TAIPA

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

ADMINISTRATION

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Texas Automobile Insurance Plan Association Governing Committee Meeting
Friday, August 18, 2017 - 9:00 A.M.
Via GoToWebinar Teleconference (contact Nicole Morgan at nmorgan@taipa.org for details)
OR In-Person at the TAIPA Office: 1120 S. Capital of Texas Hwy., CityView Bldg. 3, Ste. 105, Austin, TX 78746

1. Call to Order

2. Roll Call

3. Recognition of George Cooper's Service to TAIPA

4. Reading of the Anti-Trust Statement

5. Audit/Finance Committee Report
   A. Report on 2016 Audit (Exhibit 1)

6. Review and Approval of the Minutes of the March 24, 2017 Meeting (Exhibit 2)

7. Manager's Report
   A. Application Count Update as of July (Exhibit 3)
   B. Financial Update as of June (Exhibit 4)
   C. Line of Credit Renewal
   D. New Office Space Lease
   E. Plan of Operation Filing: Refunds for Cancellations (Exhibit 5)
   F. Surcharges on TAIPA Policies (Exhibit 6)
   G. Quota Procedures Related to Insurers Discontinuing Writing (Exhibit 7)

8. Operations Subcommittee Report
   A. Over/Under Report (Exhibit 8)

9. Report of Counsel
   A. Legislative Update
   B. TAIPA Rates

10. 2018 Meeting Dates (Exhibit 9)

11. Next Meeting—November 17, 2017 at Omni Austin Southpark

12. Manager Transition Subcommittee Report

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.

ATCHLEY & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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 2016, and have issued our report thereon dated July 27, 2017. 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 27, 2017, 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.

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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 has been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2016. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

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

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated July 27, 2017.

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 27, 2017

TAIPA

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

NICOLE MORGAN
Manager of Operations/Financial Management
nmorgan@taipa.org

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July 27, 2017

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, 2016 and 2015, and the related statements of activities 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 27, 2017, for the preparation and fair presentation of the financial statements referred to above in accordance with accounting principles generally accepted in the United States of America.
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.

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 whose effects should be considered when preparing the financial statements 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, 2016.

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, 2016, and/or for expected retroactive insurance premium adjustments applicable to periods through December 31, 2016.

    h. Liabilities that are subordinated to any other actual or possible liabilities of the Organization.

    i. Assets and liabilities measured at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification.

    j. Concentrations of credit risk.

    k. Reclassifications between net asset classes

22. The Organization has satisfactory title to all owned assets.

23. We have complied with all aspects of contractual agreements, grants, and donor restrictions that would have a material effect on financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and Uniform Guidance, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

24. We have received a determination from the Internal Revenue Service that we are exempt from federal income taxes as a Section 501(c)(6) not-for-profit corporation, 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 balance sheet 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

N. Morgan

Nicole Morgan, Manager of Operations/Financial Management

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

CONTENTS

ATCHLEY & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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, 2016 and 2015, and the related statements of activities 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 audit 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TAIPA as of December 31, 2016 and 2015, 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.

Other Matter

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 27, 2017

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2016 and 2015

	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 91,425	$ 146,150
Accounts receivable	150	150
Prepaid expenses	25,005	38,516
Total current assets	116,580	184,816
Property and Equipment		
Furniture and equipment	38,921	38,921
Computer equipment	23,762	19,627
Leasehold improvements	50,007	50,007
Computer software and program development costs	34,858	9,858
System customization in progress	-	22,500
	147,548	140,913
Less accumulated depreciation	(110,909)	(95,481)
	36,639	45,432
Total assets	$ 153,219	$ 230,248
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 7,495	$ 10,827
Accrued vacation	39,113	38,550
Accrued payroll liabilities	8,415	7,972
Other accrued liabilities	6,137	22,500
Total current liabilities	61,160	79,849
Other Liabilities		
Accrued pension benefit costs	314,442	443,671
Deferred lease benefit	17,564	29,216
Total other liabilities	332,006	472,887
Net Assets (Deficiency)		
Accumulated effect of pension adjustment	(1,192,111)	(1,271,049)
Unrestricted	952,164	948,561
Total net assets (deficiency)	(239,947)	(322,488)
Total liabilities and net assets (deficiency)	$ 153,219	$ 230,248

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

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2016 and 2015

	2016	2015
Revenues		
Member assessments	$ 1,000,400	$ 1,000,800
Interest income	290	468
Assessment penalties	5,259	3,669
Total revenues	1,005,949	1,004,937
Expenses		
Salaries and related expenses	633,453	596,586
Occupancy expenses	133,528	118,547
Professional services	133,073	115,322
Depreciation and amortization	15,430	12,038
Postage and delivery	19,548	20,102
Office supplies and expense	18,092	17,547
Governing committee	18,042	19,555
Computer supplies and expense	7,656	10,426
Operating committee	4,630	1,250
Staff education and seminars	8,087	12,098
Miscellaneous	6,698	6,610
Staff expense	2,473	2,273
Dues and subscriptions	1,636	1,656
Total expenses	1,002,346	934,010
Other revenues (expenses)		
Pension minimum liability adjustment	78,938	(61,201)
Total other revenues (expenses)	78,938	(61,201)
Net change in unrestricted net assets	82,541	9,726
Net assets (deficiency) at beginning of year	(322,488)	(332,214)
Net assets (deficiency) at end of year	$ (239,947)	$ (322,488)

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

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015

	2016	2015
OPERATING ACTIVITIES		
Change in net assets	$ 82,541	$ 9,726
Adjustments to reconcile change in net assets to net cash flows		
Depreciation and amortization	15,430	12,038
Change in operating assets and liabilities -		
Accounts receivable	-	(150)
Prepaid expenses	13,511	(704)
Accounts payable	(3,332)	1,028
Accrued vacation	563	6,566
Accrued payroll liabilities	443	1,707
Other accrued liabilities	(16,363)	1,880
Accrued pension benefit costs	(129,229)	(76,633)
Deferred lease benefit	(11,652)	(9,567)
Net cash flows from operating activities	(48,088)	(54,109)
INVESTING ACTIVITIES		
Purchases of property and equipment	(6,637)	(6,249)
Net cash flows from investing activities	(6,637)	(6,249)
Net change in cash and cash equivalents	(54,725)	(60,358)
Cash and cash equivalents - beginning of year	146,150	206,508
Cash and cash equivalents - end of year	$ 91,425	$ 146,150

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

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

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 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.

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Financial Statement Presentation

TAIPA's financial statements follow the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, issued by the Financial Accounting Standards Board. Under FASB ASC 958, TAIPA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. For 2016 and 2015, TAIPA had no temporarily or permanently restricted net assets.

Unrestricted net assets - Funds received that are not subject to stipulations or restrictions have expired or been satisfied.

Temporarily restricted net assets - Funds received that are subject to restriction either for use during a specific time period or for a particular purpose.

Permanently restricted net assets - Funds received that are subject to restrictions that they be maintained permanently by the organization.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets Released From Restrictions

When a restriction is fulfilled or when a time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets 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.

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.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

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 FASB ASC 740, *Accounting for Uncertainty in Income Tax*. The benefit of a tax position is 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, 2016 and 2015, 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, 2013, and after are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

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 $16,441 and $14,754 for 2016 and 2015, respectively.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

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, 2016, 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 unrestricted net assets 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 Plan's status and amounts per ASC 715 at December 31, 2016 and 2015.

	2016	2015
Components that have been recognized as changes to unrestricted net assets arising from the Plan but not yet reclassified as components of net periodic benefit costs for the year ended December 31:		
Service cost	$ 33,633	$ 28,121
Interest cost	170,369	166,876
Expected return on MRVA	(197,398)	(222,580)
Amortization of net prior service cost	5,736	-
Amortization of net actuarial loss (gain)	126,367	105,302
Net periodic benefit cost	$ 138,707	$ 77,719

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE B - EMPLOYEE BENEFIT PLANS - Continued

The status of the Plan for the year ended December 31:	2016	2015
Change in benefit obligation		
Benefit obligation at beginning of year	$ 4,094,946	$ 4,259,052
Service cost	33,633	28,121
Interest cost	170,369	166,876
Actuarial loss (gain)	93,147	(150,358)
Benefits paid	(250,104)	(250,104)
Plan amendments	-	41,359
Benefit obligation at end of year	4,141,991	4,094,946
Change in plan assets		
Fair value of plan assets at beginning of year	3,651,275	3,738,748
Actual return on plan assets	237,380	(52,922)
Employer contributions	188,998	215,553
Benefits paid	(250,104)	(250,104)
Fair value of plan assets at end of year	3,827,549	3,651,275
Funded status at end of year	$ (314,442)	$ (443,671)
Amounts recognized in the statement of financial position as of December 31:		
Noncurrent liabilities	$ 314,442	$ 443,671
Amounts recognized as changes in unrestricted net assets arising from a defined benefit plan as of December 31:		
Accumulated net loss (gain)	$ 1,192,111	$ 1,271,049

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE B - EMPLOYEE BENEFIT PLANS - Continued

	2016	2015
Other changes in plan assets and benefit obligations recognized as changes in unrestricted net assets not yet included in net periodic benefit cost for the year ended December 31:		
Net gain (loss)	$ (126,367)	$ (105,302)
Net prior service credit (cost)	(5,736)	-
Other adjustments	-	41,359
New actuarial losses	53,165	125,144
	$ (78,938)	$ 61,201

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 $112,112.

The accumulated benefit obligation for the defined benefit pension plan was $4,052,543 and $4,011,130 as of December 31, 2016 and 2015, respectively.

Employer contributions expected to be paid during the year ending December 31, 2016, is $67,934.

Weighted average assumptions used to develop benefit obligations were:

	2016	2015
Discount rate	4.00%	4.25%
Rate of compensation increases	3.00%	3.00%

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

	2016	2015
Discount rate	4.25%	4.00%
Expected return on plan assets	5.50%	6.00%
Rate of compensation increases	3.00%	3.00%

TAIPA's target investment allocation is 60% equity securities and 40% debt securities and its asset diversification as of December 31, 2016 and 2015, were as follows:

	2016	2015
Equity securities	42.5%	40.1%
Debt securities	57.2%	58.7%
Cash	0.3%	1.2%
	100.0%	100.0%

NOTE B - EMPLOYEE BENEFIT PLANS - Continued

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

Fiscal year beginning		
January 1, 2017	$	253,786
January 1, 2018		252,480
January 1, 2019		254,831
January 1, 2020		251,343
January 1, 2021		248,886
January 1, 2022-2025		1,254,873
Total	$	2,516,199

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 31st. 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 1st. Accrued leave in the amount of $39,113 and $38,550 has been recorded in the accompanying statements of financial position as of December 31, 2016 and 2015, respectively.

NOTE D - LEASE COMMITMENTS

TAIPA leases office space and certain equipment under noncancelable operating leases. The lease for office space terminates on March 31, 2018, while the leases for equipment expire through 2019. Minimum future obligations from leases in effect at December 31, 2016, are as follows:

Due in Year Ending		
December 31, 2017	$	89,805
December 31, 2018		32,422
December 31, 2019		6,659
	$	128,886

Lease expense for operating leases were $129,180 and $113,840 for the years ended December 31, 2016 and 2015, respectively.

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

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 August 29, 2016. Interest, calculated at the bank's prime rate, is payable monthly. At December 31, 2016, there was no outstanding balance on the line, and there were no borrowings on the line of credit during the years ended December 31, 2016 and 2015. The line of credit matures on August 28, 2017.

SUPPLEMENTAL INFORMATION

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
SUPPLEMENTAL INFORMATION
COMPARISON OF REVENUES AND EXPENSES VERSUS BUDGET
For the Year Ended December 31, 2016

	Actual	Budget	Variance
Revenues			
Member assessments	$ 1,000,400	$ 1,000,000	$ 400
Interest income	290	-	290
Assessment penalties	5,259	-	5,259
Total Revenues	1,005,949	1,000,000	5,949
Operating Expenses			
Salaries	373,317	411,500	38,183
Employee benefits & other insurance	260,136	122,800	(137,336)
Rent	120,173	122,500	2,327
Telephone/internet access	12,362	12,900	538
Property taxes	993	1,400	407
Professional services			
Legal	56,937	34,200	(22,737)
Audit	22,375	24,000	1,625
Systems consultants	41,871	39,000	(2,871)
Consultants - other	3,390	2,500	(890)
Actuary	8,500	8,500	-
Depreciation and amortization	15,430	16,000	570
Postage & shipping	19,548	22,400	2,852
Office equipment & supplies	16,867	15,800	(1,067)
Printing & stationary	1,225	1,100	(125)
Governing Committee	18,042	24,900	6,858
Computer supplies	7,656	8,600	944
Operation Sub-committee	4,630	2,500	(2,130)
Employee meetings, seminars & travel	8,087	11,200	3,113
Other	6,698	8,100	1,402
Staff expense	2,473	3,200	727
Dues, subscriptions & publications	1,636	1,800	164
Total Operating Expenses	1,002,346	894,900	(107,446)
Other revenues (expenses)			
Pension minimum liability adjustment	78,938	(200,000)	278,938
	78,938	(200,000)	278,938
Change in Unrestricted Net Assets	$ 82,541	$ (94,900)	$ 177,441

TAIPA GOVERNING COMMITTEE MEETING MINUTES
MARCH 24, 2017 AT 9:00 AM
AUSTIN MARRIOTT SOUTH

ATTENDEES:

VOTING MEMBERS:

Mary Carol Awalt, Public Member
Bill Brooks, Texas Farm Bureau Casualty (Chair)
George Cooper, State Farm
Pete Hamel, Producer Member
Laura Hausman, Public Member
Carmelita Hogan, Public Member
Steve Hylka, Liberty Mutual/Safeco
Becky Jackson, Public Member
Dick Lonquist, Public Member
Anise Mulkey, Travelers
Adam Payton, Producer Member
Thomas Rolling, Farmers
Jim Rowland, Allstate
David Weber, Hochheim Prairie

COUNSEL:

Mike Jones, Thompson, Coe, Cousins & Irons

TAIPA STAFF:

Stacy Dutton (Association Manager)
Mimi Leece
Nicole Morgan (Minute Taker)

OTHERS:

Doug Beck, Farmers (Via teleconference)
Alisha Darden, Public Member Alternate
Kimberly Donovan, TDI
Terry Fain, Public Member Alternate
John Lusardi, Assigned Risk Solutions, Ltd. (Via teleconference)
Ramon Montalvo, Producer Member Alternate (Via teleconference)
David Nardecchia, OPIC

ITEM 1: CALL TO ORDER

Bill Brooks called the meeting to order at 9:01 AM.

ITEM 2: INTRODUCTIONS

Introductions were made.

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 OFFICERS

George Cooper served as Second Vice-Chair in 2016, but has elected to step down for 2017 since he plans to retire later this year. He will continue to serve on the Governing Committee until his retirement.

On behalf of the Nominating Committee, Carmelita Hogan nominated the following slate of officers to serve in 2017:

- Chair: Bill Brooks
- Vice-Chair: Dick Lonquist
- Second Vice-Chair: David Weber
- Secretary: Jim Rowland

It was moved by Carmelita Hogan and seconded by Laura Hausman to:

> "Accept the slate of officers as listed."

The motion carried unanimously.

ITEM 5: REVIEW AND APPROVAL OF THE MINUTES OF THE NOVEMBER 18, 2016 MEETING (EXHIBIT 1)

It was moved by David Weber and seconded by Thomas Rolling to:

> "Adopt the minutes."

The motion carried unanimously.

ITEM 6: MANAGER'S REPORT

Stacy Dutton presented the Manager's Report.

A. APPLICATION COUNT UPDATE

a. **AS OF YEAREND 2016 (EXHIBIT 2)**

TAIPA received 3,336 applications in 2016, compared to 3,510 in 2015, which is a decline of about 5%. This is the lowest annual decrease we've seen since volume began declining in 2004.

b. **AS OF FEBRUARY 2017 (EXHIBIT 3)**

TAIPA received 300 applications in February 2017, compared to 275 in February 2016, which is an increase of about 9%. Year-to-date, TAIPA has received 616 applications in 2017, compared to 537 in 2016, which is an increase of about 15%. The recent monthly increases, combined with 2016's low decrease, lead us to believe that we are reaching the "bottoming out" point we've discussed during previous meetings. We expect our 2017 volume to be fairly similar to our 2016 volume.

There was discussion regarding seeing loss frequencies increase around the country, which may have led some companies to tighten their underwriting guidelines. This could be the reason TAIPA's volumes have increased. TAIPA will be mindful of this trend in the coming year.

B. FINANCIAL UPDATE AS OF SEPTEMBER 2016 (EXHIBIT 3)

a. **AS OF YEAREND 2016 (EXHIBIT 4)**

TAIPA ended the year about 8% under-budget, including the adjustments for pension, vacation accrual, and deferred lease benefit. Without the adjustments, we ended about 3% under-budget. The items that ended over-budget were explained.

TAIPA's pension liability decreased slightly again this year, primarily due to a better return on assets than expected.

b. **AS OF JANUARY 2017 (EXHIBIT 5)**

TAIPA would expect to be at about 8% of the budget used at the end of January, and is just under-budget at 7.5%. The items that are currently over-budget were explained. We expect to end the year on-budget.

C. APPLICATION SYSTEM UPDATE

AIPSO is phasing out EASi 1.0, which is the platform currently used for Commercial applications. As such, AIPSO has approached TAIPA about moving our Commercial apps to EASi 2.0, along with the other 25 states that are still using 1.0. There is no cost, as we've already paid for 2.0. This upgrade is being referred to as "2.0 Lite", as AIPSO is simply moving the app itself onto the 2.0 platform. It will still be a few years before Commercial has any of the bells & whistles of the Private Passenger app. That said, the upgrade will still be a benefit to producers, as they'll now only have to use one login, and will be able to take advantage of the self-service features available in 2.0.

AIPSO plans to deploy Commercial to EASi 2.0 on April 11, 2017. Staff has notified producers of the upcoming changes. Companies will not experience any changes.

D. ACTUARIAL RFP—RECOMMENDATION AND SELECTION OF ACTUARY (EXHIBIT 6)

The Actuarial RFP was sent out to six firms on December 1, 2016. Five of the firms responded. The Actuarial RFP Subcommittee met on February 17, 2017 to review the bids. The committee's recommendation is that TAIPA continue with our current actuary, Epic, as they did not find any compelling reason to change vendors at this time. The committee felt this exercise was still very helpful, as it confirmed that what we are paying is a reasonable amount. Additionally, the exercise also identified other actuarial firms that are interested in working with TAIPA, which will be helpful in the event the Governing Committee revisits the actuary piece as a part of evaluating all aspects of TAIPA's future.

It was asked how long TAIPA plans to continue with Epic. No specific timeframe was discussed. The arrangement with Epic is set up so that TAIPA can choose to terminate him at any time.

Epic's pricing was discussed. Because of the new ratemaking methodology, our actuarial costs with Epic have decreased significantly. The committee felt that considering anyone else at this time would most likely increase costs, either in actuarial or legal fees.

It was moved by George Cooper and seconded by Carmelita Hogan to:
"Continue with Epic as the TAIPA actuary."
The motion carried with 13 in favor and one abstention (Jackson).

E. OFFICE SPACE LEASE

TAIPA's current lease expires in March 2018. Although we have a renewal option in our contract, our hope is to reduce both square footage and total rent costs by 25-50%. Based on what our brokers are seeing, even if we cut our current space in half, we would still pay at the least same amount or more to stay in the same building. As such, we need to begin working to find a new space and get started on lease negotiations in the next couple of months. Depending on the terms of the new lease, we may need to execute the agreement prior to the August Governing Committee Meeting (for example, if construction needs to be done, the lease would typically need to be signed 9 months in advance). If we find that the new lease will not need to be executed before the August Governing Committee Meeting, we would instead bring the potential lease back to the board for review.

It was asked if our lease's renewal option includes a cap on the potential increase. It does not. Any new lease in TAIPA's current geographic area is expected to cost at least as much as we're currently paying, even if we reduced space by half. For this reason, we will also be including other geographic areas in our search.

It was moved by George Cooper and seconded by Steve Hylka to:

> "Authorize the Association Manager to explore and execute a new lease in consultation with the officers and counsel."

The motion carried unanimously.

F. Conflict of Interest Policy

Each Governing Committee and subcommittee member needs to complete the last page of the Conflict of Interest form and return it to Stacy Dutton, Nicole Morgan, or Mimi Leece.

Item 7: Audit/Finance Committee Report

Dick Lonquist presented the Audit/Finance Committee Report.

A. Audit Engagement Letter (Exhibit 7)

At the November Governing Committee Meeting, the board elected to continue with Atchley & Associates as TAIPA's auditor. The cost of this year's audit is just $200 more than last year.

It was moved by Dick Lonquist and seconded by David Weber to:

> "Authorize Dick Lonquist as head of the Audit/Finance Committee to engage Atchley & Associates for this year's audit, and to authorize Dick Lonquist and Nicole Morgan to execute the engagement agreement to have Atchley & Associates perform our external audit again this year."

The motion carried unanimously.

Item 8: Operations Subcommittee Report

David Weber presented the Operations Subcommittee Report.

A. Over/Under Report (Exhibit 8)

There was nothing noteworthy on the report.

B. PP AIP Estimates Used in Quarterly Quota Estimates

SB 784, which eliminated quarterly reporting of premiums, was passed during the 2015 legislative session. TAIPA relied on the quarterly reporting of AIP premiums for our quarterly quota calculations. At the November Governing Committee Meeting, the board established a new procedure for companies to self-report their AIP premium. For companies that chose not to self-report, the board agreed to use TICO data to create an estimate. Since that meeting, TAIPA learned that although TICO can provide the data, they cannot do it according to the timeline used for quota. During the last quarter, 7 of the 8 companies self-reported their data, and although staff has reason to believe all 8 companies plan to self-report in the future, we still need a method of estimating AIP premium for any companies that choose not to self-report. The Operations Subcommittee recommends using the assignment premium from TAIPA's assignment system, which will be easiest and most straight-forward.

It was moved by David Weber and seconded by Adam Payton to:

> "Allow TAIPA staff to use assignment premium as an estimate when companies choose not to self-report."

The motion carried unanimously.

ITEM 9: REPORT OF COUNSEL

Mike Jones presented the Report of Counsel.

A. PENDING PLAN OF OPERATION FILING: REFUNDS FOR CANCELLATIONS

TDI has not yet adopted the rule that would address the issues related to Senate Bill 698. If TDI adopts the rule they proposed, TAIPA's filing would need to be amended, as TDI's proposed rule includes cancellations and endorsements, and TAIPA's filing only applied to cancellations. Once TDI issues their final rule, staff will work with counsel to amend the filing, and will present it to the Governing Committee.

B. LEGISLATIVE UPDATE

A handout outlining the timelines for the 2017 legislative session was distributed (Attachment #1).

Thompson, Coe, Cousins & Irons has reviewed the bills that have been filed to determine if any will affect TAIPA. There is one bill related to surcharges for convictions of certain offenses, which could affect TAIPA's Rules & Rating Manual, but so far, it does not look like any other bills will affect TAIPA.

There was discussion regarding several bills filed related to TNC's (transportation network companies). At this time, none of them are expected to affect TAIPA.

There is also a named driver bill that's been filed. In the past, similar bills excluded TAIPA directly. Although this bill does not exclude TAIPA directly, it is still not expected to affect TAIPA.

ITEM 10: NEXT MEETING—AUGUST 18, 2017, VIA TELECONFERENCE

The next Governing Committee meeting is August 18, 2017, and will be held via GoToWebinar. Alternatively, you can attend in-person at the TAIPA office.

ITEM 11: MANAGER TRANSITION SUBCOMMITTEE REPORT

Thomas Rolling presented the Manager Transition Subcommittee Report.

The committee met on December 12, 2016 and finalized the agreement with Bob Cartwright, President/CEO of Intelligent Compensation, LLC. The agreement outlined a plan to address restructuring of the Association Manager, Organization Development Analyst, and Special Projects/Accounting Coordinator job descriptions. The scope was to review the three jobs and the duties being performed by the current staff, and then determine if consolidation of the three jobs into two could be accomplished. The committee also wanted to ensure TAIPA maintained separation of duties to ensure financial checks and balances were kept intact. The committee met again on February 27, 2017 to review the outcome of the interviews Bob Cartwright had with TAIPA staff and the realigned job descriptions. The results will be discussed during the personnel matters session.

ITEM 12: PERSONNEL MATTERS

Acting under authority of Government Code 551.074, the Governing Committee commenced a closed meeting at 9:41 AM. The open meeting resumed at 11:38 AM.

It was moved by Thomas Rolling and seconded by George Cooper to:

> "Authorize the Chair to conduct an interim review of the Acting Manager and Special Projects/Accounting Coordinator, and to further authorize the Chair to conduct an annual review of the Acting Manager."

The motion carried unanimously.

It was moved by Mary Carol Awalt and seconded by David Weber to:

> "Adopt the job descriptions proposed by the consultant for Association Manager and the new position of Manager of Operations/Financial Management, to be modified as approved by the Officers."

The motion carried unanimously.

It was moved by Thomas Rolling and seconded by Laura Hausman to:

> "Appoint Stacy Dutton as Association Manager as of April 1, 2017, subject to her acceptance, and to authorize the Association Manager to appoint Nicole Morgan as Manager of Operations/Financial Management, subject to her acceptance."

The motion carried unanimously.

It was moved by Thomas Rolling and seconded by Laura Hausman to:

> "Assign the Manager Transition Committee the task of reviewing the Policies & Procedures Manual in conjunction with these new positions, and to review the open door policy, and to come back with any recommendations by the next Governing Committee meeting."

The motion carried unanimously.

It was moved by Thomas Rolling and seconded by Pete Hamel to:

> "Authorize the Manager Transition Committee to work with the Association Manager and Intelligent Compensation, relative to the remaining jobs and operations within TAIPA, and to come back with any recommendations by the next Governing Committee meeting."

The motion carried unanimously.

ITEM 13: ADJOURNMENT

There being no further business to discuss, it was moved by Thomas Rolling and seconded by Laura Hausman to:

"Adjourn the meeting."

The motion carried unanimously. The meeting adjourned at 11:44 AM.

James B Rowland — 4-26-17

Signature of Secretary — Date Signed

James B Rowland

Printed Name of Secretary

TAIPA LEGISLATIVE REPORT

Attachment #1

Bill pre-filing began: November 14, 2016

1st day of session: January 10, 2017

60-day bill filing deadline: March 10, 2017

Adjournment sine die: May 29, 2017

Post-session 20-day deadline for governor to sign or veto: June 18, 2017

Effective date (91st day after adjournment): Aug 28, 2017

As of March 22, 2017, total bills filed:

HOUSE	5,509
SENATE	2,812
TOTAL	8,321

House Insurance Committee Hearings Held:

February 21, 2017
February 28, 2017
March 7, 2014
March 14, 2014
March 21, 2017

Next Meeting: March 28, 2017

Senate Business & Commerce Committee Hearings Held:

February 28, 2017
March 9, 2017
March 21, 2017

Next Meeting: March 28, 2017

Monthly Total (July 2017)

	Private Passenger	Commercial
EASi Applications	**254**	**36**
Paper Applications	**0**	**0**
Total Applications Received	**254**	**36**
Applications Assigned	*247*	*35*
Apps Returned for Correction	*7*	*1*
Applications Deficient	*42*	*6*
Applications with SR-22s	*17*	*0*
Total Applications Received in July 2016:		**246**
Total Applications Received in July 2017:		**290**

Year to Date Total (as of July 2017)

	Private Passenger	Commercial
EASi Applications	**1935**	**242**
Paper Applications	**0**	**2**
Total Applications Received	**1935**	**244**
Applications Assigned	*1889*	*234*
Apps Returned for Correction	*44*	*10*
Applications Deficient	*180*	*37*
Applications with SR-22s	*82*	*0*
Total Applications Received YTD (as of July 2016):		**1,943**
Total Applications Received YTD (as of July 2017):		**2,179**
YTD Percent Change from July 2016 to July 2017:		**12.15%**

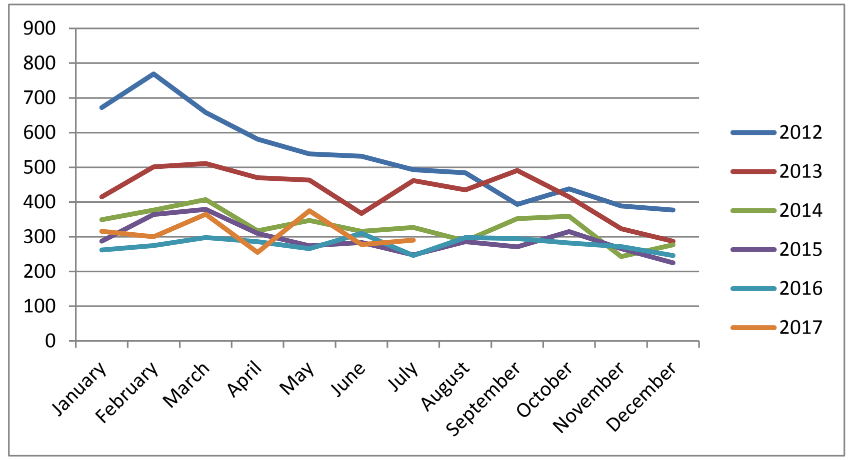
Application Assignment History*

1994: 716,036	**2002:** 66,153	**2010:** 8,725
1995: 461,059	**2003:** 74,506	**2011:** 7,364
1996: 214,744	**2004:** 47,434	**2012:** 5,898
1997: 95,461	**2005:** 31,517	**2013:** 4,708
1998: 55,041	**2006:** 23,634	**2014:** 3,628
1999: 47,108	**2007:** 16,780	**2015:** 3,217
2000: 44,945	**2008:** 12,896	**2016:** 3,089
2001: 53,477	**2009:** 10,299	

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

Trend of Applications Received from 2011 to 2017

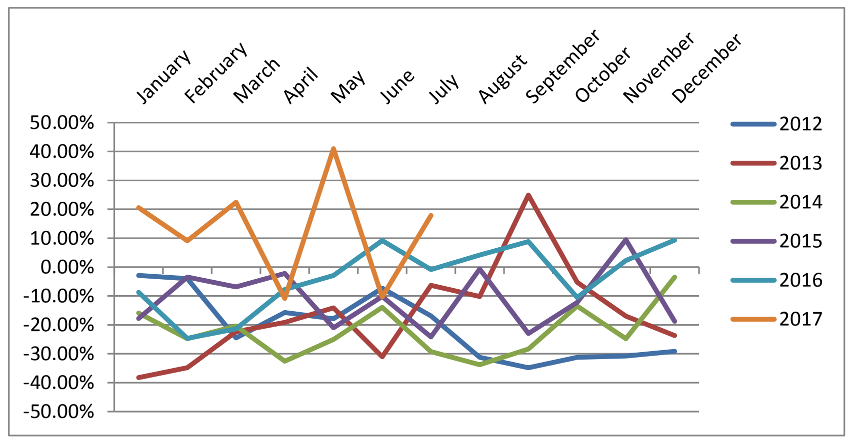
	2012	2013	2014	2015	2016	2017
January	672	415	349	287	262	316
February	769	501	377	364	275	300
March	658	511	407	379	298	365
April	581	470	317	310	286	255
May	539	463	347	274	266	375
June	532	367	316	284	310	278
July	493	462	327	248	246	290
August	484	435	288	286	298	
September	393	491	352	271	295	
October	438	415	359	315	282	
November	389	323	243	266	272	
December	377	287	277	225	246	
Total	6,325	5,140	3,959	3,509	3,336	2,179



Estimate of Applications to be Received in 2017: 3,495

Percent Change in Applications Received

	2012	2013	2014	2015	2016	2017
January	-2.89%	-38.24%	-15.90%	-17.77%	-8.71%	20.61%
February	-4.00%	-34.85%	-24.75%	-3.45%	-24.66%	9.09%
March	-24.46%	-22.34%	-20.35%	-6.88%	-21.37%	22.48%
April	-15.68%	-19.11%	-32.55%	-2.21%	-7.74%	-10.84%
May	-17.84%	-14.10%	-25.05%	-21.04%	-2.92%	40.98%
June	-7.32%	-31.02%	-13.90%	-10.13%	9.15%	-10.32%
July	-16.86%	-6.29%	-29.22%	-24.16%	-0.81%	17.89%
August	-31.25%	-10.12%	-33.79%	-0.69%	4.20%	
September	-34.83%	24.94%	-28.31%	-23.01%	8.86%	
October	-31.24%	-5.25%	-13.49%	-12.26%	-10.48%	
November	-30.78%	-16.97%	-24.77%	9.47%	2.26%	
December	-29.14%	-23.67%	-3.48%	-18.77%	9.33%	
Total YTD	-20.08%	-18.72%	-22.98%	-11.37%	-4.96%	12.15%



Texas Auto Ins. Plan Assoc.

ACTUAL VS. BUDGET

For the period ended June 30, 2017

	Actual	2017 Year To Date Budget	Variance	2017 Annual Budget	% Used	Reason for Variance
REVENUE						
Assessments & Penalties	501,769	497,950	3,819	995,900	50.38%	
Other Revenue	192	0	192	0	0.00%	
TOTAL	501,961	497,950	4,011	995,900	50.40%	
EXPENDITURES						
Salaries	183,718	212,450	28,732	424,900	43.24%	Budget included salary for five full-time employees and one part-time employee; we have reorganized staff and now have only five full-time employees; will end under budget.
Emp. Benefits & Other Ins. Exp.	88,245	94,600	6,356	189,200	46.64%	Insurance increases were not as high as expected; will end under budget.
Office Equipment Expense	6,232	7,650	1,418	15,300	40.74%	Only ordering supplies as needed; have not had to make any repairs to any equipment.
Printing & Stationary Exp.	1,217	950	-267	1,900	64.07%	Restocked envelopes; will also have another restock later in the year.
Computer Expenses	2,587	3,300	713	6,600	39.20%	Have not had to purchase any misc. computer supplies to date.
Postage & Shipping Exp.	10,975	11,150	175	22,300	49.22%	Within range.
Telephone Expense	6,036	6,150	114	12,300	49.07%	Within range.
Rent Expense	64,271	64,500	229	129,000	49.82%	Within range.
Taxes	310	650	340	1,300	23.83%	Business personal property tax is not due until later in the year.
Other Office Expenses	785	3,550	2,765	7,100	11.06%	Have not had many assessment writeoffs to date; events take place later in the year.
Governing Committee	8,933	11,850	2,917	23,700	37.69%	Have held one of three meetings to date (two are in-person; one is via teleconference); will end on-budget.
Subcommittee Meetings	1,500	1,650	150	3,300	45.45%	Within range.
Producer Review Panel	0	0	0	0	0.00%	No Producer Review Panel meetings scheduled this year.
Employee Meetings, Seminars & Staff Travel	541	4,650	4,109	9,300	5.82%	No classes have been taken yet.
Legal Expenses	14,331	24,800	10,469	49,600	28.89%	Work on rate filing just began in June; has not been much work related to legislative session; have not had any major issues/questions.
Audit Expense	12,678	11,550	-1,128	23,100	54.88%	Within range.
Dues, Subscriptions & Publications	764	800	36	1,600	47.78%	Within range.

	Actual	2017 Year To Date Budget	Variance	2017 Annual Budget	% Used	Reason for Variance
TAIPA Tradition, Visitor Meals & Gifts	889	1,350	461	2,700	32.93%	Events are later in the year; expect to end on budget.
System Consultants	18,183	21,700	3,517	43,400	41.90%	Have not had to make any programming changes to application system.
Consultants - Other	23,607	9,950	-13,657	19,900	118.63%	Organizational review took place in the first quarter of the year. Expenses were budgeted based on last review in 2013, but actual expenses were more than budgeted. Also performed work on open door policy; may perform additional work if necessary.
Actuary	0	4,700	4,700	9,400	0.00%	No actuary work to date.
Other	0	0	0	0	0.00%	No other expenses to date.
SUBTOTAL	**445,804**	**497,950**	**52,146**	**995,900**	**44.76%**	
Depreciation	5,125	5,150	25	10,300	49.76%	Within range.
Amortization	2,500	2,500	0	5,000	50.00%	Within range.
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0	0.00%	Have not sold any assets to date.
SUBTOTAL	**7,625**	**7,650**	**25**	**15,300**	**49.84%**	
TOTAL OPERATING EXPENSE	**453,429**	**505,600**	**52,171**	**1,011,200**	**44.84%**	**We'd expect to be at 50% of budget at the end of this period.**
NET FROM OPERATIONS	**48,532**	**-7,650**	**56,182**	**-15,300**		
Non-Operating Pension Costs	0	0	0	0	0.00%	Pension adjustment will not be made until yearend.
NET	**48,532**	**-7,650**	**56,182**	**-15,300**		
CAPITAL BUDGET						
Software Development in Progress	0	0	0	0	0.00%	No software development expenditures this year.
Office Furniture & Equipment	0	0	0	0	0.00%	No furniture & fixture expenditures this year.
Computer Equipment	0	0	0	0	0.00%	No computer equipment expenditures this year.
Computer Software	0	0	0	0	0.00%	No computer software expenditures this year.
Leasehold Improvements	0	0	0	0	0.00%	No leasehold improvement expenditures this year.
TOTAL	**0**	**0**	**0**	**0**	**0.00%**	

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

Texas Auto Ins. Plan Assoc.

Statement of Financial Position

As Of June 30, 2017

Unaudited

ASSETS	
Current Assets	
Cash and cash equivalents	$ 618,739
Accounts receivable	32,512
Prepaid expenses	24,217
Total current assets	675,467
Property and Equipment	
Furniture and equipment	38,921
Computer equipment	23,762
Leasehold improvements	50,007
Computer software	34,858
	147,549
Less accumulated depreciation	118,534
	29,015
Total assets	704,483
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	18,015
Accrued vacation	39,113
Accrued payroll liabilities	8,174
Deferred revenue	498,589
Total current liabilities	563,891
Other Liabilities	
Accrued pension benefit costs	314,442
Deferred lease benefit	17,564
Total other liabilities	332,006
Net (Deficiency) Assets	
Unrestricted	(191,414)
Total net assets	(191,414)
Total liabilities and net assets	$ 704,483

Texas Auto Ins. Plan Assoc.

Statement of Activities

For the period ended June 30, 2017

Unaudited

Changes in unrestricted net assets

		Current YTD
Revenues		
Member assessments	$	498,311
Interest income		192
Assessment penalties		3,458
Total revenues		501,961
Expenses		
Salaries and related expenses		271,963
Occupancy expenses		70,617
Professional Services		68,799
Depreciation & amortization		7,625
Postage and delivery		10,975
Office supplies and expense		7,450
Governing committee		8,933
Computer supplies & expenses		2,587
Subcommittee meetings		1,500
Staff education & seminars		541
Miscellaneous		785
Staff expense		889
Dues and subscriptions		764
Total operating expenses		453,429
Other revenues (expenses)		
Total other revenue (expenses)		-
Increase (decrease) in unrestricted net assets		48,532
Net assets (deficiency) at beginning of year		(239,947)
Net assets (deficiency) as of June 30, 2017	$	(191,414)

Refunds for Unearned Premium (SB 698, 2013 Texas Legislature)

Background

Senate Bill 698 was enacted by the 2013 Texas Legislature and changed the requirements for refunding unearned premium. On August 16, 2013, TAIPA filed an amendment to the Plan of Operation to comply with the bill. Our Plan of Operation has separate standards for return premium due to cancellations and endorsements. Our filing only included a change for cancellations, as the bill did not specify it applied to endorsements.

Our filing has been pending at TDI ever since, as we were told TDI would be issuing a rule to address some questions about this bill, and we wanted to wait to see how the rule would affect our amendment.

TDI adopted their final rule on May 19, 2017. The rule specifies that it does apply to endorsements, so we withdrew our original filing. Instead of specifically listing out the new requirements, we recommend simply stating the insurer must comply with the statute. The new proposed language is below.

Current Language:

Sect. 14. PERFORMANCE STANDARDS FOR INSURERS WRITING ASSOCIATION PRIVATE PASSENGER BUSINESS

A. Performance Standards

7. Return Premium

Within 30 days of receipt of a request for either cancellation or an endorsement resulting in return premium, the insurer must mail the return premium check.

Proposed Language:

Sect. 14. PERFORMANCE STANDARDS FOR INSURERS WRITING ASSOCIATION PRIVATE PASSENGER BUSINESS

A. Performance Standards

7. Return Premium

The insurer must refund return premium in accordance with Chapter 558, Texas Insurance Code.

TAIPA Recommendation

We recommend the Governing Committee authorize the Association Manager to file the proposed Plan of Operation amendment with TDI.

Surcharges on TAIPA Policies

Scenario #1

We recently received an email from an insurer regarding surcharges on TAIPA policies. The insurer stated that their insured has a commercial TAIPA policy with them, and also has a private passenger TAIPA policy with a different insurer. The insured has several violations. The insurer of the private passenger policy is already surcharging that policy. The producer has questioned if the insurer of the commercial policy is also allowed to surcharge for those same violations. The insurer stated that in some of the states they service, the surcharge cannot be duplicated, and the insurer whose policy went into effect first would be entitled to the surcharge.

Scenario #2

We received a related question last year. In that situation, the insurer had already issued a policy for five vehicles, and then later the insured requested to add additional vehicles. The insurer asked if they could add the vehicles to the existing policy, or if a new application needed to be submitted and then a new policy issued. We told them it was their prerogative. If the applicant applied through TAIPA again, they would be assigned back to their company per Section 43 of the Plan of Operation, so they would end up with the assignment anyway. The insurer decided to just add the vehicles to the existing policy because it was easier for everyone involved. In that case, there were no surcharges. But it raised the hypothetical question that if there were surcharges, would the company be able to issue separate policies for each set of five vehicles, and to surcharge on each of the policies, rather than issuing just one policy for all vehicles and surcharging only once?

Research

Neither TAIPA staff nor counsel could find anything in the statute, the TAIPA Plan of Operation, or the TAIPA Rules & Rating Manual, that would prohibit applying surcharges to each policy. We also could not find anything that mandated that insurers issue separate policies for each set of five vehicles, nor that they must issue only one policy for all vehicles.

Rule 9 of the Rules & Rating Manual mandates that the surcharge would be applied to "the highest rated auto for which insurance is to be afforded." TAIPA's interpretation of this has been that the surcharges would apply to the highest-rated vehicle on a policy, so as long as there were separate policies, you'd charge the one highest-rated vehicle. However, we want to be sure our interpretation is correct. We were made aware that there used to be "Rule 75: Texas Driving Insurance Plan" in the old Texas Automobile Rules & Rating Manual about not being able to duplicate surcharges, but this rule is not in the current TAIPA manual.

TAIPA Recommendation

We request that the Governing Committee refer this item to the Operations Subcommittee so that we can discuss how insurers are currently handling these situations (especially those insurers that are countrywide), and so that we can consider adding language to the TAIPA Rules & Rating Manual as clarification. Any recommendations will be made at the next Governing Committee meeting.

Quota for Companies That Discontinue Writing

A member has requested that TAIPA review the Plan of Operation as related to the quotas of companies that discontinue writing.

Current Procedure

Sec. 47.D of TAIPA's Plan of Operation states:

> "If a member discontinues writing automobile liability insurance in this state but retains its license to write such business, it must continue to pay assessments and receive assignments until its quota established by its writings prior to discontinuance of business has been filled. If the automobile liability business of a member discontinuing the writing of automobile liability insurance in this state is purchased by, transferred to, or assumed by another member, the latter is to receive the assignments and assessments of the former until the quota of the former as established by its writings prior to such transfer has been filled, unless another member has agreed, in a manner satisfactory to the Governing Committee, to assume such obligation."

TAIPA also has a restriction procedure that was approved back in 2011. The procedure allows staff to restrict companies for a few different reasons, including receivership/liquidation and companies that have withdrawn from the market and are no longer authorized to write auto liability. When the company is restricted, they are unable to receive assignments, and any quota that they had is instead divvied up proportionally among all other companies with quota.

Changes to Consider

Many of the plans around the country have added verbiage to their manuals requiring that companies that discontinue writing either hire a LAD/CLAD to take care of the rest of their quota obligation, or that they pay a one-time wind-up fee to TAIPA. Companies in receivership/liquidation can have their assignments suspended with specific documentation from the insurance department.

If it were decided that the companies in these categories should no longer be restricted as per TAIPA's current procedure, and instead should be responsible for their remaining quota, we'd need to amend the TAIPA Restriction Procedure. We would also want to amend the TAIPA Plan of Operation to specify how these companies can clean up their remaining quota obligations.

TAIPA Recommendation

We request that the Governing Committee refer this item to the Operations Subcommittee for further study. Any recommendations will be made at the next Governing Committee meeting.

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COMPANY	YearEnd 2013		YearEnd 2014		YearEnd 2015		1st QTR 2016		2nd QTR 2016		3rd QTR 2016		4th QTR 2016		1st QTR 2017		
PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
21ST CENTURY CENTENNIAL INS CO (SC)		248,568		273,200		279,672		270,624		256,647		257,134		281,551		254,533	
ACE AMERICA	247,616		246,672		245,800		245,603		245,339		245,095		244,859		244,524		
AFFIRMATIVE INS CO							New to quota	732		1,476		2,179		2,547		2,733	RCVR/CO Restricted
ALFA SPECIALTY INS CORP		689		629		428		463		230		269		89		140	
ALLSTATE INS CO		89,144		85,156		93,356		84,516		98,512		107,530		90,724		77,577	
AMER MERCURY INS CO	602			616		3,313		4,002		3,571		3,785		1,959		1,884	
ASSURANCEAMERICA INS CO		468		45		56		57		58		Entered LAD					
COLONIAL LLOYDS		1,277		1,277		1,277		1,277		Entered LAD							
CRESTBROOK INS CO					New to quota	8		23		52	Became grouped						
ESURANCE PROP & CAS INS CO			New to quota	15		218		300	Became grouped								
FALCON INS CO					New to quota	4		4		4		4		Entered LAD			
FREESTONE INS CO		1		171		443		436		443		443		443		443	RCVR/CO Restricted
GENERAL CAS CO OF WISCONSIN			New to quota	72		73		74		75		76		Entered LAD			
GOVERNMENT EMPLOYEES INS CO		85,877		75,542		93,728		76,552		102,119		101,690		86,728		129,313	
HALLMARK COUNTY MUT INS CO	443,961		443,485		443,407		443,399		443,352		443,261		443,126		442,883		
HOMEOWNERS OF AMER INS CO		4,456		4,637		4,639		4,639		4,639		4,639		4,639		4,639	WD/CO Restricted

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COMPANY	YearEnd 2013		YearEnd 2014		YearEnd 2015		1st QTR 2016		2nd QTR 2016		3rd QTR 2016		4th QTR 2016		1st QTR 2017		
PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
HOUSTON GENERAL INS EXCH		3,006		3,006		Went into Storage		3,006									Storage-- YE 2015
ICM INS CO		0		13		13		13		13		13		13		13	Rcvr/CO Restricted
IMPERIAL FIRE & CAS	1,461		1,417		1,395		1,392		1,387		Became grouped						
INTEGON NATIONAL INS CO							New to quota	245,025		272,927		298,587		318,805		288,396	
KNIGHTBROOK INS CO		12		Entered LAD													
LINCOLN GENERAL		51,337		51,337		Went into Storage		51,337									Storage-- YE 2015
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO)	328,062		330,062		330,051		330,049		330,047		330,045		330,044		330,043		
MILEMETER INS CO		2,211		2,211		2,211		2,211		Cert of Authority Cancelled							CO / Inactive
NATIONAL LIABILITY & FIRE (SC)		242,995		260,661		294,194		Entered LAD									
NATIONWIDE MUT INS CO		23,688		Entered LAD													
OLD AMER COUNTY MUT FIRE INS													New to QTA	1		0	
ONEBEACON INS CO		3,705	Became grouped														
PACIFIC SPECIALTY INS CO		74		Entered LAD													
PALOMAR SPECIALTY INS CO			New to quota	16		AIPSO Error		1	Became grouped								
PHARMACISTS MUT INS CO					New to quota	3		7		12		Entered LAD					
QBE INS CORP		62	Became grouped														

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COMPANY	YearEnd 2013		YearEnd 2014		YearEnd 2015		1st QTR 2016		2nd QTR 2016		3rd QTR 2016		4th QTR 2016		1st QTR 2017		
PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
SOMPO JAPAN INS CO (prev Yasuda F&M)	1,976		1,976			Went into Storage	1,976										Storage-- YE 2015
SOUTHLAND LLOYDS INS CO		293		293		Went into Storage	did not generate a year end QTA Rpt -293 removed from the quota calculation										Storage-- YE 2015
SENTRY INS A MUT CO											New to quota	67		Entered LAD			
STARR INDEMNITY & LIABILITY CO		939		955		955		955		955		955		955		955	WD/CO Restricted
STATE FARM MUT AUTO INS CO		196,216		203,426		190,293		213,251		205,040		184,160		175,147		189,103	
SUSSEX INS CO (prior Companion Pro & Cas Ins Co)		240		318		324		324		324		324		324		324	WD/CO Restricted
TEXAS FARM BUREAU CAS INS CO		68,410		59,922		55,332		62,448		72,853		56,329		53,849		67,104	
TOKIO MARINE & NICHIDO FIRE INS		5		5		Went into Storage		5									Storage-- YE 2015
UNIVERSAL NORTH AMERICA			New to quota	89		89		89		89		89		89		89	WD/CO Restricted
WINDHAVEN NATIONAL INS. CO					New to quota	24		48		86		128		166		204	
YOUNG AMERICA INS CO		5		Entered LAD													
TOTALS	1,023,678	1,023,678	1,023,612	1,023,612	1,020,653	1,020,653	1,022,419	1,022,419	1,020,125	1,020,125	1,018,401	1,018,401	1,018,029	1,018,029	1,017,450	1,017,450	

PREMIUMS WRITTEN	2,690,098	2,156,742	1,864,575	490,805 1st qtr	491,128 2nd qtr	496,710 3rd qtr	437,957 4th qtr	557,399 1st qtr

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COMPANY	Year End 2013		Year End 2014		Year End 2015		1st QTR 2016		2nd QTR 2016		3rd QTR 2016		4th QTR 2016		1st QTR 2017		
OTHER THAN PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
ACCIDENT INS CO							New to quota	18		38		53		65		85	
ALASKA NATL		76		80		102		107		115		119		Entered CLAD			
AMALGAMATED CAS INS CO															New to quota	156	
AMER BANKERS INS CO OF FLORIDA							New to quota	93		193		266		Entered CLAD			
AMER CONTRACTORS INS RISK RET. GRP		13,111		16,743		16,743		16,743		16,743		16,743		16,743		16,743	Ret. Grp./ Restricted
AMER MERCURY INS CO	12,371		15,785		3,488			33	508			2,535		4,201		4,823	
AMER MODERN HOME INS CO		428		Entered CLAD													
AMER MODERN LLOYD'S		23,166		Became grouped													
AMER NATIONAL PROP & CAS CO		128		614		1,118		1,218		1,355		Entered CLAD					
AMER NATL COUNTY MUT INS CO						12		39		68		Became grouped					
AMER ROAD INS CO		70		135		197		209		227		238		Entered CLAD			
AMERICAN SAFETY CAS INS CO		3,165		Entered CLAD				Entered New CLAD									
AMER SERVICE INS CO INC.		26		26		26		Became grouped									
AMERICAN BUILDERS INS CO (prev Association Ins Co)		91		183		259		274		295		309		556		Entered CLAD	
BRITISH AMERICAN INS CO		15,565		15,934		16,246		4,910		5,029		6,308	2,996		2,874		
CLARENDON NATIONAL INS CO	51,569		51,569		Went into Storage		51,569										Storage-- YE 2015
COLUMBIA INS CO	1,233		1,222		1,222			Became grouped									
COLUMBIA MUT INS CO		0		4,627		7,227		7,775		Entered CLAD							
COREPOINTE INS CO (prev Chrysler & Daimlerchrysler)		39,102		39,982		40,259		Entered CLAD									
GENERAL STAR NATIONAL INS CO		59		59		59		59		59		59		59		59	Storage-- YE 2017

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COMPANY	Year End 2013		Year End 2014		Year End 2015		1st QTR 2016		2nd QTR 2016		3rd QTR 2016		4th QTR 2016		1st QTR 2017		
OTHER THAN PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
GLOBAL LIBERTY INS CO OF NY					New to quota	34		154		285		380		Entered CLAD			
GOVERNMENT EMPLOYEES INS CO	21,366		24,021		25,707		24,565		23,334		22,433		21,691		24,969		
GRAMERCY INS CO		9,371		9,371		9,371		9,371		9,371		9,371		9,371		9,371	RCVR / CO Restricted; Storage 2017
GREAT MIDWEST INS CO		2,507	Became grouped														
HARLEYSVILLE INS CO							New to quota	45		94		Became grouped					
HISCOX INS CO INC			New to quota	2		232		386		565		692		Entered CLAD			
HOUSING ENTERPRISE INS CO INC		13		23		33		35		36		37		Entered CLAD			
INTEGON NATIONAL INS CO							New to quota	1,592,011		1,656,740		1,625,474		1,675,057		1,687,952	
LINCOLN GENERAL		73,631		73,631		Went into Storage		73,631									Storage-- YE 2015
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO & Penn General)	415,745		414,922		414,900		414,901		414,900		414,900		414,900		414,900		
MIDCONTINENT CAS CO	758,805		754,383		750,300		749,741		748,906		748,377		747,941		747,618		
MOTORISTS COMM MUT INS CO (prev Amer Hardware Mut Ins Co)	28,801		28,223		27,828		27,764		27,672		27,612		27,563		27,482		
NATIONAL BUILDERS INS CO		91		160		202		211		222		230		Became grouped			
NATIONAL LIABILITY & FIRE INS CO (SC)		1,513,719		1,535,081		1,600,794		Entered CLAD									
NAVIGATORS INS CO		189		813		1,579		2,229		Entered CLAD							
NORTH AMER SPECIALTY INS CO		24		32		40		49		58		64		Entered CLAD			
OKLAHOMA SURETY CO	684,575		684,364		684,175		683,878		683,545		683,306		683,110		682,524		
PENN MANUFACTURERS ASSN INS CO	606			Entered CLAD				Entered New CLAD									
PREFERRED PROFESSIONAL INS CO		920		1,119		1,309		1,362		1,431		1,477		Entered CLAD			
QUALITAS INS CO							New to quota	71		147		202		Entered CLAD			
REP WEST INS CO (REPUBLIC WESTERN INS CO)		32		41		48		50		52		Entered CLAD					

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COMPANY	Year End 2013		Year End 2014		Year End 2015		1st QTR 2016		2nd QTR 2016		3rd QTR 2016		4th QTR 2016		1st QTR 2017		
OTHER THAN PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
RIVERPORT INS CO		44		79		83		83		83		83		83		83	
RURAL TRUST INS CO									New to quota	53		73		Entered CLAD			
SAFETY NATL CAS CORP		619		Entered CLAD													
SAMSUNG FIRE & MARINE INS CO					New to quota	79		25		Entered CLAD							
SENECA INS CO		3		93		242		266		301		323		Entered CLAD			
SENTRY INS A MUT CO											New to quota	21,305		Entered CLAD			
STATE FARM MUT AUTO INS CO		194,206		185,682		154,516		150,128		142,935		147,119		137,288		123,695	
TEXAS FARM BUREAU CAS INS CO (prev Southern Farm Bur)		40,575		45,183		43,806		45,741		49,325		50,018		41,653		44,174	
TEXAS HOSPITAL INS EXCH		10,895		11,191		11,521		11,601		11,706		11,777		11,834		11,935	
TIG INS CO							Error in quota	1		1	Error corrected						
TNUS INS CO			New to quota	16		37		39		44		47		Became grouped			
TORUS NATIONAL INS CO (chg'd to Starstone Nat'l Ins Co 11/24/15)		400		Entered CLAD				Entered New CLAD									
TRANS PACIFIC INS CO					New to quota	16		Became grouped			Ungrouped New to quota	32		Became grouped			
TRISTATE INS CO OF MN							New to quota	1		3		3		Became grouped			
TRIUMPHE CAS CO			New to quota	139		139		Entered CLAD									
ULLICO CAS CO		686		1,291		1,291		1,291		1,291		1,291		1,291		1,291	RCVR / CO Restricted; Storage YE 2017
UNITRIN AUTO & HOME INS CO		32,159		32,159		Went into Storage		32,159									Storage-- YE 2015
TOTALS	1,975,071	1,975,071	1,974,489	1,974,489	1,907,620	1,907,620	1,952,418	1,952,418	1,898,865	1,898,865	1,896,628	1,896,628	1,898,201	1,898,201	1,900,367	1,900,367	

PREMIUMS CREDITED	Year End 2013	Year End 2014	Year End 2015	1st QTR 2016	2nd QTR 2016	3rd QTR 2016	4th QTR 2016	1st QTR 2017
PREMIUMS CREDITED	1,987,161	1,993,432	1,923,849	505,429 1st qtr	576,311 2nd qtr	410,958 3rd qtr	356,401 4th qtr	574,818 1st qtr

Exhibit 9

TAIPA

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

ADMINISTRATION

CITYVIEW BLDG. 3 • 1120 S. CAPITAL OF TEXAS HWY., STE. 105 • AUSTIN, TX 78746-6464
P.O. BOX 162890 • AUSTIN, TX 78716-2890
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2018 SCHEDULED GOVERNING COMMITTEE MEETING DATES

Friday, March 23, 2018
Omni Austin Southpark

Friday, August 17, 2018
Held by teleconference

Friday, November 16, 2018
Omni Austin Southpark