

**Texas Automobile Insurance Plan Association Governing Committee Meeting**  
**Friday, November 17, 2017 - 9:00 A.M.**  
**Omni Austin Hotel Southpark, 4140 Governor's Row, Austin, TX 78744**  
**Dress: Business Casual**

1. Call to Order
2. Introductions
3. Reading of the Anti-Trust Statement
4. Review and Approval of the Minutes of the August 18, 2017 Meeting (Exhibit 1)
5. Manager's Report
  - A. Application Count Update as of October 2017 (Exhibit 2)
  - B. Financial Update as of September 2017 (Exhibit 3)
  - C. Plan of Operation Filing: Refunds
  - D. New Office Space Lease
  - E. 2018 Requests for Proposal
  - F. 2018 Meeting Dates (Exhibit 4)
6. Operations Subcommittee Report
  - A. Over/Under Report (Exhibit 5)
7. Report of Counsel
  - A. TAIPA Rates
8. Personnel Matters
9. 2018 Budget
10. Adjournment

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

TAIPA Governing Committee Meeting  
August 18, 2017

**TAIPA GOVERNING COMMITTEE MEETING MINUTES  
AUGUST 18, 2017 AT 9:00 AM  
VIA TELECONFERENCE**

**ATTENDEES:**

**VOTING MEMBERS:**

Mary Carol Awalt, Public Member  
Bill Brooks, Texas Farm Bureau Casualty (Chair) (Attended in-person)  
George Cooper, State Farm (Attended in-person)  
Pete Hamel, Producer Member (Attended in-person)  
Laura Hausman, Public Member  
Carmelita Hogan, Public Member  
Stephen Hylka, Liberty Mutual/Safeco  
Becky Jackson, Public Member (Attended in-person)  
Corise Morrison, USAA  
Tiffany Mulkey, Travelers  
Adam Payton, Producer Member  
Thomas Rolling, Farmers (Attended in-person)  
Jim Rowland, Allstate  
David Weber, Hochheim Prairie (Attended in-person)

**COUNSEL:**

Mike Jones, Thompson, Coe, Cousins & Irons (Attended in-person)

**TAIPA STAFF:**

Stacy Dutton (Association Manager) (Attended in-person)  
Mimi Leece (Attended in-person)  
Nicole Morgan (Minute Taker) (Attended in-person)

**OTHERS:**

Doug Beck, Farmers  
Kimberly Donovan, TDI (Attended in-person)  
Todd Feltman, State Farm (Attended in-person)  
Alex Kozyrenko, Atchley & Assoc. (Attended in-person)  
John Lusardi, Assigned Risk Solutions, Ltd.  
Ramon Montalvo, Producer Member Alternate  
Tyler Mosley, Atchley & Assoc. (Attended in-person)  
David Nardecchia, OPIC (Attended in-person)

**ITEM 1: CALL TO ORDER**

Bill Brooks called the meeting to order at 9:04 AM.

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**ITEM 2: INTRODUCTIONS**

Introductions were made.

**ITEM 3: RECOGNITION OF GEORGE COOPER'S SERVICE TO TAIPA**

George Cooper will be retiring from State Farm soon, and is leaving the TAIPA Governing Committee. He was recognized for his service to TAIPA.

Todd Feltman was introduced as the new representative for State Farm.

**ITEM 4: 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 5: AUDIT/FINANCE COMMITTEE REPORT**

Tyler Mosley presented the 2016 audit reports.

**A. REPORT ON 2016 AUDIT (EXHIBIT 1)**

The auditors' responsibility is to give an opinion on the financial statements and to obtain reasonable assurance the financials are free of material misstatement. They also consider internal controls for the purposes of risk assessment, and would report back if there were any deficiencies. For 2016, there were no significant deficiencies, disagreements with management, correcting entries, issues with internal controls, or any other significant findings.

The audited 2016 financials were reviewed. The financials received an unmodified opinion from the auditors, which is the cleanest opinion that can be given. Although there was a positive change in net assets for 2016, TAIPA still has a net deficiency, but the bulk of that is related to the pension liability. The liability is primarily due to the investment market, which TAIPA obviously cannot control, so as the market improves, we would expect to see the liability continue to decrease as it has in recent years.

The auditors were asked about their opinion of the organization that manages TAIPA's pension. The auditors don't delve too deeply into that, but the investment performance

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TAIPA has seen is not abnormal. Relatively all of the pensions the auditors have seen recently are in the same state as TAIPA's.

It was moved by George Cooper and seconded by David Weber to:

“Accept the 2016 audit report.”

The motion carried unanimously.

Alex Kozyrenko and Tyler Mosley left the meeting.

**ITEM 6: REVIEW AND APPROVAL OF THE MINUTES OF THE MARCH 24, 2017 MEETING  
(EXHIBIT 2)**

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

“Approve the minutes.”

The motion carried unanimously.

**ITEM 7: MANAGER'S REPORT**

Stacy Dutton presented the Manager's Report.

**A. APPLICATION COUNT UPDATE AS OF JULY (EXHIBIT 3)**

TAIPA received 290 applications in July 2017, compared to 246 in July 2016, which is an increase of about 18%. Year-to-date, TAIPA has received 2,179 applications in 2017, compared to 1,943 in 2016, which is an increase of about 12%. We expect to end 2017 with about 3,500-3,700 applications received. Comparatively, we assigned 3,089 in 2016.

It was asked how much volume the current staff can absorb. We believe current staff could absorb double to triple the volume.

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

TAIPA would expect to be at 50% of the budget used at the end of June, and is under-budget at about 45%. The items that are currently over-budget were explained. We expect to end the year about 6% under-budget, mostly due to the fact that we budgeted salaries for 5.5 employees, and have reorganized to just 5 employees.

It was asked if all of Intelligent Compensation's work under the “Consultants—Other” category is complete. We believe all his work is complete, although there were some additional expenses in July that will show on future financials.

**C. LINE OF CREDIT RENEWAL**

TAIPA holds a \$300,000 line of credit from Frost Bank, which we've never drawn on, but carry as a contingency. The annual renewal fees are expected to be about \$300, but there are no other fees unless we draw against it.

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It was asked if this is an annual renewal. It is.

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

“Authorize Nicole Morgan and Stacy Dutton to renew the line of credit and be signers on the account.”

The motion carried unanimously.

**D. NEW OFFICE SPACE LEASE**

TAIPA’s current lease expires in March 2018. At the last Governing Committee meeting, the board authorized TAIPA to explore and execute a new lease, in consultation with the Officers and Counsel. Our goals for the new lease were to reduce total rent costs by at least 25%, and to reduce square footage by half. We toured several properties, and were able to find a suite that met both of our goals. It is in a very comparable building just one stoplight north of our current location. Comparing the entire life of our current lease to the entire life of the proposed terms of the new lease, we’ll save 45%.

We negotiated the terms of the new lease with the help of our broker, Steve Gillespie from Texas Office Advisors. We were able to negotiate a lower monthly base rent, two months of free base rent, no charges for excess rent in the event of relocation/substitution, and for the landlord to pay holdover rent on our current space if the new space isn’t ready by our move-in date. Unfortunately, we were unable to secure the \$0 security deposit we were hoping for, as that is apparently a thing of the past.

We are in the final part of the lease-signing stage right now. Mike Jones and his firm have reviewed the proposed lease and provided feedback to the landlord. There are still a few items we’re negotiating with the landlord, but we hope to sign the final lease in the next couple of weeks.

The lease will commence on March 1, 2018, so TAIPA would move in sometime in March. When we budget for 2018, we’ll need to include budget for moving expenses, phone/internet cabling, and possibly additional insurance, if required.

It was asked what additional insurance we might need to purchase. The new lease originally required earthquake and flood insurance, although it sounds like we might be able to negotiate to remove those requirements.

**E. PLAN OF OPERATION FILING: REFUNDS FOR CANCELLATIONS (EXHIBIT 5)**

In 2013, TAIPA filed a Plan of Operation amendment to comply with Senate Bill 698, which changed the requirements for return premium. When we made the filing, we only included a change for cancellations, as the bill did not specify it applied to endorsements, and our Plan of Operation has separate standards for return premium due to cancellations and endorsements.

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 filing, so our filing has been

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pending at TDI ever since. TDI adopted their final rule in May. The rule applies to both endorsements and cancellations, so we withdrew our original filing, and need to make a new filing. Instead of listing out the specific requirements in our Plan of Operation amendment, we recommend simply stating the insurer must comply with the statute. The proposed language is shown in Exhibit 5.

It was asked if an insurer needs to send a refund check if an endorsement change results in a premium decrease. The answer is yes, although there is also a provision for applying it as a credit to a future billing on the same policy.

It was suggested that the proposed language refer insurers to TDI's rule, in addition to referring them to statute. The rule is promulgated by TDI under the statute. Rules change more frequently than the statute, so the more we pin it down, the more we'd have to worry about changing it in the future if the rules change. Further, if the rules were to change, it would be the company's responsibility to ensure they comply with any new rules, not TAIPA's responsibility.

It was agreed to change the language to, "The insurer must refund return premium in accordance with Chapter 558, Texas Insurance Code, and the rules promulgated under that chapter."

It was also agreed that when TAIPA sends out a bulletin to notify insurers of the approved Plan of Operation amendment, they should direct insurers to the rule issued by TDI.

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

"Authorize TAIPA staff to file the proposed Plan of Operation amendment with TDI."

The motion carried unanimously.

#### **F. SURCHARGES ON TAIPA POLICIES (EXHIBIT 6)**

TAIPA has received some questions from insurers regarding how to apply surcharges to TAIPA policies in a couple of situations that don't come up often, and therefore aren't addressed in our rules. We request that the Governing Committee refer these questions 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.

There was a consensus to refer these questions to the Operations Subcommittee for further study.

It was asked if the Operations Subcommittee has a meeting scheduled yet. They do not, but will be scheduling one.

#### **G. QUOTA PROCEDURES RELATED TO INSURERS DISCONTINUING WRITING (EXHIBIT 7)**

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TAIPA received a request from a member to review the Plan of Operation as related to the quotas of companies that discontinue writing. We request that the Governing Committee refer this question to the Operations Subcommittee to discuss and make recommendations as to whether TAIPA should make changes to our procedure to more closely match the procedures used around the rest of the country.

There was a consensus to refer this item to the Operations Subcommittee for further study.

**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.

**ITEM 9: REPORT OF COUNSEL**

Mike Jones presented the Report of Counsel.

**A. LEGISLATIVE UPDATE**

Thompson, Coe, Cousins & Irons has reviewed the legislation passed during the 2017 session, as well as reports by various trade associations, and has determined there were no changes to TAIPA's statute, nor were there any bills that directly affect TAIPA's Plan of Operation or forms. There was one bill, Senate Bill 1490, which will allow insurers to set their own surcharges for DUI's and accidents, whereas those surcharges are currently promulgated by TDI. TAIPA's Rules and Rating Manual does have provisions for surcharges, which we could now change if we wanted to, although they would still be subject to TDI's approval. There doesn't seem to be a need to change the surcharges at this time, but the option is now available if there was a future need.

**B. TAIPA RATES**

In 2015, TDI approved a new methodology for TAIPA's rating filings, in which TAIPA rates are indexed to voluntary market loss costs. Mike Miller has prepared Private Passenger and Commercial rate indications using this methodology. The filing would result in an overall Private Passenger increase of 4.8% and an overall Commercial increase of 1.7%.

In both 2015 and 2016, we modified the class and territory rating factors, and since they hadn't been changed in over a decade, we decided to cap the factor changes each year and roll them out over several years. This year's filing did include some factor changes for Private Passenger, although it didn't include any for Commercial. This year should hopefully be the last year these factor changes are included in the Private Passenger indications.

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The proposed effective date is February 1, 2018. Our target filing date is September 8, 2017, which is one day past last year's filing date, because statute says we cannot file more than once in any 12-month period. TDI has 30 days to act on our filing, and can extend that timeline by an additional 30 days, which we expect they'll do. Because our changes by coverage do not exceed 5%, a hearing is not required. Once the filing is made, TAIPA also plans to provide OPIC with a courtesy copy.

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

“Authorize Counsel and Mike Miller to make the rate filing as indicated on September 8<sup>th</sup>, with copy to the appropriate parties, and also to direct Counsel and Mike Miller to make any necessary changes that may be required in response to TDI.”

The motion carried with ten in favor, three opposed (Awalt, Hausman, Hogan), and one abstention (Jackson).

**ITEM 10: 2018 MEETING DATES (EXHIBIT 9)**

The 2018 meetings are show in Exhibit 9.

It was asked if the March 2018 meeting coincides with Spring Break or SXSW, as flights and hotels are more expensive during those events. The meeting is not during SXSW, but TAIPA staff will check if it's during Spring Break, and if so, will reschedule.

**ITEM 11: NEXT MEETING—NOVEMBER 17, 2017 AT OMNI AUSTIN SOUTHPARK**

The next Governing Committee meeting is November 17, 2017 at the Omni Austin Southpark Hotel.

TAIPA staff has received some comments regarding the full teleconference meetings in August possibly not being as desirable as initially thought. As such, TAIPA staff will be sending out an anonymous survey to everyone, and we'll make adjustments as needed based on the survey results.

**ITEM 12: MANAGER TRANSITION SUBCOMMITTEE REPORT**

Thomas Rolling presented the Manager Transition Subcommittee Report.

At the last Governing Committee meeting, the Manager Transition Subcommittee was assigned two tasks:

1. To review the Policies & Procedures Manual in conjunction with the new positions Stacy Dutton and Nicole Morgan were appointed to, and to review the open door policy, and to come back with any recommendations by the next Governing Committee meeting.
2. 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.



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Stacy Dutton worked with Bob Cartwright of Intelligent Compensation and Ted Smith, TAIPA's personnel attorney, on proposed changes to the Employee Complaint Procedure. The Manager Transition Committee has reviewed these proposed changes, and will present their recommendations during the closed session. The key components of the proposed procedure are that it establishes a Liaison position, as well as qualifications for the appointed Liaison, and protocol for the Liaison to follow.

The Manager Transition Committee has also reviewed the support staff jobs with Stacy Dutton. Stacy Dutton worked with Bob Cartwright to create job descriptions and pricing for the nonexempt staff. The Manager Transition Committee has reviewed the proposed job descriptions and pricing of the jobs, and will present their recommendations during the closed session.

**ITEM 13: PERSONNEL MATTERS**

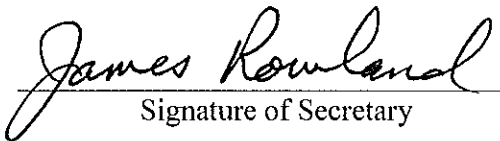
Acting under authority of Government Code 551.074, the Governing Committee commenced a closed meeting at 10:09 AM. The open meeting resumed at 10:41 AM.

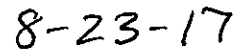
It was moved by David Weber and seconded by George Cooper to:  
"Adopt the new Employee Complaint Procedure."  
The motion carried unanimously.

It was moved by David Weber and seconded by Thomas Rolling to:  
"Appoint Laura Hausman to be the new TAIPA Liaison."  
The motion carried unanimously.

**ITEM 14: ADJOURNMENT**

There being no further business to discuss, it was moved by Thomas Rolling and seconded by George Cooper to:  
"Adjourn the meeting."  
The motion carried unanimously. The meeting adjourned at 10:42 AM.

  
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Signature of Secretary

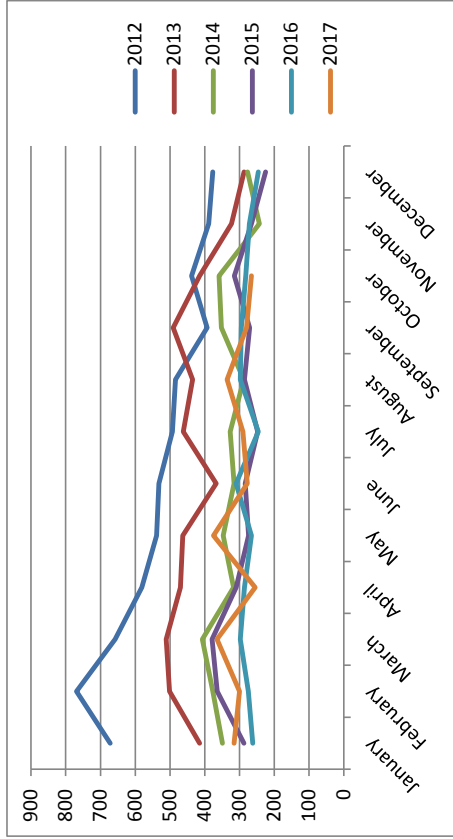
  
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Date Signed

  
\_\_\_\_\_  
Printed Name of Secretary

<b>Monthly Total (Oct. 2017)</b>		
	<b>Private Passenger</b>	<b>Commercial</b>
<b>EASi Applications</b>	<b>249</b>	<b>16</b>
<b>Paper Applications</b>	<b>1</b>	<b>0</b>
<b>Total Applications Received</b>	<b>250</b>	<b>16</b>
<b>Applications Assigned</b>	<i>246</i>	<i>16</i>
<b>Apps Returned for Correction</b>	<i>4</i>	<i>0</i>
<b>Applications Deficient</b>	<i>13</i>	<i>3</i>
<b>Applications with SR-22s</b>	<i>11</i>	<i>0</i>
	<b>Total Applications Received in Oct. 2016:</b>	<b>282</b>
	<b>Total Applications Received in Oct. 2017:</b>	<b>266</b>
<b>Year to Date Total (as of Oct. 2017)</b>		
	<b>Private Passenger</b>	<b>Commercial</b>
<b>EASi Applications</b>	<b>2754</b>	<b>304</b>
<b>Paper Applications</b>	<b>1</b>	<b>2</b>
<b>Total Applications Received</b>	<b>2755</b>	<b>306</b>
<b>Applications Assigned</b>	<i>2697</i>	<i>296</i>
<b>Apps Returned for Correction</b>	<i>56</i>	<i>10</i>
<b>Applications Deficient</b>	<i>243</i>	<i>42</i>
<b>Applications with SR-22s</b>	<i>117</i>	<i>0</i>
	<b>Total Applications Received YTD (as of Oct. 2016):</b>	<b>2,818</b>
	<b>Total Applications Received YTD (as of Oct. 2017):</b>	<b>3,061</b>
	<b>YTD Percent Change from Oct. 2016 to Oct. 2017:</b>	<b>8.62%</b>
<b>Application Assignment History*</b>		
<b>1994:</b> 716,036	<b>2002:</b> 66,153	<b>2010:</b> 8,725
<b>1995:</b> 461,059	<b>2003:</b> 74,506	<b>2011:</b> 7,364
<b>1996:</b> 214,744	<b>2004:</b> 47,434	<b>2012:</b> 5,898
<b>1997:</b> 95,461	<b>2005:</b> 31,517	<b>2013:</b> 4,708
<b>1998:</b> 55,041	<b>2006:</b> 23,634	<b>2014:</b> 3,628
<b>1999:</b> 47,108	<b>2007:</b> 16,780	<b>2015:</b> 3,217
<b>2000:</b> 44,945	<b>2008:</b> 12,896	<b>2016:</b> 3,089
<b>2001:</b> 53,477	<b>2009:</b> 10,299	

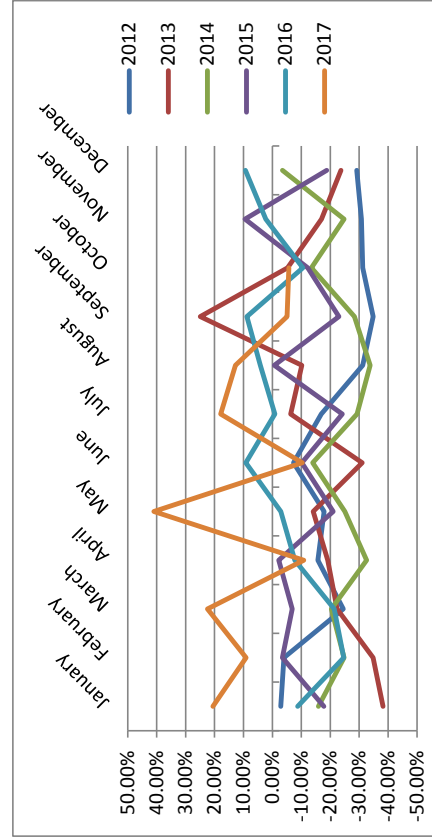
\*Application Assignment History based on applications assigned, not received.

### Trend of Applications Received from 2011 to 2017



Estimate of Applications to be Received in 2017: 3,466

### Percent Change in Applications Received



**Texas Auto Ins. Plan Assoc.**  
**ACTUAL VS. BUDGET**  
 For the period ended September 30, 2017

	Actual	2017 Year To Date Budget	Variance	2017 Annual Budget	% Used	Reason for Variance
<b>REVENUE</b>						
Assessments & Penalties	751,143	746,925	4,218	995,900	75.42%	
Other Revenue	471	0	471	0	0.00%	
<b>TOTAL</b>	<b>751,614</b>	<b>746,925</b>	<b>4,689</b>	<b>995,900</b>	<b>75.47%</b>	
<b>EXPENDITURES</b>						
Salaries	274,656	318,675	44,019	424,900	64.64%	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.	132,546	141,900	9,354	189,200	70.06%	Insurance increases were not as high as expected; will end under budget.
Office Equipment Expense	9,432	11,475	2,043	15,300	61.65%	Only ordering supplies as needed; have not had to make any repairs to any equipment.
Printing & Stationary Exp.	1,217	1,425	208	1,900	64.07%	Only printing envelopes as needed; expect to print more in the last quarter of the year.
Computer Expenses	3,737	4,950	1,213	6,600	56.62%	Have not had to purchase any misc. computer supplies to date.
Postage & Shipping Exp.	16,497	16,725	228	22,300	73.98%	Within range.
Telephone Expense	9,048	9,225	177	12,300	73.56%	Within range.
Rent Expense	96,837	96,750	-87	129,000	75.07%	Within range.
Taxes	310	975	665	1,300	23.83%	Business personal property tax is not due until later in the year.
Other Office Expenses	1,390	5,325	3,935	7,100	19.58%	Did not have as many assessment writeoffs this year as budgeted for; other events take place later in the year.
Governing Committee	11,014	17,775	6,761	23,700	46.47%	Have held two of three meetings to date (two are in-person; one is via teleconference); some members were unable to attend the second meeting; will end under budget.
Subcommittee Meetings	2,500	2,475	-25	3,300	75.76%	Within range.
Producer Review Panel	0	0	0	0	0.00%	No Producer Review Panel meetings scheduled this year.
Employee Meetings, Seminars & Staff Travel	2,617	6,975	4,358	9,300	28.14%	Not all the classes budgeted for will end up being taken.
Legal Expenses	31,081	37,200	6,119	49,600	62.66%	Work on rate filing began in June and is not yet complete; there was not as much work related to the legislative session as expected; have not had any major issues/questions.
Audit Expense	20,458	17,325	-3,133	23,100	88.56%	Have already incurred all annual audit expense.

	Actual	2017 Year To Date Budget	Variance	2017 Annual Budget	% Used	Reason for Variance
Dues, Subscriptions & Publications	992	1,200	208	1,600	61.99%	Subscription renewals did not cost as much as expected; will end under-budget.
TAIPA Tradition, Visitor Meals & Gifts	1,479	2,025	546	2,700	54.77%	Events are later in the year; expect to end on budget.
System Consultants	30,635	32,550	1,915	43,400	70.59%	Within range.
Consultants - Other	26,335	14,925	-11,410	19,900	132.33%	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 employee complaint procedure, which wasn't expected.
Actuary	0	7,050	7,050	9,400	0.00%	No actuary work to date.
Other	0	0	0	0	0.00%	No other expenses to date.
<b>SUBTOTAL</b>	<b>672,780</b>	<b>746,925</b>	<b>74,144</b>	<b>995,900</b>	<b>67.56%</b>	
Depreciation	7,687	7,725	38	10,300	74.63%	Within range.
Amortization	3,750	3,750	0	5,000	75.00%	Within range.
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0	0.00%	Have not sold any assets to date.
<b>SUBTOTAL</b>	<b>11,437</b>	<b>11,475</b>	<b>38</b>	<b>15,300</b>	<b>74.75%</b>	
<b>TOTAL OPERATING EXPENSE</b>	<b>684,218</b>	<b>758,400</b>	<b>74,182</b>	<b>1,011,200</b>	<b>67.66%</b>	<b>We'd expect to be at 75% of budget at the end of this period.</b>
<b>NET FROM OPERATIONS</b>	<b>67,396</b>	<b>-11,475</b>	<b>78,871</b>	<b>-15,300</b>		
Non-Operating Pension Costs	0	0	0	0	0.00%	Pension adjustment will not be made until yearend.
<b>NET</b>	<b>67,396</b>	<b>-11,475</b>	<b>78,871</b>	<b>-15,300</b>		
<b>CAPITAL BUDGET</b>						
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.
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	

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 September 30, 2017

Unaudited

## ASSETS

Current Assets	
Cash and cash equivalents	\$ 409,236
Accounts receivable	7,980
Prepaid expenses	26,431
Total current assets	<u>443,648</u>
Security Deposits	5,379
Property and Equipment	
Furniture and equipment	38,921
Computer equipment	23,762
Leasehold improvements	50,007
Computer software	34,858
	<u>147,549</u>
Less accumulated depreciation	<u>122,347</u>
	<u>25,203</u>
Total assets	<u><u>474,230</u></u>

## LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	10,858
Accrued vacation	39,113
Accrued payroll liabilities	15,389
Deferred revenue	249,414
Total current liabilities	<u>314,775</u>
Other Liabilities	
Accrued pension benefit costs	314,442
Deferred lease benefit	17,564
Total other liabilities	<u>332,006</u>
Net (Deficiency) Assets	
Unrestricted	<u>(172,550)</u>
Total net assets	<u>(172,550)</u>
Total liabilities and net assets	<u><u>\$ 474,230</u></u>

# *Texas Auto Ins. Plan Assoc.*

## Statement of Activities

For the period ended September 30, 2017

Unaudited

### Changes in unrestricted net assets

	<b>Current YTD</b>
<b>Revenues</b>	
Member assessments	\$ 747,686
Interest income	471
Assessment penalties	3,458
Total revenues	751,614
 <b>Expenses</b>	
Salaries and related expenses	407,202
Occupancy expenses	106,195
Professional Services	108,509
Depreciation & amortization	11,437
Postage and delivery	16,497
Office supplies and expense	10,650
Governing committee	11,014
Computer supplies & expenses	3,737
Subcommittee meetings	2,500
Staff education & seminars	2,617
Miscellaneous	1,390
Staff expense	1,479
Dues and subscriptions	992
Total operating expenses	684,218
 <b>Other revenues (expenses)</b>	
Total other revenue (expenses)	-
 <i>Increase (decrease) in unrestricted net assets</i>	67,396
 <i>Net assets (deficiency) at beginning of year</i>	(239,947)
 <i>Net assets (deficiency) as of September 30, 2017</i>	\$ (172,550)

ADMINISTRATION

CITYVIEW BLDG. 3 • 1120 S. CAPITAL OF TEXAS HWY., STE. 105 • AUSTIN, TX 78746-6464  
P.O. BOX 162890 • AUSTIN, TX 78716-2890  
TEL. 512/444-4441 • FAX 512/444-7368  
<http://www.taipa.org>

**2018 SCHEDULED GOVERNING COMMITTEE MEETING DATES**

Friday, March 23, 2018  
Omni Austin Southpark

Friday, August 17, 2018  
Omni Austin Southpark

Friday, November 16, 2018  
Omni Austin Southpark

A teleconference line will be available for those who are unable to attend in-person.



COMPANY	YearEnd 2013	YearEnd 2014	YearEnd 2015	Year End 2016	1st QTR 2017	2nd QTR 2017	
PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	
21ST CENTURY CENTENNIAL INS CO (SC)		248,568	273,200	279,672	280,342	254,533	301,929
ACE AMERICA	247,616		245,800	244,859	244,524		244,143
AFFIRMATIVE INS CO					2,446	2,733	2,832
ALFA SPECIALTY INS CORP		689			88	140	198
ALLSTATE INS CO		89,144	85,156	93,356	90,642	77,577	Entered LAD
AMER MERCURY INS CO	602		616	3,313	1,954	1,884	3,129
ASSURANCEAMERICA INS CO		468		56	58	Entered LAD	
COLONIAL LLOYDS		1,277	1,277		Entered LAD		
CRESTBROOK INS CO					155		
ESURANCE PROP & CAS INS CO			15	218			
FALCON INS CO					4	Entered LAD	
FREESTONE INS CO		1	171	443	443	443	443
GENERAL CAS CO OF WISCONSIN					76	Entered LAD	
GOVERNMENT EMPLOYEES INS CO		85,877	75,542	93,728	128,245	129,313	163,474
HALLMARK COUNTY MUT INS CO	443,961		443,485	443,407		442,883	442,580

RCVR/CO  
Restricted

RCVR/CO  
Restricted

COMPANY	YearEnd 2013	YearEnd 2014	YearEnd 2015	Year End 2016	1st QTR 2017	2nd QTR 2017	WD/CO Restricted	Storage-- YE 2015	Rcvr/CO Restricted	Storage-- YE 2015	CO / Inactive	
PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
HOMEOWNERS OF AMER INS CO		4,456		4,637		4,639		4,639		4,639		4,639
HOUSTON GENERAL INS EXCH		3,006		3,006	Went into Storage							
ICM INS CO		0		13		13		13		13		13
IMPERIAL FIRE & CAS	1,461		1,417		1,395		1,381	Became grouped				
INTEGON NATIONAL INS CO								279,949		288,396		268,586
KNIGHTBROOK INS CO		12		Entered LAD								
LINCOLN GENERAL		51,337		51,337	Went into Storage							
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO )	328,062		330,062		330,051		330,044		330,043		330,042	
MILEMETER INS CO		2,211		2,211		2,211		Cert of Authority Cancelled				
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 OTA			0		Entered LAD
ONEBEACON INS CO		3,705		Became grouped								
PACIFIC SPECIALTY INS CO		74		Entered LAD								
PALOMAR SPECIALTY INS CO			New to quota	16			Became grouped					
					AIPSO Error							

COMPANY	YearEnd 2013		YearEnd 2014		YearEnd 2015		Year End 2016		1st QTR 2017		2nd QTR 2017		
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
PRIVATE PASSENGER													
PHARMACISTS MUT INS CO					New to quota	3		25		Entered LAD			
OBE INS CORP		62	Became grouped										
SOMPO JAPAN INS CO (prev Yasuda F&M)	1,976		1,976			Went into Storage							
SOUTHLAND LLOYDS INS CO		293		293		Went into Storage							
STARR INDEMNITY & LIABILITY CO		939		955		955	955	955	955	955	955	955	
STATE FARM MUT AUTO INS CO		196,216		203,426		190,293	175,003	189,103	189,103	189,103	191,530	191,530	
SUSSEX INS CO (prior Companion Pro & Cas Ins Co)		240		318		324	324	324	324	324	324	324	
TEXAS FARM BUREAU CAS INS CO		68,410		59,922		55,332	53,796	67,104	67,104	67,104	78,390	78,390	
TOKIO MARINE & NICHIDO FIRE INS		5		5		Went into Storage							
UNIVERSAL NORTH AMERICA			New to quota	89		89	89	89	89	89	89	89	
WINDHAVEN NATIONAL INS. CO					New to quota	24	165	204	204	204	234	234	
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	1,019,411	1,017,450	1,017,450	1,017,450	1,016,765	1,016,765	
PREMIUMS WRITTEN	2,690,098		2,156,742		1,864,575		1,916,600		557,399	1st qtr		572,257	2nd qtr

**TAIPA OTPP Over/Under Report**

10/05/2017

Exhibit 5, Page 4

COMPANY	Year End 2013		Year End 2014		Year End 2015		Year End 2016		1st QTR 2017		2nd QTR 2017		Ret. Grp./ Restricted	Storage-- YE 2015
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR		
ACCIDENT INS CO							New to quota	65				85		101
ALASKA NATL		76		80		102		123		Entered CLAD				
AMALGAMATED CAS INS CO									New to quota	156				286
AMER BANKERS INS CO OF FLORIDA									Became ungrouped (co w/ quota moved to Diamond State)	328				
AMER CONTRACTORS INS RISK RET. GRP		13,111		16,743		16,743		16,743				16,743		16,743
AMER MERCURY INS CO	12,371		15,785					4,296				4,823		8,074
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		1,522			Entered CLAD			
AMER NATL COUNTY MUT INS CO						12		107			Became grouped			
AMER ROAD INS CO		70		135		197		248			Entered CLAD			
AMERICAN SAFETY CAS INS CO		3,165		Entered CLAD										
AMER SERVICE INS CO INC.		26		26		26		Became grouped						
AMERICAN BUILDERS INS CO (prev Association Ins Co)		91		183		259		320			Entered CLAD			
BRITISH AMERICAN INS CO		15,565		15,934		16,246		2,993			2,874			3,887
CLARENDON NATIONAL INS CO	51,569		51,569											
COLUMBIA INS CO	1,233		1,222					Became grouped						

**TAIPA OTPP Over/Under Report**

10/05/2017

COMPANY	Year End 2013	Year End 2014	Year End 2015	Year End 2016	1st QTR 2017	2nd QTR 2017
	OVER	UNDR	OVER	UNDR	OVER	UNDR
COLUMBIA MUT INS CO		0	4,627	Entered CLAD		
COREPOINTE INS CO (prev Chrysler & Daimlerchrysler)		39,102	39,982	Entered CLAD		
DONEGAL MUT INS CO						New to quota 680
GENERAL STAR NATIONAL INS CO		59	59	59	59	59
GLOBAL LIBERTY INS CO OF NY				462	Entered CLAD	
GOVERNMENT EMPLOYEES INS CO	21,366		24,021	26,691	24,969	23,534
GRAMERCY INS CO		9,371	9,371	9,371	9,371	9,371
GREAT MIDWEST INS CO		2,507	Became grouped			
HARLEYSVILLE INS CO				160	Became grouped	
HISCOX INS CO INC			New to quota 2	800	Entered CLAD	
HOUSING ENTERPRISE INS CO INC		13	23	38	Entered CLAD	
INTEGON NATIONAL INS CO				1,673,492	1,687,952	1,689,035
LINCOLN GENERAL		73,631	73,631			
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO & Penn General)	415,745		414,922	414,900	414,900	414,900
MIDCONTINENT CAS CO	758,805		754,383	747,924	747,618	747,345
MOTORISTS COMM MUT INS CO (prev Amer Hardware Mut Ins Co)	28,801		28,223	27,561	27,482	27,414
NATIONAL BUILDERS INS CO		91	160	236	Became grouped	

RCVR / CO  
Restricted;  
Storage  
2017

Storage--  
YE 2017

Storage--  
YE 2015

TAIPA OTPP Over/Under Report

10/05/2017

Exhibit 5, Page 6

COMPANY	Year End 2013		Year End 2014		Year End 2015		Year End 2016		1st QTR 2017		2nd QTR 2017	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
NATIONAL LIABILITY & FIRE INS CO (SC)		1,513,719		1,535,081		1,600,794	Entered CLAD					
NAVIGATORS INS CO		189		813		1,579	Entered CLAD					
NORTH AMER SPECIALTY INS CO		24		32		40	70		Entered CLAD			
OKLAHOMA SURETY CO	684,575		684,364		684,175	683,103		682,524		682,034		
PENN MANUFACTURERS ASSN INS CO	606			Entered CLAD			Entered New CLAD					
PREFERRED PROFESSIONAL INS CO		920		1,119		1,309	1,516		Entered CLAD			
QUALITAS INS CO							250		Entered CLAD			
REP WEST INS CO (REPUBLIC WESTERN INS CO)		32		41		48	Entered CLAD					
RIVERPORT INS CO		44		79		83	83		83			83
RURAL TRUST INS CO							91		Entered CLAD			
SAFETY NATL CAS CORP		619		Entered CLAD								
SAMSUNG FIRE & MARINE INS CO					New to quota	79	Entered CLAD					
SENECA INS CO		3		93		242	343		Entered CLAD			
STATE FARM MUT AUTO INS CO		194,206		185,682		154,516	137,542		123,695			119,060
TEXAS FARM BUREAU CAS INS CO (prev Southern Farm Bur)		40,575		45,183		43,806	41,727		44,174			42,311
TEXAS HOSPITAL INS EXCH		10,895		11,191		11,521	11,836		11,935			12,020
TNUS INS CO			New to quota	16		37	49		Became grouped			

**TAIPA OTPP Over/Under Report**

10/05/2017

COMPANY	Year End 2013	Year End 2014	Year End 2015	Year End 2016	1st QTR 2017	2nd QTR 2017
	OVER	UNDR	OVER	UNDR	OVER	UNDR
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	Became grouped		
TRISTATE INS CO OF MN				4	Became grouped	
TRIUMPHE CAS CO			New to quota	Entered CLAD		
ULLICO CAS CO		686	1,291	1,291	1,291	1,291
UNITRIN AUTO & HOME INS CO		32,159	32,159			
TOTALS	1,975,071	1,975,071	1,974,489	1,903,172	1,900,367	1,899,114
			Went into Storage			
			1,907,620	1,903,172	1,900,367	1,899,114
			1,907,620	1,777,884	574,818 1st qtr	479,062 2nd qtr
PREMIUMS CREDITED	1,987,161	1,993,432	1,923,849	1,777,884	574,818 1st qtr	479,062 2nd qtr

Rcvr / CO  
Restricted;  
Storage YE 2017 Storage--  
YE 2015