association that are not affiliated with any of the above trade associations.
 - c. Four insurer members are elected to represent the membership at large.
2. Five public members are nominated by the Office of Public Insurance Counsel and selected by the Commissioner of Insurance.
 - a. The Office of Public Insurance Counsel may nominate and the Commissioner of Insurance may appoint up to three additional persons who meet these qualifications to act as alternates for public members
3. Two members are licensed General Lines or Personal Lines Property and Casualty Agents, one of whom is selected by the Independent Insurance Agents of Texas and the other by the Commissioner of Insurance.
 - a. The Independent Insurance Agents of Texas may appoint an alternate, subject to the approval of the Commissioner of Insurance. If either producer member is unable to attend a meeting of the Governing Committee, that person may designate the alternate to attend the meeting and act for the absent member.

The Governing Committee is to appoint a Manager, budget expenses, levy assessments, disburse funds and perform all duties essential to the proper administration of the Association.

THOMPSON COE'S REPRESENTATION OF TAIPA

A Texas lawyer is subject to the ethical and disciplinary rules found in the Texas Disciplinary Rules of Professional Conduct. These directly address the representation of an entity.

The following is a shortened summary of Rule 1.12 Organization as a Client.

A lawyer employed or retained by an organization represents the entity. The lawyer in the ordinary course of working relationships may report to, and accept direction from, an entity's duly authorized constituents, which, in TAIPA's case include the Governing Committee, officers and the Manager and to a lesser degree staff.

A lawyer representing an organization must take reasonable remedial actions whenever the lawyer learns or knows that:

- (1) an officer, employee, or other person associated with the organization has committed or intends to commit a violation of a legal obligation to the organization or a violation of law which reasonably might be imputed to the organization;
- (2) the violation is likely to result in substantial injury to the organization; and
- (3) the violation is related to a matter within the scope of the lawyer's representation of the organization.

In these situations, the lawyer shall proceed as reasonably necessary in the best interest of the organization without involving unreasonable risks of disrupting the organization.

In general, a lawyer shall first attempt to resolve a violation by taking measures within the organization. In determining the actions or measures to take, a lawyer shall give due consideration to the seriousness of the violation and its consequences, the scope and nature of the lawyer's representation, the responsibility in the organization and the apparent motivation of the person involved, the policies of the organization, and any other relevant considerations. Such procedures, actions and measures may include, but are not limited to, the following:

- (1) asking reconsideration of the matter;
- (2) advising that a separate legal opinion on the matter be sought for presentation to appropriate authority in the organization; and
- (3) referring the matter to higher authority in the organization, including, if warranted by the seriousness of the matter, referral to the highest authority that can act in behalf of the organization as determined by applicable law.

In dealing with an organization's directors, officers, employees, a lawyer shall explain the identity of the client when it is apparent that the organization's interests are adverse to those of the constituents with whom the lawyer is dealing or when explanation appears reasonably necessary to avoid misunderstanding on their part.

When constituents of the organization make decisions for it, the decisions ordinarily must be accepted by the lawyer even if their utility or prudence is doubtful. Decisions concerning policy and operations, are not as such in the lawyer's province. However, different considerations arise when the lawyer knows, in regard to a matter within the scope of the lawyer's responsibility, that the organization is likely to be substantially injured by the action of a constituent that is in violation of law or in violation of a legal obligation to the organization. In such circumstances, the lawyer must take reasonable remedial measure.

Additional Information

TAIPA Contact

Office of Public Insurance Counsel Contact

TAIPA Legal Counsel

TAIPA Conflict of Interest Policy

TAIPA Anti-Trust Statement

TAIPA Governing Committee Administrative Rules

TAIPA Open Meetings: Summary of Significant Provisions/Requirements

Details regarding TAIPA Standing Subcommittees

Acronyms regarding automobile Insurance

Contact Information Form for Governing Committee List

Current List of Governing Committee Members

Current List of TAIPA Subcommittee Members

TAIPA

*Stacy Dutton Association Manager
Texas Automobile Insurance Plan Association
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Austin TX 78746*

Office of Public Insurance Counsel

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Kimberly Donovan, Chief Policy Analyst
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TAIPA Legal Counsel

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512-703-5055*

Texas Automobile Insurance Plan Association Conflict of Interest Policy

Article I

Purpose

The purpose of the conflict of interest policy is to protect the Texas Automobile Insurance Plan Association's (TAIPA) interest when a transaction or arrangement might directly or indirectly benefit the private interest of a Governing Committee member or employee of TAIPA or might result in a possible excess benefit transaction. A contemporaneous benefit is maintaining public confidence in the efficient, economical, fair and non-discriminatory administration of TAIPA. It is the intent of this policy to prevent not only a conflict from occurring but the appearance of a conflict from occurring. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit organizations. The pertinent Texas statutes governing the operations of a Texas non-profit corporation are to be found in subchapter A of Title 1 and Chapter 22, Business Organizations Code.

Article II

Definitions

1. Interested Person

Any Governing Committee member, employee or member of a committee with Governing Committee delegated powers, who has a direct or indirect financial (ten percent or more of the voting stock of or a general partnership interest in) or other beneficial interest, as defined below, is an Interested Person.

2. Financial Interest

An Interested Person has a financial or other beneficial interest if the Interested Person has, directly or indirectly, through their business, employment, investment, or family:

- a. An ownership or investment interest in any entity with which TAIPA has or proposes to have a transaction or arrangement;

- b. A compensation arrangement with TAIPA or with any entity or individual with which TAIPA has or proposes to have a transaction or arrangement;
- c. Serves as a board member of the entity which has or proposes to have a transaction or arrangement with TAIPA or a member of a committee which has board-delegated powers concerning the contract; or,
- d. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which TAIPA is negotiating a transaction or arrangement. Compensation includes but is not limited to direct and indirect remuneration or financial gain or benefit as well as gifts or favors that are not insubstantial. Compensation does not include incidental items, such as occasional meals.

Article III

Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, all Interested Persons must disclose the existence of the financial or beneficial interest and shall disclose all material facts to the Governing Committee members and members of committees with Governing Committee delegated powers considering the proposed transaction or arrangement.

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

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial or beneficial interest and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the Governing Committee or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining members of the Governing Committee or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

An Interested Person may make a presentation to the Governing Committee or committee meeting, but after the presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

4. Violations of the Conflicts of Interest Policy

- a. if the Governing Committee has reasonable cause to believe a member has failed to disclose actual or perceived conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose; and,
- b. if, after hearing the member's response and after making further investigation as warranted by the circumstances, the Governing Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action.

Article IV

Records of Proceedings

The minutes of the Governing Committee and all committees with Governing Committee delegated powers shall contain:

- a. the names of the persons who disclosed or otherwise were found to have a financial or beneficial interest in connection with an actual or possible conflict of interest, the nature of the financial or beneficial interest, any action taken to determine whether a conflict of interest was present, and the Governing Committee's or committee's decision as to whether a conflict of interest in fact existed; and,
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V

Annual Statements

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

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

Article VI

Periodic Reviews

To ensure TAIPA operates in a manner consistent with its statutory and not for profit purposes and does not engage in activities that could violate state or federal laws, periodic reviews shall be conducted that shall, at a minimum, include the following subjects:

Whether partnerships, joint ventures, and arrangements with management organizations conform to TAIPA's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further TAIPA's purposes and do not result in real or perceived inurement, impermissible private benefit or in an excess benefit transaction.

CERTIFICATION

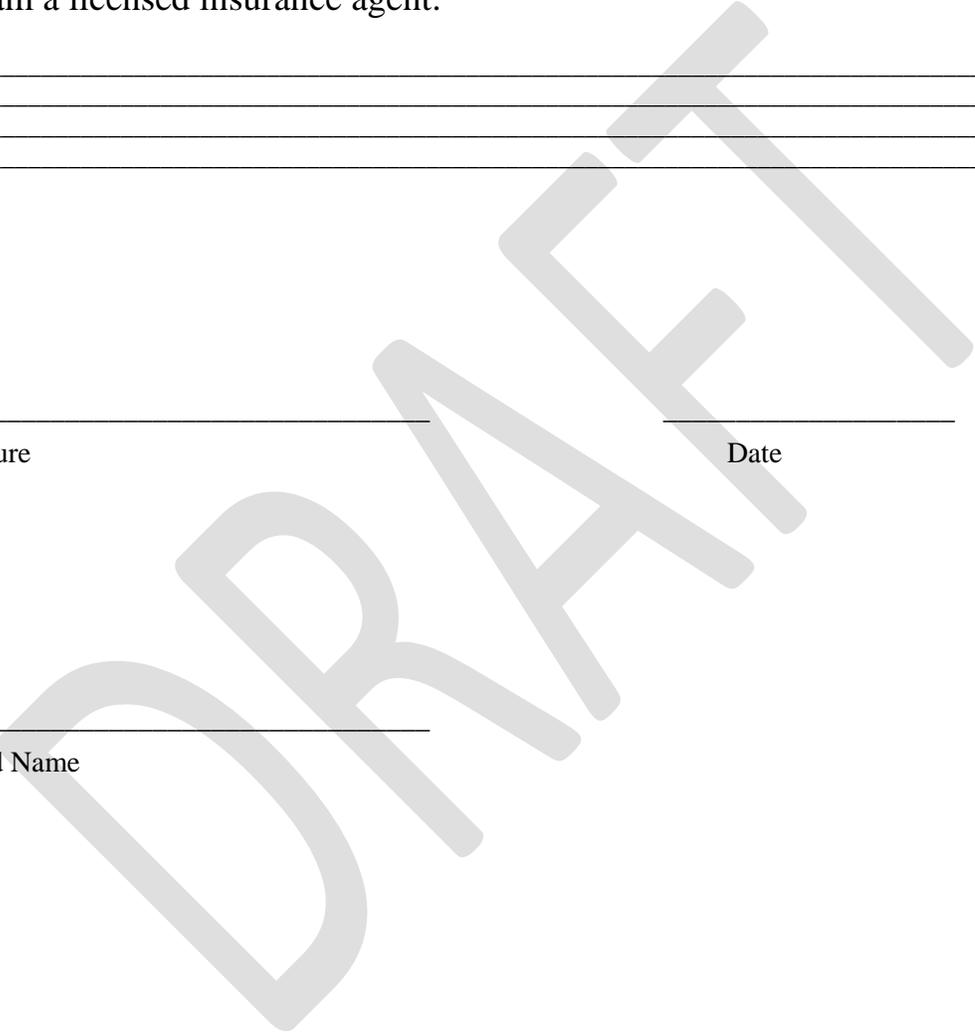
I have read the foregoing conflict of interest policy of TAIPA and agree to abide by its terms. I know of no possible conflict of interest except as described below:

- I am employed by a member company.
- I am a licensed insurance agent.

Signature

Date

Printed Name



TAIPA Anti-Trust Statement

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

TAIPA GOVERNING COMMITTEE

ADMINISTRATIVE RULES

1. *Governing Committee Meetings*

1.1 Regular Meetings. The Governing Committee will set its schedule of meetings for the coming year at its last meeting of each year. The schedule may be revised at any meeting.

1.2 Special Meetings. Special meetings may be called by the Chair or upon written request to the Chair by at least three members, one of whom must be a public member.

1.3 Notice of Meetings. Meetings will be called in accordance with the Texas Open Meetings Act.

1.4 Meeting Agenda. Meeting agendas are prepared by Manager in consultation with the Chair. Members may request the addition of an item on the agenda by a written request to the Manager at least 15 days prior to a scheduled meeting.

1.5 Voting. Any required votes by the Governing Committee will be voice vote unless a member requests voting by a show of hands or in writing. Proxy voting is not permitted.

2. *Officers*

2.1 Officers will include: Chair, 1st Vice-Chair, 2nd Vice-Chair, Secretary, and the Immediate Past Chair.

2.2 The Immediate Past Chair serves as an officer only if that person continues to serve on the Governing Committee after leaving the position of Chair. An immediate past Chair cannot serve as an officer if that person is removed or resigns from the Chair during that person's term. In the event the immediate past Chair does not remain on the Governing Committee after leaving the position of Chair, no other person will fill this position.

2.3 With the exception of the immediate past Chair, officers are to be elected at the first meeting of the Governing Committee following the annual meeting of members and serve until the following annual meeting of members.

2.4 At least one officer is to be a public member of the Governing Committee.

2.5 An officer may be removed at any meeting of the Governing Committee. An officer may resign at any time by giving written notice to the Governing Committee or to the Chair or to the Secretary. A resignation shall take effect at the date of the receipt of the notice or at a later time specified therein.

2.6 The Chair presides at all meetings of the Governing Committee and is responsible for the orderly conduct of such meetings. The Chair shall direct the Manager and staff of the Association in the preparation and publication of the Notice of Meeting and Agenda for all meetings of the Governing Committee. The Chair is authorized to appoint members to standing or special subcommittees. If the Chair will be absent from a meeting, the Chair may designate an officer to preside at such meeting. In the absence of such a designation, the officers shall serve in order of their seniority as set forth in Section 2.1.

2.7 The Vice-Chair succeeds to the office of Chair in the event of the resignation or removal of the Chair.

2.8 The Second Vice-Chair succeeds to the office of Chair in the event of the resignation or removal of the Chair and Vice-Chair.

2.9 The Secretary has the responsibility for the preparation of all minutes of the Governing Committee. In this responsibility, the Secretary will be assisted by the Manager and the staff of the Association. The Secretary is authorized to certify to actions of the Governing Committee.

2.10 The Chair, and such officers as the Chair may request, shall, subject to the control of the Governing Committee, generally interact with and direct the Manager of the Association. This may include day-to-day matters which may arise, and shall include giving performance reviews and making compensation adjustments.

2.11 Industry representatives serving as officers of the Association do so in their personal capacities. The office is not held by the member company by whom any officer is employed.

2.12 The officers may consult as a group in discharging their duties and responsibilities.

2.13 The officers have no authority to act for the Association, or to commit it to any obligation except as specifically authorized or directed by the Governing Committee.

3. *Standing Subcommittees*

3.1 Purpose. The Chair shall appoint standing subcommittees to facilitate the work and responsibilities of the Governing Committee; study key issues; and make recommendations to the Governing Committee.

3.2 Subcommittees. The following subcommittees are created as standing committees:

(i) Operations. This subcommittee consists of one public member, one agent member and three company members. It has responsibility to review matters directed to it by the Governing Committee affecting the Plan of Operation or other business deemed necessary by the Governing,

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

(ii) Audit & Finance. This subcommittee is composed of three members, one of whom is a public member. It has the responsibility to assist the Governing Committee in its oversight of the Association's financial and accounting matters. It will also oversee the work of any independent auditor selected by the Governing Committee. If the Governing Committee wishes to change independent auditors, the subcommittee will be responsible to recommend independent auditors.

(iii) Nominations. This subcommittee consists of one public member, one agent member and one company member. It has the responsibility to nominate members to serve as officers of the Association. It is to submit a slate of officers to be presented for election at the Governing Committee meeting following the annual meeting of members.

(iv) Strategic Planning. This subcommittee consists of one public member, one agent member and three company members. It has the responsibility of meeting annually to discuss any significant changes expected in the near future, discuss current staffing levels, discuss if changes are needed to TAIPA's Enterprise Risk Management plan, and other related tasks.

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

- 3.4 Telephone Meetings or Participation by Telephone. Meetings of subcommittees may be held by means of conference telephone or other similar means of remote communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such a meeting shall constitute presence in person at the meeting.
- 3.5 The Governing Committee may appoint special subcommittees to facilitate the work and responsibilities of the Governing Committee. A special subcommittee may hold telephonic meetings as provided in section 3.4.

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

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

4.2 When appropriate and necessary, the TAIPA Liaison may bring matters before the Governing Committee for consideration or action by the Governing Committee.

4.3 Additional procedures and responsibilities of the TAIPA Liaison will be outlined in the TAIPA employee manual.

5. ***Amendments***

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

TAIPA OPEN MEETINGS

SUMMARY OF SIGNIFICANT PROVISIONS/REQUIREMENTS

TAIPA STATUTES – The TAIPA statutes state that meetings of the Governing Committee are subject to the Open Meetings Act of the Texas Government Code (“Act”).

- Public notices of the meetings are required.
- The notice must specify the location of the meeting at which at least one member of the Governing Committee is physically present where the public can attend. This requirement was suspended during the COVID declared emergency.
- The meetings may be held by telephone conference call, videoconference, or other similar telecommunication method. Two-way audio communication must be available during the entire meeting between all members of the Governing Committee attending, and if the two-way audio communication is disrupted so that a quorum of the Committee is no longer participating in the meeting, the meeting may not continue until the two-way audio communication is reestablished.

OPEN MEETINGS GENERALLY

- The Act generally applies when a quorum is present and they discuss/deliberate the entity’s business, or they are receiving information from or providing information to a third party.
- A meeting expressly excludes gatherings of a quorum at a social function unrelated to the public business that is conducted by the body
- The quorum rules cannot be skirted by a series of communications that each occur outside of a meeting through a series of communications among a quorum of members (the “walking quorum”).
- Minutes or recording of open meeting are required.
- The notice of the meeting must provide the subjects of the meeting, including those on which action may be taken.

- In the event an unposted item is raised: a statement of specific factual information or a recitation of existing policy may be given in response to the inquiry. Any deliberation or decision of the matter is limited to placing it on the agenda for the next meeting.
- Closed sessions: the Act enumerates 9 matters that can be discussed in a closed session.
- A final decision or vote on a matter discussed in closed session may only be made in an open meeting.
- Minutes or a recording of the closed session can be disclosed only under certain circumstances. It is a violation of the Act to disclose the minutes or recording except as permitted by the Act.
- Violations of the Act are misdemeanor offenses.

TAIPA OPEN MEETINGS

- The Manager posts notice of a meeting in the Texas Register at least 7 days before the meeting. This includes the agenda that lists the subjects of the meeting.
- Under the TAIPA Plan of Operation, a quorum is at least 9 members, including 1 public member.
- TAIPA regularly hosted dinners before meetings (pre-COVID) which qualified under the social function exception (if a quorum was even present). Governing Committee members are cautioned not to discuss TAIPA business at these dinners or any other social gathering.
- TAIPA regularly records meeting minutes that are reviewed and adopted at the following meeting.
- Public testimony is permissive but may be excluded.
- Closed meetings are usually held under the exceptions for consultation with attorney regarding pending or contemplated litigation and personnel matters.

OPEN MEETINGS TRAINING – Governing Committee members are to complete a course of training of not less than one and not more than two hours regarding the open meetings laws within 90 days of becoming a Governing Committee member. The Manager directs new Members to the available training.

Helpful Information regarding Standing TAIPA Subcommittees

Operations Subcommittee

Members:

5 to 6 members generally, 1 alternate

- 3-4 Insurer members
- 1 Producer members
- 1 Public member
- 1 Public alternate

Purpose:

Study any issues referred to it by the Governing Committee. Typically, these are more complex issues that the Governing Committee wants additional discussion/research on before making decisions about how to proceed, such as: Plan of Operation amendments, changes to internal procedures, creation of specifications for RFP's, etc.

Meeting Frequency:

Depends on items referred by the Governing Committee, but typically 1-3 times per year (usually via teleconference)

Roles/Responsibilities:

- Review latest Over/Under Reports
- Study any issues referred by the Governing Committee
- Present recommendations to the Governing Committee

Strategic Planning Subcommittee

Members:

4 to 5 members generally*

- 3 Insurer members
- 1 Public member
- 1 Producer member

Purpose:

Discuss and make recommendations regarding TAIPA's staffing levels, office space, long-term contracts, etc.

Meeting Frequency:

Annually (usually via teleconference)

Roles/Responsibilities:

- Review TAIPA’s Enterprise Risk Management Plan annually and determine if changes are needed
- Discuss TAIPA’s current staffing levels, office space, long-term contracts, etc. to determine if changes are needed
- Present recommendations to the Governing Committee

Audit/ Finance Subcommittee

Members:

- 2 to 4 members generally
- 1-3 Insurer member
 - 1 Public member

Purpose:

Provide recommendations to the Governing Committee regarding audit/financial matters. Represent the board in conversations with the auditors during the annual audit. This committee also reviews the annual budget with the officers prior to the Governing Committee meeting where the budget will be reviewed.

Meeting Frequency:

Annually regarding the budget but most audit work is done over email

Roles/Responsibilities:

- Propose the hiring of the auditors for TAIPA’s annual audits (Audit/Finance Chair will ask for motion generally at the March Governing Committee Meeting for authorization to sign the engagement letter)
- Answer questions from TAIPA’s auditor during the audit regarding knowledge of any fraud, any issues with financials, etc.
- Review annual audit report (Audit/Finance Chair will ask for motion generally at the August Governing Committee Meeting to accept the annual audit)

Nominating Subcommittee

Members:

- 3 members generally*
- 1 Insurer member
 - 1 Producer member
 - 1 Public member

Purpose:

Recommend a slate of officers to the Governing Committee annually.

Meeting Frequency:

Annually, before the first Governing Committee meeting of the year (usually via teleconference)

Roles/Responsibilities:

- Discuss potential nominees for slate of officers for the next year
- Talk with potential nominees to gauge interest
- Make recommendation to the Governing Committee regarding the slate of officers for the next year

Producer Review Panel

Members:

5 members

- 3 Producer members
- 1 Insurer member
- 1 Public member

Purpose:

Review records of producers that TAIPA staff reports to the Panel for review, and determine if disciplinary action is need. Make recommendations to the Governing Committee regarding those producers.

Meeting Frequency:

Depends on if there are producers that need to be reviewed. The Panel has not met in several years because there have not been enough issues to necessitate a meeting. In years past, would not exceed one meeting per year. In-person attendance required.

Roles/Responsibilities:

- Review the history and complaint records of producers who have been reported to the Panel
- Ask questions of the producers reported to the Panel, if in attendance
- Determine if disciplinary action is needed; make recommendations to the Governing Committee

*Note: The makeup of these subcommittees is not prescribed in the Plan of Operation or elsewhere except for the Producer Review Panel. The member breakdown shown is consistent with current makeup/precedent.

Acronyms

Often Associated with TAIPA

AIP - Assigned Risk (Automobile Insurance Plan)

PP – Private Passenger – anything related to private passenger auto liability coverage.

OTPP – Other than Private Passenger – anything related to commercial, public, or special types of auto liability coverage.

CFR - Certificate of Financial Responsibility (also known as an SR-22)

LAD - Limited Assignment Distribution for Private Passenger only

CLAD - Commercial Limited Assignment Distribution for Other Than Private Passenger only

Government Agencies

TDI – Texas Department of Insurance - TDI is Texas' DOI - Department of Insurance. The Texas Department of Insurance regulates the state's insurance industry.

DPS – Department of Public Safety - The DPS is responsible for statewide law enforcement and vehicle regulation.

DMV - Department of Motor Vehicles - Each year the agency registers almost 24 million vehicles; regulates vehicle dealers; credentials buses and big trucks for intrastate and interstate commerce; issues oversize and overweight permits; and awards grants to law enforcement agencies to reduce vehicle burglaries and thefts.

DOT - Department of Transportation - TxDOT's mission is connecting you with Texas. We strive to be a forward-thinking leader delivering mobility, enabling economic opportunities and enhancing quality of life for all Texans.

OPIC – Office of Public Insurance - OPIC represents the interests of Texas consumers in insurance matters.

Organizations that select a Member to sit on TAIPA's Governing Committee

APCIA - American Property Casualty Insurance Association

AFACT - Association of Fire & Casualty Companies in Texas

NAMIC - National Association of Mutual Insurance Companies (NAMIC)

OPIC – Office of Public Insurance - OPIC represents the interests of Texas consumers in insurance matters

IIAT – Independent Insurance Agents of Texas – Assigns a member to TAIPA’s Governing Committee

Insurance Related Vendors for TAIPA

AIPSO - AIPSO is a management organization and service provider for various insurance industry groups responsible for administering the residual market.

ISO – Insurance Service Office – Provides Commercial Data to TAIPA

TICO – The Texas Insurance Checking Office, Inc. (TICO) is the statistical agent for the Texas Department of Insurance (TDI) for Private Passenger Automobile, Residential Property, and Farm and Ranch insurance.

Types of Auto Coverage

- **BI** - Bodily Injury Liability Insurance
- **COLL** - Collision Coverage for Insured Vehicle Damages
- **COMP** - Comprehensive Coverage for Vehicle Theft, Vandalism, or Vehicle vs Animal
- **EXC** - Excluded Driver
- **FTCAC** - Fire, Theft, and Combined Additional Coverage
- **GL** - General Liability
- **PAP** - Personal Auto Policy
- **PD** – Property Damage
- **PIP** - Personal Injury Protection or Personal Injury Policy
- **RR** - Rental Reimbursement Coverage
- **UL** - Umbrella Liability; Underwriters' Laboratories
- **UM** - Uninsured or Underinsured Motorist Coverage
- **UMPD** - Uninsured Motorist Property Damage Coverage

Other Insurance Terms associated with Auto Insurance

- **BAP** - Business Auto Policy
- **BOP** - Business Owners Policy
- **CISR** - Certified Insurance Service Representative
- **CVIN** - Confidential Vehicle Identification Number

- **CPT** - Current Procedural Terminology
- **Dec or Dec Page** - Declarations Page of insurance policy
- **DED** - Deductible
- **DOB** - Date of Birth
- **DOC** - Driver Other Car coverage
- **ETB** - Engaged in Trade or Business
- **FCRA** - Fair Credit Reporting Act
- **FIC** - Foreign Insurance Policy
- **GAP** - Guaranteed Auto Protection
- **GWP** - Gross Written Premium
- **LOC** - Letter of Credit
- **MPCI** - Multi-Peril Crop Insurance
- **MSF** - Motorcycle Safety Foundation
- **OOP** - Out of Pocket
- **PA** - Public Adjuster
- **GVW** - Gross Vehicle Weight
- **PH** - Policy Holder
- **P&I** - Protection and Indemnity
- **PIA** - Primary Insurance Account
- **PMA** - Package Modification Adjustment
- **REG** - Registration / Registered
- **RBC** - Risk-Based Capital
- **RBNE** - Reserved but not Enough
- **RPA** - Registered Professional Adjuster
- **SPAP** - Special Personal Auto Policy
- **SRS** - Supplementary Restraint System
- **SPIN** - Secondary Product Identification Number
- **SVIN** - Secondary Vehicle Identification Number
- **U&O** - Use and Occupancy
- **VIN** - Vehicle Identification Number

Please complete the following information as you would like it to read on the Governing Committee Members List.

(This list will be distributed to all TAIPA Governing Committee Members as well as to others who request a list of TAIPA's Governing Committee Members.)

Name: _____

Company: _____

Title: _____

Address: _____

Office Phone: _____

Cell Phone: _____

Email: _____

DRAFT

Exhibit 9

TAIPA Governing Committee Members
Open Meeting Refresher Training /New Member Orientation
(To Be Held After Governing Committee Meeting)

1. Welcome to TAIPA (Chair or Manager)
2. Open Meetings Refresher Training
3. Thank you for agreeing to sit on our Governing Committee
4. Purpose of TAIPA
5. History of TAIPA
6. TAIPA Staff
7. Roles & Responsibilities
 - A. Governing Committee Members
 - B. TAIPA Staff

Exhibit 10

THOMPSON COE'S REPRESENTATION OF TAIPA

A Texas lawyer is subject to the ethical and disciplinary rules found in the Texas Disciplinary Rules of Professional Conduct. These directly address the representation of an entity.

The following is a shortened summary of Rule 1.12 Organization as a Client.

A lawyer employed or retained by an organization represents the entity. The lawyer in the ordinary course of working relationships may report to, and accept direction from, an entity's duly authorized constituents, which, in TAIPA's case include the Governing Committee, officers and the Manager and to a lesser degree staff.

A lawyer representing an organization must take reasonable remedial actions whenever the lawyer learns or knows that:

- (1) an officer, employee, or other person associated with the organization has committed or intends to commit a violation of a legal obligation to the organization or a violation of law which reasonably might be imputed to the organization;
- (2) the violation is likely to result in substantial injury to the organization; and
- (3) the violation is related to a matter within the scope of the lawyer's representation of the organization.

In these situations, the lawyer shall proceed as reasonably necessary in the best interest of the organization without involving unreasonable risks of disrupting the organization.

In general, a lawyer shall first attempt to resolve a violation by taking measures within the organization. In determining the actions or measures to take, a lawyer shall give due consideration to the seriousness of the violation and its consequences, the scope and nature of the lawyer's representation, the responsibility in the organization and the apparent motivation of the person involved, the policies of the organization, and any other relevant considerations. Such procedures, actions and measures may include, but are not limited to, the following:

- (1) asking reconsideration of the matter;
- (2) advising that a separate legal opinion on the matter be sought for presentation to appropriate authority in the organization; and
- (3) referring the matter to higher authority in the organization, including, if warranted by the seriousness of the matter, referral to the highest authority that can act in behalf of the organization as determined by applicable law.

In dealing with an organization's directors, officers, employees, a lawyer shall explain the identity of the client when it is apparent that the organization's interests are adverse to those of the constituents with whom the lawyer is dealing or when explanation appears reasonably necessary to avoid misunderstanding on their part.

When constituents of the organization make decisions for it, the decisions ordinarily must be accepted by the lawyer even if their utility or prudence is doubtful. Decisions concerning policy and operations, are not as such in the lawyer's province. However, different considerations arise when the lawyer knows, in regard to a matter within the scope of the lawyer's responsibility, that the organization is likely to be substantially injured by the action of a constituent that is in violation of law or in violation of a legal obligation to the organization. In such circumstances, the lawyer must take reasonable remedial measure.

Exhibit 11

TAIPA Vendor and Service Provider Selection Procedure

Annually (sooner if needed), the TAIPA Association Manager will conduct an analysis of all active operational contracts with vendors:

- Any vendor contract that has been in place for 5 years will be identified.
- Any vendor with poor performance (regardless of term) will be identified.

Of these, any involving a formal written contract:

- The Association Manager will discuss with the Governing Committee and determine a list of potential vendors/providers who may be interested in providing the services identified.
- The Association Manager will gather information about each potential suitable vendor/provider and will only consider vendors/providers who will serve the organization well at a reasonable cost.
- In some cases, the Association Manager and/or Governing Committee may determine that an RFP is the best option.
 - If that occurs, a sub-committee may be formed.
 - The sub-committee may appoint a vendor/provider evaluation team for recommendation on a suitable vendor.
 - The recommended vendor/provider will be submitted for Governing Committee approval.
 - After approval by the Governing Committee, the Association Manager will execute a written contract based on the RFP.

Exhibit 12

TAIPA

ENTERPRISE RISK & EMERGENCY MANAGEMENT PLAN

Version 2.0

08/09/2021

TAIPA Enterprise Risk and Emergency Management Plan

VERSION HISTORY

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

Version #	Implemented By	Revision Date	Approved By	Approval Date	Reason
1.0	<i>James Langford, Association Manager</i>		<i>TAIPA Governing Committee</i>	<i>04/01/2016</i>	Initial Risk Management Plan
2.0	<i>Stacy Dutton Association Manager</i>	<i>08/09/2021</i>	<i>Governing Committee</i>	<i><mm/dd/yy></i>	<i>Created formal plan that incorporates Emergency Management Plan as well</i>

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1 INTRODUCTION

This risk management plan was developed by Texas Automobile Insurance Plan Association (TAIPA) staff under the direction of the TAIPA's Governing Committee. The purpose of this plan is to define potential risks, develop a plan to mitigate those risks and provide guidance for the management and staff of TAIPA to recover from the effects of any incident that disrupts the operations of business functions of TAIPA.

1.1 PURPOSE OF THE RISK MANAGEMENT PLAN

A risk is an event or condition that, if it occurs, could have a positive or negative effect on an organization's objectives. Risk Management is the process of identifying, assessing, responding to, monitoring, and reporting risks. This Risk Management Plan defines how risks associated with TAIPA's Business Operations will be identified, analyzed, and managed. It outlines how risk management activities will be performed, recorded, and monitored as well as practices for recording and prioritizing risks. The Risk Management Plan is created by TAIPA staff and is monitored and updated annually. The intended audience of this document is TAIPA management and the TAIPA Governing Committee.

2 RISK MANAGEMENT PROCEDURE

2.1 PROCESS

TAIPA staff will ensure that risks are actively identified, analyzed, and managed. Risks will be identified as early as possible so as to minimize their impact. The steps for accomplishing this are outlined in the following sections. The Association Manager will serve as the Risk Manager for this plan.

2.2 RISK IDENTIFICATION

Risk identification will involve TAIPA staff and appropriate stakeholders, and will include an evaluation of environmental factors.

2.3 RISK ANALYSIS

All risks identified will be assessed to identify the range of possible outcomes. The degree and severity of the risk will be used to determine which risks are the top risks to pursue and respond to and which risks can be ignored.

2.3.1 Qualitative Risk Analysis

The probability and impact of occurrence for each identified risk will be assessed by the TAIPA staff, with input from the TAIPA Governing Committee using the following approach:

Probability

- HIGH – Greater than 70% probability of occurrence
- MEDIUM – Between 30% and 70% probability of occurrence
- LOW – Below 30% probability of occurrence

Impact

- HIGH – Risk that has the potential to greatly impact TAIPA's operations and/or performance
- MEDIUM – Risk that has the potential to slightly impact TAIPA's operations and/or performance
- LOW – Risk that has relatively little impact on TAIPA's operations and/or performance

2.4 RISK RESPONSE PLANNING

Each risk will be reviewed by TAIPA staff to determine if it can be

- **Avoided** – eliminate the threat by eliminating the cause
- **Mitigated** – Identify ways to reduce the probability or the impact of the risk

For each risk TAIPA staff will identify ways to prevent the risk from occurring, reduce its impact or probability of occurring, and develop a course of action so that if the risk does materialize in order to minimize its impact.

2.5 RISK MONITORING, CONTROLLING, AND REPORTING

The level of risk will be tracked, monitored and reported upon annually.

TAIPA Enterprise Risk and Emergency Management Plan

3 CURRENT RISKS & ANALYSIS

TAIPA looked at the following items/issues when creating our enterprise risk management plan.

GENERAL RISKS

SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
TAIPA offices unavailable (one week or less)	MEDIUM	LOW-MEDIUM				
(Due to bad weather, tornado, flood, fire, or damage to building, electricity/Water Outage)	UNTIL 2021 THIS HAD NOT HAPPENED BUT WITH SNOVID, WE HAD ISSUES WITH IMPASSABLE ROADS AS WELL AS ISSUES WITH WATER AND ELECTRICITY AT THE TAIPA OFFICE. THE ELECTRICITY AND WATER ISSUES WERE SPORADIC AND WE WERE REQUIRED TO BOIL WATER FOR A FEW DAYS AFTER WE WENT BACK TO THE OFFICE.	SINCE EMPLOYEES CAN AND HAVE EXPERIENCE WORKING FROM HOME THE IMPACT IS LOW IMPACT BECOMES HIGHER WHEN EMPLOYEES DO NOT HAVE ELECTRICITY OR INTERNET	<p>BECAUSE THE OFFICE IS IN A GOOD LOCATION, THE RISK OF HAVING THIS OCCUR IS REDUCED. IN ADDITION, WE WOULD EXPECT OUTAGES TO BE REMEDIED QUICKLY</p> <p>IN ADDITION, -DUE TO COVID PANDEMIC IN 2020 STAFF NOW HAS EXTENSIVE EXPERIENCE WORKING FROM HOME AND WAS ABLE TO DO SO FOR SEVERAL MONTHS.</p> <p>SINCE OUR PHONE SYSTEM WAS NO LONGER SUPPORTED, TAIPA MOVED TO VOIP PHONES IN FEBRUARY AND WE WILL BE ABLE TO ACCESS OUR PHONES FROM HOME IN THE NEAR FUTUR</p> <p>-DUE TO SNOVID – THE ONLY ISSUE WAS THAT WE WERE UNABLE TO OBTAIN TAIPA MAIL DUE THE STREETS NOT BEING PASSABLE.</p> <p>IF THERE WAS A SITUATION WHERE WE COULD NOT USE THE TAIPA BUILDING & HAD NO NOTICE, BOTH STACY & MIMI CAN</p>	<p>DUE TO COVID, EMPLOYEES STARTED WORKING FROM HOME SO NOW ALL WORK CAN BE COMPLETED FROM HOME.</p> <p>WE WOULD JUST NEED TO HAVE OUR COURIER BRING THE MAIL TO AN EMPLOYEES HOME.</p> <p>THE BIGGEST ISSUE FACING TAIPA STAFF NOW IS GETTING OUR MAIL WHEN THE STREETS ARE NOT PASSABLE, COURIERS AREN'T RUNNING, AND OR POST OFFICE IS NOT RUNNING. CURRENTLY THERE IS NOTHING TAIPA STAFF CAN DO TO OBTAIN THE MAIL IN THAT CASE.</p> <p>IN A CASE WHERE MAIL IS NOT DELIVERED, TAIPA STAFF MONITORS THE MAIL AND MAKE EFFORTS TO ASSIST COMPANIES IN RECEIVING APPLICATIONS AS TIMELY AS POSSIBLE ONCE</p>	<p>ONLY OPEN ISSUE IS PHONE TRAINING FOR HOME USE.</p> <p>ONLY ONGOING ISSUE IS MAIL WHEN COURIER SERVICE ISN'T RUNNING OR POST OFFICE ISN'T RUNNING DUE TO WEATHER ISSUES.</p>	<p>STACY DUTTON (CELL) 512-779-8283 MIMI LEECE (CELL) 512-468-6927</p> <p>LAS CIMAS BUILDING MANAGEMENT: ADAM BENOIT, CPM, RPA, LEED, APO+M ASSOCIATE DIRECTOR ASSET SERVICES MAIN: 512-814-3430 ADAM.BENOIT@CUSHWAKE.COM 807 LAS CIMAS PARKWAY, SUITE 120 AUSTIN, TX 78746 USA</p> <p>CONTACTS WHO WOULD NEED TO KNOW:</p> <p>-TAIPA GOVERNING COMMITTEE CHAIR CORISE MORRISSON 210-913-4446</p> <p>-MAIL COURIERS – COURIER DEPOT - 512-892-1876</p> <p>-BALCONES SHRED – 512-744-4999</p> <p>-TELEPHONE CONNECTION – 512-451-6101</p> <p>VINTAGE IT – 512-481-1117</p>

TAIPA Enterprise Risk and Emergency Management Plan

			<p>ACCESS THE CLOUD FROM THEIR HOME COMPUTERS. DEPENDING ON THE LENGTH OF TIME THAT WE WERE NOT ABLE TO ACCESS THE BUILDING WE COULD SET STAFF UP AS WELL.</p>	<p>MAIL IS DELIVERED.</p> <p>WE ARE CURRENTLY WORKING OUT KINKS IN NEW PHONE SYSTEM THAT HAVE TO DO WITH OUR FIRE WALL. ONCE THESE ISSUES ARE RESOLVED, WE WILL GET TRAINING ON HOW TO UTILIZE VOIP TECHNOLOGY SO EMPLOYEES CAN MAKE/RECIEVE TAIPA CALLS FROM EMPLOYEES HOMES.</p>		
	<p>AUSTIN DOESN'T TYPICALLY HAVE SEVERE WEATHER FOR LONG PERIODS OF TIME.</p> <p>SNOVID -ONE 5 DAY OCCURRENCE HAPPENED IN 2021 WHERE PREVIOUSLY WE HAVE EXPERIENCED ONLY 1-2 DAYS OF SEVERE WEATHER RELATED CLOSURES IN LAST 14 YEARS</p> <p>AUSTIN DOESN'T HAVE HISTORY OF LONG TERM ISSUES WITH WATER OR ELECTRICITY</p> <p>TAIPA'S OFFICE BUILDING AND EVERY EMPLOYEE HAD SOME WATER AND/OR ELECTRICITY ISSUES DURING SNOVID IN 2021.</p>	<p>EMPLOYEES WERE ABLE TO DO MOST WORK FROM HOME, HOWEVER WITHOUT MAIL DELIVERY, WE WERE NOT ABLE TO PROCESS MAIL.</p>	<p>HAVE FLOOD AND EARTHQUAKE INSURANCE</p> <p>TEXAS GOVERNMENT IS REVIEWING AND ADDRESSING LONG TERM ISSUES WITH ELECTRICITY/TEXAS GRID</p> <p>IT MAY ALSO HELP THAT TESLA'S BATTERY COMPANY IS MOVING TO TEXAS</p>	<p>SAME AS ABOVE</p>	<p>SAME AS ABOVE</p>	<p>SAME AS ABOVE</p>

TAIPA Enterprise Risk and Emergency Management Plan

SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
TAIPA offices unavailable (More than one week)	LOW	LOW				
(Due to bad weather, tornado, flood, fire, or damage to building, electricity/Water Outage)	This hasn't happened and our building was back up and running before employees were able to get there after SNOVID	Since employees can and have experience working from home the Impact is LOW	<p>BECAUSE THE OFFICE IS IN A GOOD LOCATION, THE RISK OF HAVING THIS OCCUR IS REDUCED. IN ADDITION, WE WOULD EXPECT OUTAGES TO BE REMEDIED QUICKLY</p> <p>IN ADDITION, -DUE TO COVID PANDEMIC IN 2020 STAFF NOW HAS EXTENSIVE EXPERIENCE WORKING FROM HOME AND WAS ABLE TO DO SO FOR SEVERAL MONTHS.</p> <p>SINCE OUR PHONE SYSTEM WAS NO LONGER SUPPORTED, TAIPA MOVED TO VOIP PHONES IN FEBRUARY AND WE WILL BE ABLE TO ACCESS OUR PHONES FROM HOME IN THE NEAR FUTUR</p> <p>-DUE TO SNOVID – THE ONLY ISSUE WAS THAT WE WERE UNABLE TO OBTAIN TAIPA MAIL DUE THE STREETS NOT BEING PASSABLE.</p>	<p>DUE TO COVID, EMPLOYEES STARTED WORKING FROM HOME SO NOW ALL WORK CAN BE COMPLETED FROM HOME.</p> <p>WE WOULD JUST NEED TO HAVE OUR COURIER BRING THE MAIL TO AN EMPLOYEES HOME.</p> <p>THE BIGGEST ISSUE FACING TAIPA STAFF NOW IS GETTING OUR MAIL WHEN THE STREETS ARE NOT PASSABLE, COURIERS AREN'T RUNNING, AND OR POST OFFICE IS NOT RUNNING. CURRENTLY THERE IS NOTHING TAIPA STAFF CAN DO TO OBTAIN THE MAIL IN THAT CASE.</p> <p>IN A CASE WHERE MAIL IS NOT DELIVERED, TAIPA STAFF MONITORS THE MAIL AND MAKE EFFORTS TO ASSIST COMPANIES IN RECEIVING APPLICATIONS AS TIMELY AS POSSIBLE ONCE MAIL IS DELIVERED.</p> <p>WE ARE CURRENTLY WORKING OUT</p>	<p>ONLY OPEN ISSUE IS PHONE TRAINING FOR HOME USE.</p> <p>ONLY ONGOING ISSUE IS MAIL WHEN COURIER SERVICE ISN'T RUNNING OR POST OFFICE ISN'T RUNNING DUE TO WEATHER ISSUES.</p>	<p>STACY DUTTON 512.531.7271 (CELL) 512-779-8283</p> <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p> <p>LAS CIMAS BUILDING MANAGEMENT: ADAM BENOIT, CPM, RPA, LEED, APO+M ASSOCIATE DIRECTOR ASSET SERVICES MAIN: 512-814-3430 ADAM.BENOIT@CU SHWAKE.COM 807 LAS CIMAS PARKWAY, SUITE 120 AUSTIN, TX 78746 USA</p> <p>CONTACTS WHO WOULD NEED TO KNOW:</p> <p>-TAIPA GOVERNING COMMITTEE CHAIR CORISE MORRISSON 210-913-4446</p> <p>-MAIL COURIERS – COURIER DEPOT - 512-892-1876</p> <p>-BALCONES SHRED – 512-744-4999</p> <p>-TELEPHONE CONNECTION – 512-451-6101</p> <p>VINTAGE IT – 512-481-1117</p>

TAIPA Enterprise Risk and Emergency Management Plan

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

TAIPA Enterprise Risk and Emergency Management Plan

SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
Employees are not able to come to work due to personal or organizational risks and/or governmental restrictions)	MEDIUM	LOW-MEDIUM				
(Pandemic, Government Regulations)	UNTIL 2020, THIS HAD NOT HAPPENED BUT WITH COVID, WE HAD TO FIND A WAY FOR ALL EMPLOYEES TO WORK FROM HOME.	NOW EMPLOYEES CAN AND HAVE EXPERIENCE WORKING FROM HOME THE IMPACT IS LOW IMPACT BECOMES HIGHER IF EMPLOYEES DO NOT HAVE ELECTRICITY OR INTERNET	WE HAD EMPLOYEES WORK FROM VARIOUS LOCATIONS DURING COVID AND EVERYONE WAS ABLE TO WORK IF THERE WERE A PROBLEM WITH AN EMPLOYEES INTERNET OR ELECTRICITY, WE WOULD EXPECT OUTAGES TO BE REMEDIED QUICKLY DUE TO THE PANDEMIC IN 2020 STAFF NOW HAS EXTENSIVE EXPERIENCE WORKING FROM HOME AND WAS ABLE TO DO SO FOR SEVERAL MONTHS. SINCE OUR PHONE SYSTEM WAS NO LONGER SUPPORTED, TAIPA MOVED TO VOIP PHONES IN FEBRUARY AND WE WILL BE ABLE TO ACCESS OUR PHONES FROM HOME IN THE NEAR FUTURE	DUE TO COVID, EMPLOYEES STARTED WORKING FROM HOME SO NOW ALL WORK CAN BE COMPLETED FROM HOME. WE WOULD JUST NEED TO HAVE OUR COURIER BRING THE MAIL TO AN EMPLOYEES HOME. THE BIGGEST ISSUE FACING TAIPA STAFF NOW IS GETTING OUR MAIL WHEN THE STREETS ARE NOT PASSABLE, COURIERS AREN'T RUNNING, AND OR POST OFFICE IS NOT RUNNING. CURRENTLY THERE IS NOTHING TAIPA STAFF CAN DO TO OBTAIN THE MAIL IN THAT CASE. IN A CASE WHERE MAIL IS NOT DELIVERED, TAIPA STAFF MONITORS THE MAIL AND MAKE	ONLY OPEN ISSUE IS PHONE TRAINING FOR HOME USE. ONLY ONGOING ISSUE IS MAIL WHEN COURIER SERVICE ISN'T RUNNING OR POST OFFICE ISN'T RUNNING DUE TO WEATHER ISSUES.	STACY DUTTON (CELL) 512-779-8283 MIMI LEECE (CELL) 512-468-6927 LAS CIMAS BUILDING MANAGEMENT: ADAM BENOIT, CPM, RPA, LEED, APO+M ASSOCIATE DIRECTOR ASSET SERVICES MAIN: 512-814-3430 ADAM.BENOIT@CUSHWAKE.COM 807 LAS CIMAS PARKWAY, SUITE 120 AUSTIN, TX 78746 USA CONTACTS WHO WOULD NEED TO KNOW: -TAIPA GOVERNING COMMITTEE CHAIR CORISE MORRISSON 210-913-4446 -MAIL COURIERS – COURIER DEPOT - 512-892-1876 -BALCONES SHRED – 512-744-4999 -TELEPHONE CONNECTION – 512-451-6101 VINTAGE IT – 512-481-1117

TAIPA Enterprise Risk and Emergency Management Plan

				<p>EFFORTS TO ASSIST COMPANIES IN RECEIVING APPLICATIONS AS TIMELY AS POSSIBLE ONCE MAIL IS DELIVERED.</p> <p>WE ARE CURRENTLY WORKING OUT KINKS IN NEW PHONE SYSTEM THAT HAVE TO DO WITH OUR FIRE WALL. ONCE THESE ISSUES ARE RESOLVED, WE WILL GET TRAINING ON HOW TO UTILIZE VOIP TECHNOLOGY SO EMPLOYEES CAN MAKE/RECIEVE TAIPA CALLS FROM EMPLOYEES HOMES.</p>	
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SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATU S	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILI TY	IMPACT				
Emergency governing committee meeting	MEDIUM	MEDIUM				
			ABILITY TO MEET VIA TELECONFERENCE OR ZOOM			<p>STACY DUTTON 512.531.7271 (CELL) 512-779-8283</p> <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p> <p>CURRENT TAIPA GOVERNING COMMITTEE CHAIR</p>

TAIPA Enterprise Risk and Emergency Management Plan

	<p>WE ADDED A MEETING FOR THE COVID RELIEF PROGRAM IN 2020. HOWEVER, THIS WAS NOT AN EMERGENCY MEETING. THEREFORE, WE WERE ABLE TO MEET THE OPEN MEETINGS REGULAR POSTING REQUIREMENTS.</p>	<p>WE NOW HAVE QUITE A BIT OF EXPERIENCE WITH CONFERENCE CALLS AND ZOOM MEETINGS.</p>	<p>POSTING REQUIREMENTS ARE 2 HOURS FOR EMERGENCY MEETING</p>		<p>CONTACTS WHO WOULD NEED TO KNOW: -TAIPA GOVERNING COMMITTEE -SECRETARY OF STATE – OPEN MEETINGS ACT POSTING: HTTPS://WWW.SOS.STATE.TX.US/OPEN/INDEX.SHTML LOGIN THROUGH: HTTPS://TEXREG.SOS.STATE.TX.US/TAC/LIAISON CENTERS.STARTUP</p>
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IT/TELEPHONE RISKS

SPECIFIC RISK EVENT:	RISK ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
Any of TAIPA's Servers hosted by Vintage crashes	LOW	HIGH				
This would EFFECT ALL TAIPA OPERATIONS.	VINTAGE HAS TWO LOCATIONS. ONE IN AUSTIN, THE OTHER IN CHICAGO. EACH LOCATION PROVIDES BACKUP OF THE DATA.	IF IT HAPPENED AND CHICAGO CRASHED AS WELL, TAIPA WOULD HAVE TO RELY ON VITANGE'S ABILITY TO GET BACK UP.	<p>HAVING OUR SERVERS AT VINTAGE</p> <p>PROVIDES BETTER SECURITY FOR OUR SYSTEMS, BECAUSE THEY HAVE TWO LOCATIONS WHERE EACH RECORDS THE BACKUP DATA FOR ALL OF THEIR CLIENTS.</p> <p>THIS IS THEIR MAIN BUSINESS, AND THEY PROVIDE THE SAME SERVICE FOR OTHER ENTITIES.</p> <p>IN ADDITION, WE EXPECT THAT THEY KEEP THE SERVERS UP TO DATE AND</p>	WE COULD PERFORM SOME DUTIES MANUALLY AND KEEP TRACK ON SPREADSHEETS UNTIL THE SYSTEM IS BACK UP.		<p>STACY DUTTON 512.531.7271 (CELL) 512-779-8283</p> <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p> <p>VINTAGE IT 512-481-1117</p>

TAIPA Enterprise Risk and Emergency Management Plan

			FUNCTIONING PROPERLY.			
	USING CLOUD MANAGED BY VENDOR. IF AUSTIN LOCATION CRASHED, THE IMPACT ON TAIPA WOULD BE SEEMLESS.	WE EXPECT THAT IT WOULD BE UP SHORTLY BY USING A DIFFERENT SERVER	TAIPA HAS A DAILY BACKUP			

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

TAIPA Enterprise Risk and Emergency Management Plan

	USING CLOUD MANAGED BY VENDOR. IF BOSTON LOCATION CRASHED, THE IMPACT ON TAIPA WOULD BE SEEMLESS. THEY HAVE ONLY HAD A LESS THAN 2 MINUNT DOWN TIME WORLD WIDE IN SEVERAL YEARS.	WE EXPECT THAT IT WOULD BE UP SHORTLY BY USING A DIFFERENT SERVER	TAIPA HAS A DAILY BACKUP			
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SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT		CURRRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
Spectrum Internet	MEDIUM	LOW to MEDIUM				
	WE HAVE EXPERIENCED THIS ONCE ALREADY	LOW IN THAT EMPLOYEES CAN WORK FROM HOME IF THEY HAVE INTERNET. MEDIUM IF THE PROBLEM IS CITYWIDE AND SPECTRUM IS THE SERVICE PROVIDER FOR EMPLOYEES WHO WORK FROM HOME. NOT ALL EMPLOYEES WHO WORK FROM HOME HAVE SPECTRUM. WE EXPECT THAT THIS WOULD BE FIXED PROMPTLY. THIS WAS OUR EXPERIENCE WHEN IT	IF THE PROBLEM LASTS LONGER THAN A COUPLE OF HOURS, WE WOULD POST SOMETHING ON OUR WEBSITE TO LET THE PUBLIC KNOW IF AN EMPLOYEE HAS ACCESS TO THE INTERNET.	WE DON'T BELIEVE THAT THE OUTAGE WOULD BE LONG BECAUSE SPECTRUM WOULD BE WORKING TO FIX IT FOR US AND ANY OF THEIR OTHER CLIENTS AFFECTED.		STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 ACCOUNT NUMBER: 8260163000015473 WEBSITE: SPECTRUMBUSINESS.NET PHONE: 1-888-812-2591

TAIPA Enterprise Risk and Emergency Management Plan

		OCCURRED PREVIOUSLY				
THIS WOULD EFFECT ALL TAIPA OPERATIONS.			TAIPA HAS THE ABILITY TO WORK FROM HOME IF THE OUTAGE PERSISTS.	TAIPA HAS THE ABILITY TO WORK FROM HOME IF THE OUTAGE PERSISTS.		

SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
Website through WP Engines crashes	LOW	MEDIUM				
	WE HAVE NOT EXPERIENCED ANY PROBLEMS WITH OUR WEBSITE TO DATE. WP ENGINES IS AN INDEPENDENT COMPANY THAT MANAGES SERVERS FOR OTHER ENTITIES AS WELL SO THERE IS PRESSURE TO KEEP ALL WEBSITES UP AND OPERATING	WE EXPECT THAT THIS WOULD BE FIXED PROMPTLY.		WE DON'T BELIEVE THAT THE OUTAGE WOULD BE LONG BECAUSE WP ENGINES WOULD BE WORKING TO FIX IT FOR US AND ANY OF THEIR OTHER CLIENTS AFFECTED.		STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 TAIPA.org Website Hosting (WP Engine) https://my.wpengine.com/

SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
AIPSO System crashes	LOW	HIGH				
THIS INCLUDES EASI 2.0 AND THE APS SYSTEM APS SYSTEM IS OUR CUSTOMER SERVICE DATA BASE FOR COMPANIES & PRODUCERS. EASI 2.0 IS THE SYSTEM THAT WE USE TO ENTER APPLICATIONS EASI ADMIN 2.0 IS THE SYSTEM THAT WE USE TO MONITOR APPLICATION PROCESSES	AIPSO IS THE SYSTEM PROVIDER FOR MOST STATES AS WELL SO THERE IS PRESSURE TO KEEP ALL SYSTEMS UP AND OPERATING	WE EXPECT THAT THIS WOULD BE FIXED PROMPTLY.	AIPSO MAINTAINS TAIPA'S INFORMATION AND HAS DATA SECURITY PLANS IN PLACE AS WELL AS INSURANCE TO COVER ANY SECURITY BREACHES			STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 AIPSO 888-424-0026 OR 401-429-1567

TAIPA Enterprise Risk and Emergency Management Plan

<p>ALL THE ABOVE SYSTEMS HAVE THE GREATEST IMPACT ON TAIPA'S ABILITY TO SERVICE INSUREDS, PRODUCERS, & COMPANIES.</p> <p>WITHOUT THE USE OF THE LISTED ABOVE ALL PROCESS WOULD HAVE TO BE DONE MANUALLY.</p>						
			AIPSO HAS SENT INFORMATION ABOUT THEIR DATA SECURITY			

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

TAIPA Enterprise Risk and Emergency Management Plan

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

TAIPA Enterprise Risk and Emergency Management Plan

LOSS OF VENDORS

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

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

SPECIFIC EVENT:	RISK	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
		PROBABILITY	IMPACT				
LOSS OF VENDOR – AIPSO		LOW	HIGH				
		THERE IS NO INDICATION THAT AIPSO IS GETTING OUT OF THIS BUSINESS. IF THEY DID WANT TO STOP DOING BUSINESS WITH TAIPA,	THERE ARE NO OTHER ORGANIZATIONS THAT PROVIDE THIS TYPE OF SERVICE IN THE MARKET. WE ATTEMPTED TO CREATE OUR OWN SYSTEM USING A	WE HAVE IMPROVED OUR RELATIONSHIP WITH AIPSO STARTING IN 2010 AND CONTINUE TO DO SO. AIPSO NOW WORKS WITH TAIPA EMPLOYEES TO			STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927

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	THERE WOULD BE SOME PRESSURE APPLIED TO AIPSO BY THE INDUSTRY TO CONTINUE TO WORK WITH TAIPA. WE HAVE SEEN THIS DONE IN THE PAST. WE HAVE IMPROVED OUR RELATIONSHIP WITH AIPSO OVER THE YEARS.	SOFTWARE DEVELOPMENT ORGANIZATION AND THEY WERE UNABLE TO PRODUCE ANYTHING USABLE.	IMPROVE THEIR SERVICE TO TAIPA AS ISSUES ARISE OR AS THEY DEVELOP NEW WAYS OF PROVIDING SERVICE.			
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SPECIFIC EVENT:	RISK	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
		PROBABILITY	IMPACT				
LOSS OF VENDOR – FROST BANK		VERY LOW	LOW				
	TAIPA IS VERY COMFORTABLE WITH OUR RELATIONSHIP WITH FROST BANK AND IT APPEARTS THAT FROST BANK IS COMFORTABLE WITH TAIPA AS WELL. THE BANK SEEMS TO UNDERSTAND OUR BUSINESS AND HAS WORKED TO PROVIDE US WITH A \$300,000 LINE OF CREDIT.	THERE ARE MANY OTHER BANKS AND WE ARE COMFORTABLE THAT THEY COULD BECOME COMFORTABLE WITH HOW TAIPA OPERATES AND PROVIDE THE SAME SERVICES THAT FROST CURRENTLY DOES.	WE WORK WELL WITH FROST BANK AND CONTINUE TO FOSTER A GOOD WORKING RELATIONSHIP WITH THEM.	BOTH MIMI LEECE AND STACY DUTTON WORKED ON CHANGING OUR BANK IN THE PAST SO WE HAVE DIRECT EXPERIENCE MAKING THIS CHANGE IF WE NEEDED TO.			STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927

SPECIFIC RISK EVENT:	RISK ASSESSMENT OVERALL		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
LOSS OF VENDOR – SAGE/ACCPAC	LOW	LOW				
SAGE/ACCPAC is our accounting software	TAIPA HAS USED THE ACCPAC SYSTEM FOR A	THERE ARE MANY OTHER PROVIDERS	IF IT HAPPENED THAT THE SOFTWARE WAS NO			MIMI LEECE 512-531-7258 (CELL) 512-468-6927

TAIPA Enterprise Risk and Emergency Management Plan

	VERY LONG TIME AND WE ARE COMFORTABLE WITH IT.	IN THE MARKET.	LONGER SUPPORTED, WE COULD CONTINUE TO USE BECAUSE WE OWN THE SOFTWARE AND WE HAVE A FIRE WALL.			TEXAS AUTO INSURANCE PLAN ACCOUNT: A00032479 www.customers.sagenorthamerica.com 866-996-7243
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SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
LOSS OF VENDOR – TELEPHONE CONNECTION	LOW	LOW				
Telephone Connection manages TAIPA's phones and has for several years.	TELEPHONE CONNECTION DOES NOT APPEAR TO BE LEAVING THE MARKET	THERE ARE OTHER PROVIDERS IN THE MARKET INCLUDING VINTAGE IT NOW	IF IT HAPPENED WE COULD EASILY FIND ANOTHER PROVIDER			MIMI LEECE 512-531-7258 (CELL) 512-468-6927

SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
LOSS OF VENDOR – ADP	LOW	LOW				
ADP is our software that we use for payroll and tax filing	ADP DOES NOT APPEAR TO BE LEAVING THE MARKET	THERE ARE MANY OTHER PROVIDERS IN THE MARKET.	IF IT HAPPENED WE COULD EASILY FIND ANOTHER PROVIDER OR GO BACK TO USING ACCPAC. WE OWN THE ACCPAC SYSTEM. STACY DUTTON HAS EXPERIENCE WITH CHANGING PROVIDERS FOR PAYROLL.	SINCE WE HAVE A COUPLE OF SOLUTIONS, WE ARE NOT CURRENTLY LOOKING FOR ANOTHER SOLUTION		STACY DUTTON 512.531.7271 (CELL) 512-779-8283 ADP CUSTOMER SERVICE # 1-877-603-7079 ACCT # RNAYQ

TAIPA Enterprise Risk and Emergency Management Plan

FINANCIAL ISSUES

SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
Business risks relevant to financial reporting including fraud	LOW	HIGH				
	<p>THE GOVERNING COMMITTEE IS MADE UP OF A NUMBER OF COMPANY MEMBERS WHO KNOW AND SEE WHAT IS HAPPENING IN THE INSURANCE MARKET. WHENEVER THEY SEE AN ISSUE THAT COULD AFFECT TAIPA, IT IS GENERALLY DISCUSSED IN GOVERNING COMMITTEE MEETING AND/OR WITH TAIPA'S LEGAL COUNSEL AND/OR MANAGEMENT. THIS ALLOWS TAIPA MANAGEMENT TO MAKE PREPARATIONS FOR VARIOUS POSSIBLE SITUATIONS SUCH AS INCREASE OR DECREASED APPLICATIONS.</p> <p>FRAUD HAS NOT BEEN AN ISSUE SINCE 2005-2006. WE HAVE IMPLEMENTED MULTIPLE CHECKS TO ENSURE THAT EMPLOYEES DON'T USE THE COMPANY CREDIT CARDS FOR PERSONAL USE AND WE</p>	<p>IF SOMETHING IN THE MARKET CHANGED AND APPLICATIONS WOULD BE INCREASED, TAIPA WOULD NEED TO STAFF UP AND MAY NEED TO EITHER USE OUR LINE OF CREDIT AND/OR HAVE AN ADDITIONAL ASSESSMENT. IF SOMEONE EMBEZZLED FUNDS, WE WOULD MOST LIKELY NOT BE ABLE TO MEET OUR FINANCIAL OBLIGATIONS AND WOULD NEED TO GET ADDITIONAL FUNDS THROUGH AN ASSESSMENT TO THE COMPANIES.</p>	<p>TAIPA DOES NOT HAVE A DEBIT CARD FOR ANY OF OUR ACCOUNTS.</p> <p>CREDIT CARDS ARE ONLY GIVEN TO STACY DUTTON, ASSOCIATION MANAGER AND MIMI LEECE, MANAGER OF OPERATIONS/ FINANCIAL MANAGEMENT.</p> <p>FRONT OFFICE PERSONNEL ARE IN THE PROCESS OF BEING TRAINED TO ENTER ALL INCOMING AND OUTGOING PAYMENTS.</p> <p>MIMI IS THE FIRST LEVEL OF MANAGEMENT TO REVIEW AND APPROVE THE PAYMENTS IN AND OUT OF OUR ACCOUNTS. STACY SIGNS OFF ON ALL OF THE CHECKS, POSTS ALL JOURNAL ENTRIES SO ALL PAYMENTS IN AND OUT ARE ULTIMATELY SEEN AND APPROVED BY HER.</p> <p>IN ADDITION, STACY AND MIMI REVIEW THE GL TRANSACTION LISTING TO VERIFY THAT ALL PAYMENTS/CREDITS ARE MADE IN THE PROPER GL.</p> <p>MIMI OVERSEES THE ACCOUNTING INFORMATION. SHE RECORDS JOURNAL ENTRIES AND PREPARES INTERNAL FINANCIALS. THEY ENSURE THAT ALL IMPORTANT INFORMATION IS PROCESSED AND COMMUNICATED ACCORDINGLY. INFORMATION IS REVIEWED AT SEVERAL LEVELS, INCLUDING BY THE ASSOCIATION MANAGER AND THE GOVERNING COMMITTEE.</p> <p>ANY CONTROL BREAKDOWNS WOULD BE READILY APPARENT. BECAUSE TAIPA IS SO SMALL AND STAFF GENERALLY KNOWS THE NORMAL INVOICES WE NEED TO PAY EACH MONTH SO TYPICALLY, ANY ISSUES WOULD BE CAUGHT WITHIN</p>			<p>STACY DUTTON 512.531.7271 (CELL) 512-779-8283</p> <p>MIMI LEECE 512-531-7258 (CELL) 512-468-6927</p>

TAIPA Enterprise Risk and Emergency Management Plan

	<p>ENSURE THAT WE UNDERSTAND THE REASON FOR ALL PAYMENTS MADE TO OUR VENDORS</p> <p>IF FALSE INFORMATION WERE REPORTED, IT WOULD LIKELY LEAD THE STAFF AND THE GOVERNING COMMITTEE TO MAKE POOR DECISIONS WITH REGARD TO WHAT TAIPA CAN/SHOULD DO WITH REGARD TO ANY ISSUES THAT DEPEND ON TAIPA'S FINANCIAL POSITION.</p>		<p>THE SAME MONTH. ON THE OUTSIDE, IT WOULD BE CAUGHT WHEN THE VENDOR CONTACTS US TO FIND OUT ABOUT PAYMENT OR AND INSURANCE COMPANY CONTACTS US WITH QUESTIONS ABOUT HOW THEIR PAYMENTS WERE APPLIED.</p> <p>MIMI LEECE HAS AN UNDERSTANDING OF THE POTENTIAL CONTROL DEFICIENCIES, AND TRIES TO IMPLEMENT CONTROLS TO MITIGATE ACTIVITIES RELEVANT TO THE AUDIT, AND HOW THE ENTITY INITIATES REMEDIAL ACTIONS TO DEFICIENCIES IN ITS CONTROLS;</p> <p>THE CLASSES OF TRANSACTIONS THAT ARE SIGNIFICANT TO THE FINANCIAL STATEMENTS INCLUDE ALL FUNDS COMING IN AND OUT OF TAIPA ARE SIGNIFICANT GIVEN THAT WE ARE A SMALL OPERATION AND TRY TO OPERATE ON A BUDGET THAT IS FAIR TO OUR MEMBER COMPANIES SINCE THEY ARE ULTIMATELY RESPONSIBLE FOR PAYING FOR TAIPA. MIMI IS RESPONSIBLE TO ENSURE ALL TRANSACTIONS ARE ACCURATE – I.E. PAID IN FULL, RECORDED IN THE CORRECT GL, RECORDED IN THE CORRECT REPORTING PERIOD, AND TO VERIFY THAT EACH TRANSACTION RECORDED ACTUALLY TOOK PLACE. MIMI IS ALSO RESPONSIBLE TO ENSURE THAT ALL ASSETS AND LIABILITIES ARE UPDATED AND REPORTED AND ENSURE THAT ALL OF THE BALANCES EXIST. STACY IS RESPONSIBLE TO OVERSEE THIS AND BE A FINAL INTERNAL CHECK. IN ADDITION, TAIPA SENDS ITS MONTHLY FINANCIALS TO TYLER MOSLEY AT ATCHLEY AND ASSOCIATES TO REVIEW.</p> <p>THE PROCEDURES, WITHIN BOTH IT AND MANUAL SYSTEMS, BY WHICH THOSE TRANSACTIONS ARE INITIATED, RECORDED, PROCESSED, CORRECTED AS NECESSARY, TRANSFERRED TO THE GENERAL LEDGER AND REPORTED IN THE FINANCIAL STATEMENTS;</p> <p>- MANAGER OF OPERATIONS/ FINANCIAL MANAGEMENT IS RESPONSIBLE FOR CREATING THE ASSESSMENTS FOR EACH OF THE MEMBERS OF THE ASSOCIATION BASED ON THE ASSESSMENT APPROVED BY THE GOVERNING</p>			
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TAIPA Enterprise Risk and Emergency Management Plan

		<p>COMMITTEE FOR THE UPCOMING YEAR AND EACH COMPANY'S SHARE OF THE TEXAS AUTO LIABILITY MARKET. THE ASSESSMENTS ARE SENT OUT AT THE END OF THE PREVIOUS YEAR AND PAYABLE ON OR BEFORE FEBRUARY 1ST OF THE CURRENT YEAR. THE ASSESSMENTS COME IN BY CHECK AND ARE ENTERED AND DEPOSITED OR BY EFTS TO TAIPA'S OPERATIONS ACCOUNT.</p> <p>VENDORS SEND TAIPA INVOICES BY MAIL OR EMAIL, ACH TRANSFERS, OR BY CREDIT CARD. THE MANAGER OF OPERATIONS/FINANCIAL MANAGEMENT IS RESPONSIBLE FOR VERIFYING THAT THE PAYMENT SHOULD BE MADE, PULLING THE DOCUMENTATION, AND RECORDING THE PAYMENT, OR CUTTING A CHECK.</p> <p>THE CUSTOMER SERVICE/ ADMINISTRATIVE SUPPORT SPECIALISTS ARE IN THE PROCESS OF BEING TRAINED ON HOW TO RECORD OR CHECK THESE ENTRIES. THE ASSOCIATION MANAGER IS RESPONSIBLE FOR FINAL APPROVAL, POSTING, AND SIGNING ANY CHECKS.</p> <p>-WHOEVER IS CREATING AN ENTRY IN THE ACCOUNTING SYSTEM IS RESPONSIBLE FOR: ENSURING THAT THE ENTRY IS DOCUMENTED IN THE SYSTEM USING A STANDARD FORMAT, ATTACHING THE SUPPORTING DOCUMENTATION (INVOICE OR ACH TRANSFER) AND USES THE INFORMATION FROM THE SUPPORTING DOCUMENTATION TO MAKE THE ENTRY. THE ENTRY IS THEN REVIEWED FOR ERRORS. IF AN ERROR IS MADE PRIOR TO POSTING, IT IS RETURNED TO THE PERSON WHO CREATED IT FOR CORRECTION. IF IT IS FOUND AFTER POSTING, GENERALLY A JOURNAL ENTRY IS MADE TO CORRECT THE ERROR.</p> <p>TAIPA IS A NON-PROFIT CORPORATION WITH 501(C) (6) DESIGNATION.</p> <p>THE 501(C)(6) DESIGNATION INCLUDES MEMBERSHIP-BASED ORGANIZATIONS OR CLUBS THAT PROMOTE THE BUSINESS INTERESTS OF THEIR MEMBERS, SUCH AS TRADE ASSOCIATIONS AND SPORTS LEAGUES.</p> <p>TAIPA USES ACCRUAL BASIS OF ACCOUNTING.</p>			
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TAIPA Enterprise Risk and Emergency Management Plan

			<p>TAIPA USES ACCOUNTING ESTIMATES</p> <p>BUDGET:</p> <p>TAIPA ESTIMATES THE UPCOMING BUDGET BASED ON THE PREVIOUS YEAR AND MAKING ADJUSTMENTS ON EXPECTED CHANGES, EXPENSES, AND/OR REVENUE.</p> <p>ASSESSMENTS:</p> <p>TAIPA THEN ESTIMATES THE AMOUNT OF CASH IT WILL HAVE AT THE END OF THE YEAR</p> <p>AMOUNT OF MONEY IT WILL NEED TO PAY BILLS UNTIL THE ASSESSMENT INCOME ARRIVES IN THE TAIPA OFFICE.</p> <p>IF THE ESTIMATE OF CASH AT THE END OF THE YEAR IS MORE THAN TAIPA MANAGEMENT ESTIMATES IT WILL NEED FOR THE FIRST COUPLE OF MONTHS OF THE YEAR, IT WILL APPLY THAT "EXCESS CASH" TO THE APPROVED BUDGET AND THEN ONLY ASSESS THE COMPANIES FOR THE DIFFERENCE.</p> <p>APPROVE BUDGET – EXCESS CASH = ASSESSMENTS)</p> <p>REVENUE:</p> <p>TAIPA SIMPLY DIVIDES THE ASSESSMENTS BY 12 AND RECOGNIZES 1/12 OF THE ASSESSMENT EACH MONTH.</p> <p>REGULATORY FACTOR FROM PLAN OF OPERATIONS – NO EXPENDITURE IN EXCESS OF AN APPROVED BUDGETED AMOUNT OR WHICH HAS NOT BEEN INCLUDED IN THE BUDGET MAY BE MADE WITHOUT GOVERNING COMMITTEE APPROVAL.</p> <p>THEREFORE, IF WE ANTICIPATE AN AREA COMING IN OVER BUDGET, TAIPA MANAGEMENT DISCUSSES THE CONCERNS WITH THE VENDORS INVOLVED, AND THE CHAIR IF APPLICABLE. THE ITEM IS THEN DISCUSSED WHEN</p> <p>TAIPA MANAGEMENT GOES OVER THE FINANCIALS AT THE GOVERNING COMMITTEE MEETING. TO DATE, THERE HAS NEVER BEEN A SITUATION WHERE TAIPA HAD TO REQUEST ADDITIONAL FUNDS OR DRAW FROM ITS LINE OF CREDIT.</p> <p>TAIPA'S FRAMEWORKS AND REQUIREMENTS FOLLOW U.S. GAAP.</p> <p>MANAGEMENT & PERSONNEL PREPARE FINANCIAL STATEMENTS</p>			
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TAIPA Enterprise Risk and Emergency Management Plan

		<p>KEEP UP-TO-DATE WITH NEW, RELEVANT ACCOUNTING AND DISCLOSURE REQUIREMENTS THROUGH OUR AUDITORS. TAIPA GOES THROUGH A FINANCIAL AUDIT EVERY YEAR TO ENSURE THAT OUR ACCOUNTING INFORMATION IS UP TO DATE AND ACCURATE.</p> <p>TAIPA UTILIZES SAGE SOFTWARE FOR FINANCIAL STATEMENTS. TAIPA HAS A SOP FOR ACCOUNTING PROCEDURES. THIS MANUAL IS UTILIZED ALONG WITH THE SAGE ACCOUNTING SOFTWARE TO ENTER DATA AND DOCUMENT TAIPA'S FINANCIAL STATEMENTS. THE ASSOCIATION MANAGER AND THE MANAGER OF OPERATIONS/FINANCIAL MANAGER REVIEW THE FINANCIAL STATEMENTS BEFORE SENDING THEM TO OUR AUDITORS (ATCHLEY AND ASSOCIATES) FOR REVIEW. THEY ARE THEN PRESENTED TO THE GOVERNING BOARD FOR FINAL APPROVAL.</p> <p>MANAGEMENT RELIES ON SAGE SOFTWARE FOR REPORTING FOR FINANCIAL STATEMENTS. REPORTS ARE GENERATED FROM THE GENERAL LEDGER AND SUB LEDGER. THESE REPORTS ARE REVIEWED BY THE MANAGER OF OPERATIONS/FINANCIAL MANAGER AND THE ASSOCIATION MANAGER. TAIPA USED JOURNAL ENTRIES TO CORRECT ANY ERRORS TO THE SUB-LEDGER AND THE GENERAL LEDGER. THESE CORRECTIONS ARE DISCUSSED WITH TAIPA'S AUDITORS (ATCHLEY AND ASSOCIATES) AND THE ACCOUNTING TEAM TO ENSURE ACCURATE ACCOUNTING REPORTING.</p> <p>-PRIOR TO RELEASING FINANCIAL STATEMENTS, THEY ARE REVIEWED BY BOTH THE MANAGER OF OPERATIONS/FINANCIAL MANAGEMENT AND THE ASSOCIATION MANAGER. IN ADDITION, TAIPA ALSO SENDS OUR FINANCIALS TO TYLER MOSLEY OF ATCHLEY AND ASSOCIATES TO REVIEW FOR ANY ERRORS.</p> <p>TAIPA STAFF HAS WORKED WITH THE GOVERNING COMMITTEE TO PROVIDE INFORMATION IN AN EASY TO UNDERSTAND FORMAT THAT INDICATES THE REASON FOR ANY VARIANCE THAT IS MORE THAN 5%</p>			
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TAIPA Enterprise Risk and Emergency Management Plan

			<p>MORE OR 5% LESS THAN EXPECTED AT THE TIME OF REPORTING AND THE REASON FOR THIS. IN ADDITION, THE STANDARD FINANCIALS ARE PREPARED AND DISTRIBUTED TO THE GOVERNING COMMITTEE AT EACH MEETING. THE ASSOCIATION MANAGER SPECIFICALLY GOES OVER WHERE TAIPA STANDS FINANCIALLY IN THE MEETING.</p> <p>MANAGER OF OPERATIONS/FINANCIAL MANAGEMENT WORKS VERY CLOSELY WITH ATCHLEY AND ASSOCIATES ON HOW TAIPA RECORDS SHOULD BE DOCUMENTED AND PRESENTS ITS FINANCIALS.</p> <p>TAIPA USES VERY FEW ESTIMATES IN ITS ACCOUNTING PROCESS.</p> <p>THE SOURCES OF THE INFORMATION USED IN THE ENTITY'S MONITORING ACTIVITIES, AND THE BASIS UPON WHICH MANAGEMENT CONSIDERS THE INFORMATION TO BE SUFFICIENTLY RELIABLE INCLUDE THE GENERAL LEDGER TRANSACTION LISTING. MIMI UTILIZED THIS REPORT FROM SAGE TO DETERMINE BUDGETED LINE ITEMS. THE TRIAL BALANCE LISTS EVERY GENERAL LEDGER ACCOUNT AND ITS BALANCE, MAKING ADJUSTMENTS EASIER TO CHECK AND ERRORS EASIER TO LOCATE.</p> <p>WITH REGARD TO JOURNAL ENTRIES AND OTHER ADJUSTMENTS. MIMI DETERMINES WHEN JOURNAL ENTRIES ARE NEEDED AND CREATES THE JOURNAL ENTRY AND ATTACHES ALL SUPPORTING DOCUMENTATION. IF NON-STANDARD -MIMI WILL GET ASSISTANCE FROM JAIME...., TAWNEY... AND/OR TYLER MOSLEY. THE ASSOCIATION MANAGER REVIEWS THE JOURNAL ENTRY AND POSTS THEM.</p> <p>THE MANAGER OF OPERATIONS/FINANCIAL MANAGER AND THE ASSOCIATION MANAGER HAVE PHYSICAL CONTROL AND ACCESS TO POSTED JOURNALS.</p> <p>THE TYPES OF JOURNAL ENTRIES AND OTHER ADJUSTMENTS ARE: -STANDARD ENTRIES INCLUDE: REVENUE..., ACCRUALS FOR ITEMS</p>			
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TAIPA Enterprise Risk and Emergency Management Plan

			<p>PAID IN PREVIOUS MONTH, DEPRECIATION, AMORTIZATION, -NON-ROUTINE ARE GENERALLY CORRECTIONS OF AN ITEM THAT WAS POSTED INCORRECTLY (I.E. POSTED TO WRONG GL)</p> <p>BECAUSE TAIPA HAS SEPARATION OF DUTIES AS DEFINED BY OUR ACCOUNTING MANUAL, MANUAL AND AUTOMATED PROCESSES ARE OF LOW RISK.</p> <p>MANUAL CONTROLS ARE IN PLACE, THESE ENTRY INPUT ARE PROCESSED IN SAGE (TAIPA'S AUTOMATED ACCOUNTING SOFTWARE). ALL INVOICES FOR BOTH ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE MUST HAVE CORRELATING DOCUMENTATION BEFORE IT IS ENTERED INTO SAGE.</p> <p>THIS ENSURES THAT:</p> <ul style="list-style-type: none"> • INPUT DATA IS ACCURATE, COMPLETE, AUTHORIZED, AND CORRECT. • DATA IS PROCESSED AS INTENDED IN AN ACCEPTABLE TIME PERIOD. • DATA STORED IS ACCURATE AND COMPLETE. • OUTPUTS ARE ACCURATE AND COMPLETE. • A RECORDS ARE MAINTAINED TO TRACK THE PROCESS OF DATA FROM INPUT TO STORAGE AND TO THE EVENTUAL OUTPUT. <p>ONLY THE MANAGER OF OPERATIONS/FINANCIAL MANAGER AND THE ASSOCIATION MANAGER HAVE THE ABILITY TO OVERRIDE ANY MANUAL AND/AUTOMATED PROCESS.</p> <p>THE MANAGER OF OPERATIONS/FINANCIAL MANAGER AND THE ASSOCIATION MANAGER REVIEW AND CORRECT ENTRIES..</p>			
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TAIPA Enterprise Risk and Emergency Management Plan

SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT	PROBABILITY IMPACT	CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
DEFINED BENEFIT (PENSION) RISK	MEDIUM	MEDIUM				
	WHENEVER THE MARKET DOESN'T DO WELL, THERE IS A RISK THAT THE PLAN WILL NOT DO WELL AND TAIPA WILL HAVE TO PAY ADDITIONAL FUNDS. THIS IS CONSIDERED MEDIUM AS OUR PLAN IS WELL FUNDED BUT WE HAVE YEARS WHERE THE COSTS GO UP SUBSTANTIALLY	SINCE WE ARE NOT A PUBLIC COMPANY, OUR FINANCIALS ARE NOT AS IMPORTANT AS IT IS FOR PUBLIC COMPANIES. THAT SAID, HAVING TO THROW EXTRA DOLLARS IN THE PLAN IS NOT APPRECIATED BY THE COMPANY MEMBERS WHO FUND THE PLAN	OUR PLAN ADMINISTRATORS MONITOR THE PLAN AND THEY HAVE A SET OF CRITERIA THAT THEY MEASURE AGAINST. THIS OBVIOUSLY DOESN'T ALWAYS WORK OUT IF THE MARKET IS VOLITILE. IN ADDITION, WE LIMITED THE PLAN TO CURRENT EMPLOYEES AT THE END OF 2019. THEREFORE WE ONLY HAVE TWO EMPLOYEES IN THE PLAN WHO CONTINUE TO ACCRUE BENEFITS. THAT SAID, WE STILL HAVE A NUMBER OF TERMINATED/RETIRED EMPLOYEES WHO ARE DRAWING FROM THE PLAN OR WILL DRAW FROM THE PLAN IN THE FUTURE.	AT THIS POINT WE ARE WAITING TO SEE HOW THE PLAN DOES IN A YEAR THAT ISN'T AS VOLITILE DUE TO COVID, ETC. WHEN THE OUTSIDE CONSULTANTS REVIEWED OUR PLAN, THEY INDICATED THAT THEY THOUGHT THAT OUR COSTS WOULD GO DOWN IN THE FUTURE BECAUSE OF HOW WELL FUNDED THE PLAN IS.		STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 LARRY HELLER (201) 741-7449 PPIO GARY STOVER (515) 452-4279 PRINCIPAL FINANCIAL
SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
RUNNING OUT OF MONEY	LOW	HIGH				
	IT HAS NOT BEEN AN ISSUE TO DATE AND IF IT BECAME A PROBLEM, WE HAVE THE	IF WE RAN OUT OF MONEY, WE COULD ALSO SEND OUT AN ASSESSMENT	WE TYPICALLY HAVE ABOUT 3 MONTHS SUPPLY OF FUNDS AT HAND DURING THE YEAR AND WE HAVE A \$300,000 LINE OF CREDIT.			STACY DUTTON 512.531.7271 (CELL) 512-779-8283

TAIPA Enterprise Risk and Emergency Management Plan

	\$300,000 LINE OF CREDIT AVAILABLE.	TO ALL OF THE MEMBER COMPANIES TO COVER IT, BUT IT WOULD TAKE ABOUT 30 DAYS TO COLLECT.				MIMI LEECE 512-531-7258 (CELL) 512-468-6927
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SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
LINE OF CREDIT NOT BEING RENEWED	LOW	MEDIUM				
	IT HAS NOT BEEN AN ISSUE TO DATE.	IF OUR LINE OF CREDIT WAS NOT RENEWED, WE WOULD FIRST TRY ANOTHER BANK AND IF THIS DID NOT WORK, WE COULD ALSO SEND OUT AN ASSESSMENT TO ALL OF THE MEMBER COMPANIES, BUT IT WOULD TAKE ABOUT 30 DAYS TO COLLECT.	WE FEEL CONFIDENT THAT WE COULD GET ANOTHER BANK TO GIVE US A LINE OF CREDIT OR WE COULD ALSO MAKE AN EMERGENCY ASSESSMENT.			STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927

TAIPA Enterprise Risk and Emergency Management Plan

PERSONNEL CHANGES

SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
LOSS OF TWO OR MORE EMPLOYEES AT THE SAME TIME	MEDIUM	HIGH				
	THIS HAPPENED IN 2019. WE LOST ONE LONG TERM EMPLOYEE AND ONE EMPLOYEE WHO HAD BEEN HERE A YEAR	IT DEPENDS ON WHICH EMPLOYEES WOULD LEAVE BUT REGARDLESS IT IS DIFFICULT TO HAVE 2 EMPLOYEES PERFORMING ALL OF THE DUTIES	WE CONTINUE TO CROSSTRAIN THE EMPLOYEES. DUE TO THE FACT THAT WE HAVE HAD THIS TURNOVER, THIS IS AN ONGOING PROCESS.	STAFF IS CURRENTLY WORKING ON DEVELOPING A SYSTEM THAT WILL INCLUDE ALL OF OUR SOPS IN ONE PLACE AND TO MAKE THAT AN ACCESSABLE AND MANAGABLE SYSTEM THAT INCORPORATES THE CALENDAR AS WELL		STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 MISHAYLA TWAYMAN 512-531-7265 RUTH WISE 512-531-7263

SPECIFIC RISK EVENT:	RISK OVERALL ASSESSMENT		CURRENT RISK MANAGEMENT	CONTROL IMPROVEMENT	STATUS	RESPONSIBLE TAIPA EMPLOYEE / VENDOR CONTACT/ COMMENTS
	PROBABILITY	IMPACT				
Death of an Employee	MEDIUM	HIGH				
			WE CONTINUE TO CROSSTRAIN THE EMPLOYEES. DUE TO THE FACT THAT WE HAVE HAD THIS TURNOVER, THIS IS AN ONGOING PROCESS.	STAFF IS CURRENTLY WORKING ON DEVELOPING A SYSTEM THAT WILL INCLUDE ALL OF OUR SOPS IN ONE PLACE AND TO MAKE THAT AN ACCESSABLE AND MANAGABLE SYSTEM THAT INCORPORATES THE CALENDAR AS WELL		STACY DUTTON 512.531.7271 (CELL) 512-779-8283 MIMI LEECE 512-531-7258 (CELL) 512-468-6927 MISHAYLA TWAYMAN 512-531-7265 RUTH WISE 512-531-7263

TAIPA Enterprise Risk and Emergency Management Plan

	THIS HAPPENED IN 2016	IT DEPENDS ON WHICH EMPLOYEES WOULD PASS BUT REGARDLESS IT IS DIFFICULT WITH SUCH A SMALL STAFF	WE WOULD NEED TO RETRIEVE TAIPA PROPERTY LEFT AT EMPLOYEES HOME	WE NEED TO COME UP WITH A PLAN WHERE EMPLOYEES KEEP ALL TAIPA INFORMATION TOGETHER IN ONE LOCATION TO MAKE IT EASIER FOR FAMILY MEMBERS – SHOULD BE CLEARLY IDENTIFIABLE AND INCLUDE THE LIST OF ALL OF THE ITEMS THAT EACH EMPLOYEE HAS AT HOME		
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DATA BREACH

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

4 EMERGENCY MANAGEMENT

4.1 POLICY AND ORGANIZATIONAL STATEMENTS

The purpose of this plan is to provide guidance for the management and staff of Texas Automobile Insurance Plan Association (TAIPA) to recover from the effects of a catastrophic incident that disrupts the operations of business functions and results in great damage or loss.

4.2 PURPOSE/SCOPE

This plan is developed and maintained in support of the following objectives

- Safety & Security of people, property, and information
- Meet or exceed Customer Requirements
- Perpetuate a positive organization image

Although this plan provides guidance for disaster recovery efforts, it is not a substitute for sound judgment.

4.3 USAGE

The contents of this plan will be used by team members for preparatory actions to minimize the effects of catastrophic incidents and to manage a smooth and orderly recovery from the effects of a disaster event.

4.4 DISTRIBUTION

Each team member will receive 2 copies of the plan. One to be kept in the workplace and one to be kept at home. In addition, we will have one copy on the shared drive

It is important to read through this information now. If you are ever confronted with this situation, you will want to know what you need to do to keep yourself and your colleagues safe. You may not remember that you have this information near you, but you may remember and recall what you are reading now.

4.5 DEFINITIONS OF EMERGENCY

Any accidental, natural, environmental, incited or planned event which threatens to or does disrupt normal operations or services and which is expected to continue for sufficient time to affect significantly, or to cause failure of the organization's ability to provide normal business services for more than 48 hours.

Examples are:

Accidental	Fire, Errors and Omissions
Natural	Flood, Winter Storm, Electrical Storm, Hurricane, Tornado
Environmental	Aircraft crash, Explosion, Contamination, Power
Incited	Arson, Sabotage, Vandalism, Computer related fraud
Planned	Activity that prevents normal business activity

4.6 RESPONSE, RECOVERY, AND RESTORATION

Response, Recovery, and Restoration will be based on the expected length of outage and affected operations rather than the type of incident.

Level I An interruption of more than 24 hours but less than 5 days.

Level II An interruption of 5 to 7 days

TAIPA Enterprise Risk and Emergency Management Plan

Level III An interruption of more than 7 days

4.7 NOTIFICATION

- Members of the team make an initial assessment of the damage and/or impact and report it to the Association Manager.
- If a Level II or III incident is indicated, the Governing Committee will be notified.
- The Association Manager or designee will advise the Governing Committee members know the status of the disaster.
- If the office is not available, employees will be notified when and where to report to work.

4.8 EVACUATION PLAN

Evacuation may be required if there is a fire or hazard in the building.

Employees will be warned to evacuate the building using the following systems.	Fire Alarm Building Management TAIPA Management Typically employees will use the stairs to evacuate the building.
Employees should assemble at	
TAIPA Management will verify that all employees and visitors to the TAIPA office are accounted for and determine if anyone is injured.	

**SHELTER-IN-PLACE
SEVERE WEATHER/TORNADO SHELTERING PLAN**

Shelter-In-Place	
Team Leader	Stacy Dutton/Mimi Leece
Employees will be directed to go to	
TAIPA Management will verify that all employees and visitors to the TAIPA office are accounted for and determine if anyone is injured.	
Person monitoring weather sources for updated emergency instructions and broadcasts if issued by weather service.	Stacy Dutton/Mimi Leece Building Management
Designated tornado shelters	
Familiarize yourself with these terms to help identify a tornado hazard:	<ul style="list-style-type: none"> • Tornado Watch: Tornadoes are possible. Remain alert for approaching storms. Stay tuned to Weather Radio, radio, or internet news for information. • Tornado Warning: A tornado has been sighted or indicated by weather radar. If you are under a tornado warning, seek shelter immediately!
If you are not in the TAIPA office	<ul style="list-style-type: none"> • Go to a pre-designated shelter area such as a safe room, basement, storm cellar, or the LOWest building level. If there is no basement, go to the center of an interior room on the LOWest level (closet, interior hallway) away from corners, windows, doors, and outside walls. Put as many walls as possible between you and the outside. Get under a sturdy table and use your arms to protect your head and neck. Do not open windows. • If you are in a vehicle, get out immediately and go to the LOWest floor of a sturdy, nearby building or storm shelter. • If no shelter is available, lie flat in a nearby ditch or depression and cover your head with your hands.

FOR OTHER THREATS OR HAZARDS

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

TAIPA Enterprise Risk and Emergency Management Plan

evacuate.	<ul style="list-style-type: none"> • Call 911 if is safe to do so. • Stay away from windows.
Employees will be directed	
TAIPA Management will verify that all employees and visitors to the TAIPA office are accounted for and determine if anyone is injured.	
Person monitoring news sources and building management directives	Stacy Dutton/Mimi Leece Building Management
Typically will be sent to Interior spaces	

MEDICAL EMERGENCY PLAN

If medical emergency occurs	<p>Dial 911 and request an ambulance. Provide the Following information:</p> <ul style="list-style-type: none"> • Number and location of victims • Nature of injury/illness • Hazard involved • Nearest entrance (emergency access point) • Follow instructions of emergency personnel
Team Leader	Stacy Dutton/Mimi Leece
Location of First Aid Kit	Breakroom
Procedures	<ul style="list-style-type: none"> • Do not move the victim unless the location is unsafe. • Control access to the scene • Take universal precautions to prevent contact with body fluids and exposure to blood-borne pathogens. • Meet the ambulance at the nearest entrance or emergency access point and direct them to victims

FIRE EMERGENCY PLAN

Fire Safety	<ul style="list-style-type: none"> • Know where the emergency exits and fire alarm pull stations are in your building. • Know at least two ways out of your building or off of your floor. • Know where the stairs are. • When you hear the fire alarm, evacuate! Do not assume it is a drill or false alarm
If fire is reported	<p>Pull the fire alarm (if available and not already activated.)</p> <p>Immediately evacuate the building.</p> <p>Check your evacuation route for smoke. If unsafe, take an alternate route.</p> <p>Dial 911 and let the Fire Department know. Provide the following information:</p> <ul style="list-style-type: none"> • Business Name and address – TAIPA, 805 Las Cimas, Las Cimas III Austin, TX 78746 • Nature of Fire • Fire Location – Building and Floor • Name of person reporting the fire • Telephone number for return call <p>Unless told otherwise by building announcements or emergency officials, go to your predetermined assembly location.</p> <p>Do not re-enter the building until emergency officials declare it safe.</p>
Team Leader	Stacy Dutton/Mimi Leece

BOMB THREAT EMERGENCY PLAN

TAIPA Enterprise Risk and Emergency Management Plan

DO NOT EVACUATE UNLESS TO DO SO BY EMERGENCY PERSONNEL	
If you receive a bomb threat	<ul style="list-style-type: none"> • Do Not assume it is a hoax. • Remain calm; try to get someone's attention to listen in on the call; and obtain as much information as possible from the caller: <ul style="list-style-type: none"> ○ When is the bomb going to explode? ○ Where is it? ○ What does it look like? ○ What will cause it to explode? ○ Why did you place the bomb? • If you have caller ID, write down the phone number that is displayed. Remember: <ul style="list-style-type: none"> ○ Woman's or man's voice? ○ Approximate age? ○ Accent? ○ Tone of voice? ○ Background noise? • Call 911 Ask for immediate assistance and provide the following information: <ul style="list-style-type: none"> ○ Business Name and address – TAIPA, 805 Las Cimas, Las Cimas III Austin, TX 78746 ○ Nature and extent of the emergency ○ Your name and a number to reach you ○ Follow the instructions of emergency personnel
Team Leader	Stacy Dutton/Mimi Leece

5 RISK MANAGEMENT PLAN APPROVAL

The undersigned acknowledge they have reviewed the **Risk Management Plan** for TAIPA. Changes to this Risk Management Plan will be coordinated with and approved by the undersigned or their designated representatives.

Signature: _____ Date: _____

Print Name: Stacy Dutton

Title: Association Manager

Role: _____

Signature: _____ Date: _____

Print Name: _____

Title: _____

Role: _____

Signature: _____ Date: _____

Print Name: _____

Title: _____

Role: _____

Signature: _____ Date: _____

Print Name: _____

Title: _____

Role: _____

TAIPA Enterprise Risk and Emergency Management Plan

TYPE OF CONTACT	CONTACT OR VENDOR	CONTACT INFORMATION
TAIPA GOVERNING COMMITTEE	TAIPA GOVERNING COMMITTEE CHAIRMAN	CORISE MORRISON 210-913-4446
TAIPA GOVERNING COMMITTEE	TAIPA GOVERNING COMMITTEE	SEE ATTACHED LIST
	MAIL COURIERS	COURIER DEPOT: 512-459-7472 ROBERT@COURIERDEPOT.COM CUSTOMER NUMBER: 1812 POST OFFICE (NORTHCROSS LOCATION): (800) 275-8777 FED EX (CUSTOMER SERVICE): 1 (800) 463-3339 UPS (CUSTOMER SERVICE): 1 (800) 742-5877
	SHRED COMPANY –	BALCONES SHRED (512) 744-4999 ACCOUNT NUMBER:SDA0103662 BALCONES SHRED (512) 744-4999 ACCOUNT NUMBER:SDA0103662
	LAS CIMAS MANAGEMENT COMPANY	LAS CIMAS BUILDING MANAGEMENT: ADAM BENOIT, CPM, RPA, LEED, APO+M ASSOCIATE DIRECTOR ASSET SERVICES MAIN: 512 814 3430 ADAM.BENOIT@CUSHWAKE.COM 807 LAS CIMAS PARKWAY, SUITE 120 AUSTIN, TX 78746 USA
COMPANIES THAT PROVIDE SERVICES TO TAIPA	TELEPHONE PROVIDER –	TELEPHONE CONNECTION – MATTHEW MONROE, ACCOUNT MANAGER AT TC TECH SYSTEMS 525 ROUND ROCK WEST DR., STE. A100, ROUND ROCK, TX 78681 MAIN: (512) 451-6101 MOBILE: (512) 334-7813 MATTHEW.MONROE@TCTECHSYSTEMS.COM
	IT PROVIDER	VINTAGE IT - 512-481-1117
	INTERNET PROVIDER	SPECTRUM TELEPHONE NUMBER: 1-888-812-2591 ACCOUNT NUMBER:8260163000015473
	SAGE/ACCPAC	JAMIE SCHMULSON (TECH SUPPORT MANAGER): (713) 520-8022 X 102 ACCPAC CUSTOMER SERVICE # CUSTOMER SERVICE 1-866-996-7243 SAGE ACCT # 4000628103
	PAYROLL PROVIDER	ADP CUSTOMER SERVICE # 1-877-603-7079 ACCT # RNAYQ
	SECRETARY OF STATE	(512)463-5555

TAIPA Enterprise Risk and Emergency Management Plan

	WEBSITE PROVIDER	WP ENGINES LOGIN: NMORGAN PASSWORD: TEXASTAIPA123!! (LOWERCASE "EXAS")
	AIPSO	<p>QUOTA SUPPORT (QUOTA RELATED INFORMATION & DOCUMENTATION) TAIPAQUOTASUPPORT TAIPAQUOTASUPPORT@AIPSO.COM</p> <p>COMPANY UPDATES: LEITE, KAREN KAREN.LEITE@AIPSO.COM ALLISON FIKRI ALLISON.FIKRI@AIPSO.COM</p> <p>APS REWRITE (ISSUES WITH APS-BATCH, EASI ENTRIES, ETC.) APS REWRITE SUPPORT APSREWRITESUPPORT@AIPSO.COM</p> <p>AUTOMATION SUPPORT (RSV TOKENS & PASSWORDS) AUTOMATION.SUPPORT@AIPSO.COM</p> <p>COMPUTER OPERATIONS (EXPORT & RELATED ISSUES) COMPUTER OPERATIONS ComputerOperations@aipso.com</p>
	FROST BANK	<p>FROST BANK CONTACT- RYAN BENNETT(VP)- RYAN.BENNETT@FROSTBANK.COM (512) 473-4308</p> <p>JENNIFER MARTINEZ- ADMIN.OFFICER)- JENNIFER.MARTINEZ@FROSTBANK.COM (512) 473-4512</p>
POTENTIAL VENDORS	TEMPORARY OFFICE SPACE	<p>REGUS 855-400-3575 – RENTS OFFICE SPACE HOURLY, DAILY, MONTHLY, ETC.</p> <p>TARGET OFFICE 888-753-1777- RENT OFFICE SPACE PER PERSON MONTHLY</p>

Exhibit 13

TAIPA PP Over/Under Report

COMPANY

Year End 2016

Year End 2017

Year End 2018

Year End 2019

2nd QTR 2020

3rd QTR 2020

4th QTR 2020

Preliminary Year End 2020

1st QTR 2021

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)		280,342		315,137		266,162		269,040		473,529		9,244	90,920			77,394		91,068
ACE AMERICA	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		2,831
ALLSTATE INS CO		90,642	Entered LAD															
AMER FAMILY MUT INS CO SI				New to quota	6		12		12		12		12		12		12	12
AMER MERCURY INS CO		1,954		7,174		4,047	Entered LAD							Entered LAD		Entered LAD		
ASSURANCEAMERICA INS CO		58	Entered LAD															
AXA INS CO						New to quota	3		11		13		16		21		30	30
BERKLEY INS CO								New to quota	1		2		2	Became grouped		Became grouped		
COLONIAL LLOYDS	Entered LAD																	
CRESTBROOK INS CO		155	Became grouped															
DIRECT GEN INS CO									5		9		17	Became grouped		Became grouped		
FARMERS INS GROUP OF COS	Became grouped																	
FIDELITY NATIONAL IND INS CO	Became grouped																	
FIRST ACCEPTANCE INS CO	Became grouped																	
ELEPHANT INS CO	Became grouped																	
ESURANCE PROP & CAS INS CO	Became grouped																	

COMPANY

Year End 2016

Year End 2017

Year End 2018

Year End 2019

2nd QTR 2020

3rd QTR 2020

4th QTR 2020

Preliminary Year End 2020

1st QTR 2021

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
FALCON INS CO		4	Entered LAD																
FIRST CHICAGO INS CO																		New to quota	5
FREESTONE INS CO		443		443		443		443		443		443		443		443	Went into storage		Went into storage
GENERAL CAS CO OF WISCONSIN		76	Entered LAD																
GOVERNMENT EMPLOYEES INS CO		128,245		96,915		63,079		55,194		30,966		13,303		36,244				28,150	50,508
HALLMARK COUNTY MUT INS CO	443,127		441,819		440,802		440,404		440,343		440,357		440,363		440,269		440,243		
HOMEOWNERS OF AMER INS CO		4,639		4,639		4,639	Went into storage								Went into storage		Went into storage		
HOUSTON GENERAL INS EXCH																			
HOUSTON GENERAL INS EXCH (this is a new company that has generated this quota)							New to quota	26		110		136		104	New to quota	189			224
ICM INS CO		13		13	Went into storage														
IMPERIAL FIRE & CAS	1,381		Became grouped																
INTEGON NATIONAL INS CO	New to quota	279,949		322,579		201,462		249,885		157,513		676,694		864,851		190,495		136,542	
LINCOLN GENERAL																			
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO)	330,044		330,040		330,038		330,038		330,038		330,038		330,038		Went into Storage				
MIDVALE IND CO					New to quota	1													
MILEMETER INS CO	Cert of Authority Cancelled																		

COMPANY Year End 2016 Year End 2017 Year End 2018 Year End 2019 2nd QTR 2020 3rd QTR 2020 4th QTR 2020 Preliminary Year End 2020 1st QTR 2021

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
NATIONAL LIABILITY & FIRE (SC)	Entered LAD																	
NOBLR RECIPROCAL EXCHANGE											New to quota-- AIPSO Error +2	1		8		5	Entered LAD-TAIPA Error	19
OLD AMER COUNTY MUT FIRE INS	New to QTA			Entered LAD														
PALOMAR SPECIALTY INS CO	Became grouped																	
PHARMACISTS MUT INS CO		25	Entered LAD															
RIVERPORT INS CO					New to quota	51	Entered LAD								Entered LAD		Entered LAD	
SOMPO JAPAN INS CO (prev Yasuda F&M)																		
SOUTHLAND LLOYDS INS CO																		
STARR INDEMNITY & LIABILITY CO		955		955	Went into storage													
STATE FARM MUT AUTO INS CO		175,003		193,430		170,618		147,124		64,170		46,171		24,752		104,343		111,872
SUSSEX INS CO (prior Companion Pro & Cas Ins Co) Effective 12/31/2017, Sussex Ins Co merged into CLARENDON NATIONAL INS CO		324		324	CO / Inactive Merged													
TEXAS FARM BUREAU CAS INS CO		53,796		63,251		57,078		44,783		40,230		20,997		4,011		36,078		46,399
TOKIO MARINE & NICHIDO FIRE INS																		
TREXIS ONE INS CORP (prev co ALFA SPECIALTY INS CORP)		88		352		138		659		518		503		494		663		725
UNIVERSAL NORTH AMERICA		89		89	Went into storage													
WINDHAVEN NATIONAL INS. CO (10348 ATX PREMIER INS CO) Co is in receivership as of 03/05/2020		165		264		285		442		42		34		22		88		8
TOTALS	1,019,411	1,019,411	1,008,396	1,008,396	770,840	770,840	770,442	770,442	770,381	770,381	770,395	770,393	897,565	897,563	440,269	440,269	440,243	440,243
PREMIUMS WRITTEN	1,916,600	2,424,419	2,346,137	1,785,296	364,677 2nd qtr	240,357 3rd qtr	238,815 4th qtr	1,262,528	288,482 1st qtr									

TAIPA OTPP Over/Under Report

COMPANY Year End 2016 Year End 2017 Year End 2018 Year End 2019 2nd QTR 2020 3rd QTR 2020 4th QTR 2020 Preliminary Year End 2020 1st QTR 2021

	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		243		243							Entered CLAD	
ALASKA NATL		123	Entered CLAD															
AMALGAMATED CAS INS CO			New to quota	531	Entered CLAD													
AMER BANKERS INS CO OF FLORIDA		328	Became ungrouped co has no Vol Premium (co w/ quota moved to Diamond StateCo is in a CLAD)															
AMER CONTRACTORS INS RISK RET. GRP		16,743		16,743	Went into storage												Started writing again-16,743 out of storage in 2020	
AMER COUNTRY INS CO							767		1,199		1,394		1,536		1,535		1,535	
AMER MERCURY INS CO		4,296		13,859		12,787	Entered CLAD											
AMER NATIONAL PROP & CAS CO		1,522	Entered CLAD															
AMER NATL COUNTY MUT INS CO		107	Became grouped															
AMER ROAD INS CO		248	Entered CLAD															
AMERICAN BUILDERS INS CO (prev Association Ins Co)		320	Entered CLAD															
BRITISH AMERICAN INS CO	2,993		3,696		1,489		1,067		929		867		821		822		770	
CLARENDON NATIONAL INS CO	Went into storage																	
COLUMBIA INS CO	Became grouped																	
COLUMBIA MUT INS CO	Entered CLAD																	
COREPOINTE INS CO (prev Chrysler & Daimlerchrysler)	Entered CLAD																	
GATEWAY INS CO										1,538	New to quota	2,236		2,740		2,739		2,739
GLOBAL LIBERTY INS CO OF NY		462	Entered CLAD															

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COMPANY

Year End 2016

Year End 2017

Year End 2018

Year End 2019

2nd QTR 2020

3rd QTR 2020

4th QTR 2020 Preliminary Year End 2020

1st QTR 2021

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
GOVERNMENT EMPLOYEES INS CO Out of Storage \$514,977 start 2010 less \$5K per year. Current balance as of 2018: \$469,977	26,691		25,871		24,233		485,639		481,884		480,182		467,280		478,955		475,198		
GRAMERCY INS CO		9,371	Went into storage																
HARLEYSVILLE INS CO	New to quota	160	Became grouped Nationwide in a CLAD																
HISCOX INS CO INC		800	Entered CLAD																
HOUSING ENTERPRISE INS CO INC		38	Entered CLAD 1st QTR 2017 *Cancelled CLAD 4th QTR 2017		6		12		12		12		12		12		12		
HOUSTON GENERAL INS EXCHANGE																		New to quota	92
INTEGON NATIONAL INS CO	New to quota	1,673,492		1,695,119		1,715,041		1,764,552		1,760,045		1,759,037		1,742,837		1,775,103		1,769,494	
INTREPID INS CO							New to quota	1		2		3		3	Became grouped				
LINCOLN GENERAL	Went into storage																		
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO & Penn General)	414,900		414,900		414,900		Went into storage												
MIDCONTINENT CAS CO	747,924		746,849		746,030		744,560		743,813		743,474		743,229		743,230		742,983		
MOTORISTS COMM MUT INS CO (prev Amer Hardware Mut Ins Co)	27,561		27,288		27,086		27,086		27,086		27,086		27,086		27,086		27,086		
NATIONAL BUILDERS INS CO		236	Became grouped																
NATIONAL LIABILITY & FIRE INS CO (SC)	Entered CLAD																		

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COMPANY

Year End 2016

Year End 2017

Year End 2018

Year End 2019

2nd QTR 2020

3rd QTR 2020

4th QTR 2020 Preliminary Year End 2020

1st QTR 2021

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
NAVIGATORS INS CO	Entered CLAD																		
NEXT INS US CO													New to quota					New to quota	12
NORTH AMER SPECIALTY INS CO		70	Entered CLAD																
OKLAHOMA SURETY CO	683,103		681,118		679,207		677,660		677,012		676,719		676,506		676,507		676,308		
PENN MANUFACTURERS ASSN INS CO	Entered New CLAD																		
PREFERRED PROFESSIONAL INS CO		1,516	Entered CLAD																
QUALITAS INS CO	New to quota	250	Entered CLAD																
REP WEST INS CO (REPUBLIC WESTERN INS CO)	Entered CLAD																		
RIVERPORT INS CO		83		83		83	their adj zeroed them out	0		171		248		304	Became grouped				
RURAL TRUST INS CO	New to quota	91	Entered CLAD																
SAMSUNG FIRE & MARINE INS CO	Entered CLAD																		
SENECA INS CO		343	Entered CLAD																
SENTRY INS A MUT CO	Entered CLAD																		
STARNET													New to quota	20,254				Entered CLAD	
STATE FARM MUT AUTO INS CO		137,542		129,892		123,853		127,745		121,860		122,715		104,951		104,930			103,743
TEXAS FARM BUREAU CAS INS CO (prev Southern Farm Bur)		41,727		29,894		28,473		29,789		32,603		29,564		29,118		29,114			30,756
TEXAS HOSPITAL INS EXCH		11,836		12,178		12,469		12,824		12,971		13,038		13,086		13,086			13,134
TIG INS CO					New to quota	79		79		80		81		81		81			82
TNUS INS CO		49	Became grouped																

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COMPANY	Year End 2016		Year End 2017		Year End 2018		Year End 2019		2nd QTR 2020		3rd QTR 2020		4th QTR 2020		Preliminary Year End 2020		1st QTR 2021		
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
TORUS NATIONAL INS CO (chg'd to Starstone Nat'l Ins Co 11/24/15)	Entered New CLAD																		
TRANS PACIFIC INS CO	Became grouped																		
TRISTATE INS CO OF MN	New to quota	4	Became grouped																
TRIUMPHE CAS CO	Entered CLAD																		
ULLICO CAS CO		1,291		1,291	Went into storage														
UNITRIN AUTO & HOME INS CO	Went into storage																		
TOTALS	1,903,172	1,903,172	1,899,722	1,899,722	1,892,945	1,892,945	1,936,012	1,936,012	1,930,724	1,930,724	1,928,328	1,928,328	1,914,922	1,914,922	1,926,600	1,926,600	1,922,345	1,922,345	
PREMIUMS CREDITED	1,777,884		1,942,623		1,679,205		1,953,284		434,842 2nd qtr		442,344 3rd qtr		319,868 4th qtr		1,739,526		413,926 1st qtr		

Exhibit 14

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION MANUAL

PRIVATE PASSENGER RATES

PRIVATE PASSENGER UNINSURED/UNDERINSURED MOTORISTS COVERAGE RATES

\$30,000/\$60,000 Bodily Injury			
Territories 01, 02, 07, 12	Territories 03, 04, 05, 06, 21, 22	Territories 27, 28, 31, 34, 38, 39, 42, 43, 44, 45, 47, 55, 56, 57, 58	All Other
\$169	\$152	\$142	\$119

\$25,000 Property Damage			
Territories 01, 02, 12	Territories 03, 04, 05, 06, 07, 21, 22	Territories 10, 14, 23, 38, 45, 57, 59, 60	All Other
\$103	\$93	\$77	\$64

Note: Add \$1 for the first auto or dealer's plate for an individual or husband and wife and for each designated person.

**Truck, Tractor, Trailer Rate Section
LIABILITY BASE RATES
(FLEET OR NON-FLEET)**

Territory	\$30,000/\$60,000 Bodily Injury	\$25,000 Property Damage	\$2,500 Personal Injury Protection
1	\$443	\$309	\$13
2	399	325	12
3	377	263	12
4	333	247	12
5	266	185	11
6	288	233	10
7	284	185	13
10	177	133	9
11	199	142	8
12	288	201	9
13	266	201	12
14	199	155	9
16	199	148	9
20	199	139	8
21	266	263	10
22	333	217	10
23	333	268	13
24	222	179	7
27	377	279	14
28	399	309	12
31	266	192	12
32	301	201	13
34	310	201	12
37	310	217	12
38	399	279	13
39	310	223	12
40	377	294	12
41	244	164	9
42	288	195	12
43	288	195	12
44	266	179	13
45	333	257	11
46	266	201	9
47	266	185	11
48	222	155	9
49	377	260	12
51	222	167	8
52	310	247	11
53	266	206	9
54	230	164	8
55	222	155	12
56	222	155	10
57	399	235	13
58	199	136	9
59	199	136	9
60	222	155	8
61	133	109	8
62	111	93	7
63	222	155	9
64	199	136	7
65	111	78	7
66	266	185	12

**UNINSURED/UNDERINSURED MOTORISTS
COVERAGE RATES**

\$30,000/\$60,000 Bodily Injury	\$25,000 Property Damage
\$29	\$32

Note: Add \$1 for the first auto or dealer's plate for an individual or husband and wife and for each designated person.

Public Transportation Auto Rate Section PUBLIC
AUTO RATES
\$2,500 PER PERSON PERSONAL INJURY PROTECTION RATES

Territory	Taxis and Limousines	School and Church Buses	Other than School Bus	Van Pools
1	\$55	\$7	\$42	\$13
2	50	7	42	12
3	58	6	50	15
4	50	6	46	12
5	50	6	42	12
6	44	5	34	10
7	50	6	38	12
10	44	6	34	10
11	25	4	23	6
12	44	5	34	10
13	44	5	38	10
14	33	4	25	9
16	44	5	38	10
20	33	4	25	9
21	44	5	38	10
22	44	5	38	10
23	58	6	46	15
24	33	5	29	9
27	58	6	46	15
28	61	6	42	12
31	50	6	38	12
32	61	6	38	12
34	50	6	38	12
37	50	6	38	12
38	58	6	44	15
39	50	6	38	12
40	58	7	44	15
41	44	5	34	10
42	50	6	38	12
43	50	7	46	12
44	61	7	38	12
45	44	5	34	10
46	44	5	34	10
47	44	5	34	10
48	33	4	25	9
49	50	6	38	12
51	33	5	25	9
52	44	5	36	10
53	44	5	34	10
54	33	5	25	9
55	50	6	46	12
56	44	5	38	10
57	58	6	50	15
58	33	4	32	9
59	33	4	25	9
60	33	4	27	9
61	33	4	25	9
62	33	4	25	9
63	44	5	34	10
64	33	4	32	9
65	25	4	19	6
66	50	6	46	12

PUBLIC AUTO UNINSURED/UNDERINSURED
MOTORISTS COVERAGE RATES

\$30,000/\$60,000 Bodily Injury	\$25,000 Property Damage
\$29	\$32

Note: Add \$1 for the first auto or dealer's plate for an individual or husband and wife and for each designated person.

Exhibit 15

Memorandum

To: Stacy Dutton, Manager
And Governing Committee of the
Texas Automobile Insurance Plan Association

From: Michael W. Jones

Date: August 20, 2021

Re: 2021 Legislative Report

1. TAIPA STATUTES

There were no bills that affect the TAIPA statutes.

2. OPEN MEETINGS

No bills passed that affect the Open Meeting requirements for TAIPA's meetings.

3. BILLS AFFECTING AUTOMOBILE INSURANCE GENERALLY

a. **HB 19** Commercial truck litigation reform bill.

Aims to provide for consistency and uniformity on how trial courts handle commercial vehicle cases. Provides for bifurcated trial on damages. During the first phase of trial, the finder of fact determines liability for, and the amount of, compensatory damages. During the second phase of trial, the finder of fact determines liability for, and the amount of, exemplary damages. This bill provides rules for evidence that is admissible in each stage as well as employer liability for employees operating commercial vehicles.

THIS WILL NOT HAVE A DIRECT EFFECT ON TAIPA

b. **HB 113** Relating to peer-to-peer car sharing programs.

This bill adds new Chapter 113 to the Insurance Code for peer-to-peer car sharing programs. Under such a program, the owner and the driver must be insured during each sharing period and the auto policy must: provide the minimum liability coverage requirements set forth in the Transportation Code; recognize that the shared vehicle is made available and used through a peer-to-peer car sharing

program; provide primary coverage during the car sharing period; doesn't exclude the use of a shared vehicle by a driver. Coverage requirements may be met by auto insurance maintained by the owner, driver, peer-to-peer car sharing program, or a combination of them.

The bill does not require all auto policies to provide this coverage, and specifically provides that a policy can exclude coverage for automobiles made available for rent, sharing, hire or any business use. The bill also provides that an owner's auto policy can exclude coverage for any claim during a car sharing period.

The TAIPA personal auto policy excludes coverage for liability arising out of the ownership or operation of a vehicle while it is "rented or leased to another." Since the peer-to-peer car sharing program provides financial consideration to the owner it would appear this comes under the rented or leased to another language so that coverage is excluded. TAIPA may want to consider amending the policy to provide a more explicit exclusion for a peer-to-peer car sharing program.

For policies issued to provide the peer-to-peer car sharing program insurance, this bill applies to policies that provide the coverage issued on or after January 1, 2022.

- c. **SB 1602** Relating to nonrenewal of certain property and casualty insurance policies for the insured's failure to cooperate in a claim investigation, settlement, or defense.

This bill prohibit an insurer from renewing a private passenger automobile insurance policy if the insured failed or refused to cooperate with the insurer in the investigation, settlement, or defense of a claim or action specified in the insurer's notice.

This DOES NOT APPLY to a TAIPA policy.