

Texas Automobile Insurance Plan Association Governing Committee Meeting
Friday, November 20, 2015 - 9:00 A.M.
Austin Marriott South, 4415 S. IH-35 Frontage Rd., Austin, TX 78744
Dress: Business Casual

1. Call to Order
2. Reading of the Anti-Trust Statement
3. Introductions and Welcoming New Members
4. Recognition of Fred Strauss's Service to TAIPA
5. Recognition of Kit Morris's Service to TAIPA
6. Review and Approval of the Minutes of the August 21, 2015 Meeting (Exhibit 1)
7. Manager's Report
 - A. Application Count Update as of October 2015 (Exhibit 2)
 - B. Financial Update as of September 2015 (Exhibit 3)
 - C. 2016 Requests for Proposal
 - D. 2016 Budget (Exhibit 4)
 - E. Application System Update
 - F. Current Staffing
8. Strategic Planning Subcommittee Report
 - A. Enterprise Risk Management (Exhibit 5)
9. Operations Subcommittee Report
 - A. Over/Under Report (Exhibit 6)
10. Report of Counsel
 - B. Pending Plan of Operation Filing: Refunds for Cancellations
 - C. Senate Bill 956: Delivery of Insurance Policies
 - D. TAIPA Rates
11. 2016 Meeting Dates (Exhibit 7)
12. Personnel Matters
13. Adjournment

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

TAIPA Governing Committee Meeting
August 21, 2015

**TAIPA GOVERNING COMMITTEE MEETING MINUTES
AUGUST 21, 2015 AT 9:00 AM
VIA TELECONFERENCE**

ATTENDEES:

VOTING MEMBERS:

Alisha Darden, Public Member Alternate
Bill Brooks, Texas Farm Bureau Casualty
George Cooper, State Farm
Kevin Curry, Travelers
Terry Fain, Public Member
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)
Kit Morris, Producer Member
Corise Morrison, USAA
Thomas Rolling, Farmers (Chair) (Attended in-person)
Fred Strauss, Allstate

COUNSEL:

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

TAIPA STAFF:

James Langford (Association Manager)
Nicole Morgan (Minute Taker) (Attended in-person)
Stacy Midkiff (Attended in-person)

OTHERS:

Doug Beck, Farmers
John Lusardi, Assigned Risk Solutions, Ltd.
Robert Marchbanks, Atchley & Assoc. (Attended in-person)
Joe Matetich, OPIC
Ramon Montalvo, Producer Member Alternate
David Nardecchia, OPIC
Anne O’Ryan, AAA
Jay Schnoor, Assigned Risk Solutions, Ltd.
Mark Worman, TDI

ITEM 1: CALL TO ORDER

Thomas Rolling called the meeting to order at 9:06 AM.

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ITEM 2: ROLL CALL

Introductions were made.

ITEM 3: READING OF ANTI-TRUST STATEMENT

Nicole Morgan 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: RECOGNITION OF MELANIE HARTWELL’S SERVICE TO TAIPA

Melanie Hartwell has retired from USAA. She was thanked for her service as a Governing Committee member.

ITEM 5: AUDIT/FINANCE COMMITTEE REPORT

A. REPORT ON 2014 AUDIT (EXHIBIT 1)

Robert Marchbanks stated the auditors’ responsibility is to give an opinion on the financial statements and to obtain reasonable assurance the financials are free of material misstatement. There were no significant deficiencies, new accounting policies, adjustments, misstatements, or disagreements with management.

Joe Matetich, Kit Morris, Anne O’Ryan, and Jay Schnoor joined the meeting.

The audited 2014 financials were reviewed. The financials received an unmodified opinion from the auditors, which is the cleanest opinion that can be given.

The increase in the pension liability was discussed. The increase is primarily due to changes in the discount rate, as well as changes in the mortality table.

It was moved by Fred Strauss and seconded by Kit Morris to:

“Adopt the 2014 audit report.”

The motion carried unanimously.

Robert Marchbanks left the meeting.

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ITEM 6: REVIEW AND APPROVAL OF THE MINUTES OF THE MARCH 27, 2015 MEETING (EXHIBIT 2)

It was moved by George Cooper and seconded by Fred Strauss to:

“Accept the minutes as presented.”

The motion carried unanimously.

ITEM 7: MANAGER’S REPORT

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

TAIPA received 248 applications in July 2015, compared to 327 in July 2014, which is a decline of about 24%. Year-to-date, TAIPA has received 2,146 applications in 2015, compared to 2,440 in 2014, which is a decline of about 12%. Based on current volumes, we estimate we will receive about 3,100-3,200 applications in 2015.

B. FINANCIAL UPDATE AS OF JUNE (EXHIBIT 5)

TAIPA expected to be at 50% of the budget used at the end of June and is just under-budget at 48.53%. The items that are currently over-budget were explained. We expect to end the year on-budget.

C. LINE OF CREDIT RENEWAL

TAIPA holds a \$300,000 line of credit from Frost Bank, which has never been used, but is carried as a contingency. It is up for renewal on September 21, 2015. The annual renewal fees are expected to be \$325, but there are no other fees unless we draw against it.

It was moved by Fred Strauss and seconded by Becky Jackson to:

“Authorize James Langford to renew and sign the line of credit, with the fee as discussed.”

The motion carried unanimously.

D. APPLICATION SYSTEM UPDATE

The EASi 2.0 system went live on May 19, 2015. Since then, a few modifications have been made to the site to clear up some questions we received from producers, but other than that, feedback has been good.

Effective August 1, 2015, use of EASi for all TAIPA applications is mandatory. If we receive a non-EASi application, we will honor the effective date, and will return the application to the producer to submit through EASi. The producer has 20 days to do this. TAIPA holds the check and copy of the original application. If the producer does not submit the app through EASi within 20 days, TAIPA will assign the application and forward the check and original application to the insurer. The producer will receive a violation for failure to respond to TAIPA’s request for correction. Since implementation, TAIPA has only received one non-EASi application.

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Most of the programming of the new APS has been completed by AIPSO and tested by TAIPA staff. AIPSO is currently working on the quota/assignment/reporting piece and hopes to turn it over to TAIPA for testing in late September or early October. The target launch date is October 23, 2015, although this may be pushed back a few weeks to ensure TAIPA has adequate time to test the quota/assignment/reporting piece.

E. LAD/CLAD APPLICATION FROM INTEGON NATIONAL INS. CO. (EXHIBIT 5)

TAIPA received an application from Integon National Ins. Co. to be a LAD/CLAD carrier in Texas. TAIPA has reviewed the guidelines in the Plan of Operation and has determined that Integon National meets them.

It was moved by Bill Brooks and seconded by Fred Strauss to:

“Approve Integon National Ins. Co as a LAD/CLAD carrier in Texas.”

The motion carried unanimously.

F. PLAN OF OPERATION FILING: REMOVE COUNTY MUTUAL EXEMPTION PROVISION DUE TO SB 1554 (EXHIBIT 6)

Senate Bill 1554 was passed during the 2015 legislative session. The bill includes county mutuals as authorized insurers and therefore members of TAIPA. It also removes the provision for exemption that was previously available to county mutuals meeting certain criteria. We need to amend the Plan of Operation to remove any language regarding the exemption. There is no real effect on TAIPA, as county mutuals were already considered members and no companies have filed for exemption in several years.

It was moved by Becky Jackson and seconded by Carmelita Hogan to:

“Amend the Plan of Operation to accommodate Senate Bill 1554 as shown in Exhibit 6.”

The motion carried unanimously.

G. CURRENT STAFFING

TAIPA currently has five full-time employees and one part-time employee (the Association Manager). There are no proposed changes to staffing.

ITEM 8: STRATEGIC PLANNING SUBCOMMITTEE REPORT

A. ENTERPRISE RISK MANAGEMENT

This is an ongoing project. To date, TAIPA has identified possible risks, determined the likelihood and impact, reviewed procedures already in place, and determined if additional action is required to further mitigate any risks. This will be put into a written document.

It was asked if the plan will be presented at the next Governing Committee meeting. At the very least, an outline will be presented.

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ITEM 9: OPERATIONS SUBCOMMITTEE REPORT

A. OVER/UNDER REPORT (EXHIBIT 7)

There were no noteworthy items to discuss on the current report.

ITEM 10: RATE TASK FORCE SUBCOMMITTEE

A. TAIPA RATES (HANDOUT 1)

At the previous Governing Committee meeting, a new ratemaking methodology was introduced and approved. To establish the new methodology, Mike Miller indexed the current rates to the loss costs of the entire market. For future rate filings, we will apply the indexes to the loss costs as they change, and our rates will change correspondingly. The new process will eliminate a lot of actuarial and ISO expense.

When the new process was approved at the last meeting, we had the Private Passenger (PP) data, but didn't yet have the Other Than Private Passenger (OTPP) data. Mike Jones and Mike Miller worked with ISO (the commercial stat agent for TDI) to get the data needed, and it was provided in mid-July. On July 24th, Mike Miller presented the PP and OTPP filings to the Officers and Fred Strauss. On July 28th, a meeting was held with the TDI actuaries to outline the new methodology, and it was well-received. On August 14th, the Officers reviewed and approved the PP and OTPP filings, and the filings were made with TDI on August 18th. The filings result in an overall PP change of 3.5% and an overall OTPP change of 0%. The PP increase results from adjustments made to the territory and class relativities, which hadn't been updated since 2005. The Commissioner will have 30 days to approve or disapprove the filing, and the filing is considered approved if not acted upon. The Commissioner can also extend this by 30 days, and TAIPA can agree to extend by additional 30 day periods if needed. We've asked for a January 1, 2016 effective date based on the fact that companies need about 90 days to program the changes and send out renewal notices. We've informed TDI that if we don't receive approval in September, we would use February 1, 2016 as the effective date instead. TAIPA has also provided OPIC with a courtesy copy of the filing.

Mike Jones, Mike Miller, and Fred Strauss were thanked for their work to establish the new ratemaking methodology.

ITEM 11: REPORT OF COUNSEL

A. PLAN OF OPERATION FILING: REFUNDS FOR CANCELLATIONS

The Governing Committee was reminded of Senate Bill 698, which passed during the 2013 legislative session. The bill requires that unearned premiums be refunded within 15 business days of the effective date of cancellations or terminations of personal auto policies. TAIPA's Plan of Operation currently requires companies to return unearned premiums within 30 days of cancellation, so we made a filing with TDI to comply with the bill. The Plan of Operation has a separate standard for refunds on endorsements, which we did not change, as the bill didn't address endorsements. There are also questions about the language in the bill (not just for

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TAIPA but for the entire industry), because the 15 day requirement cannot be met if the cancellation has been backdated. We've been told that TDI plans to issue a rule to address these issues, most likely sometime this fall. TAIPA's position is to leave the filing pending until we see what TDI's rule looks like.

There was discussion regarding why endorsements would be handled differently than cancellations and terminations. When you make a change that causes an endorsement and a refund, you will see the credit for the endorsement on the next bill. The timing of this depends on the billing cycle. If an entire policy was cancelled and a refund generated, the company wouldn't be sending you any more bills, so they'd refund you right away.

B. SENATE BILL 956: DELIVERY OF INSURANCE POLICIES (EXHIBIT 8)

Senate Bill 956 was passed during the 2015 legislative session and requires insurers to deliver personal auto and residence policies within 30 days of the effective date of the policy. TAIPA's Plan of Operation states insurers must issue the policy 30 days after they receive the application from TAIPA. If there are issues with an application (such as no signatures) received at TAIPA, TAIPA's process is to send the application back to the producer, who has 20 days to make the correction. This process would make it difficult for companies to meet the 30 day requirement. Mark Worman at TDI has agreed to meet with James Langford and Mike Jones to discuss the TAIPA-specific issues. Some of his initial questions are how often this happens, could we shorten the response time, etc. TAIPA will be prepared with answers to these questions for the meeting.

The bill also requires that insurers deliver a policy renewed or amended by the insurer within 15 days of a written request by the agent or insured. This is not currently a performance standard included in the Plan of Operation. It was asked if we'd want to add it. It was suggested we take a holistic approach and only include performance standards specific to TAIPA, as companies must follow all performance standards in the Texas Insurance Code, regardless of what's in the Plan of Operation.

It was asked if we have fewer applications returned for correction, now that EASi is mandatory. While the EASi system does have checks in place to cut down on possible violations, there are still some violations that occur such as no signatures, issues with the check, etc.

After TAIPA meets with TDI, a Plan of Operation amendment will be drafted. It will be presented at the next Governing Committee meeting.

C. ISO BILLINGS

TAIPA informed ISO that we were cancelling their services at the end of 2014, as we'd no longer need their loss costs for our rate filings. ISO continued to invoice TAIPA for participation, and they suggested that we'd need a transitional license because our current rates used ISO intellectual property. After further discussions with ISO, they agreed we did not need a transitional license and would show TAIPA as having cancelled at the end of 2014.

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ITEM 12: 2016 MEETING DATES (EXHIBIT 9)

The 2016 meetings are show in Exhibit 9.

It was noted that the March meeting takes place on Good Friday. TAIPA was not aware of this, and will send out a new date.

ITEM 13: NEXT MEETING—NOVEMBER 20, 2015 AT AUSTIN MARRIOTT SOUTHPARK

The next Governing Committee meeting is November 20, 2015 at the Austin Marriott Southpark.

ITEM 14: PERSONNEL MATTERS

Acting under authority of Government Code 551.074, the Governing Committee commenced a closed meeting at 10:25 AM, following a short break. The open meeting resumed at 10:33 AM.

ITEM 15: ADJOURNMENT

There being no further business to discuss, it was moved by Kevin Curry and seconded by Kit Morris to:

“Adjourn the meeting.”

The motion carried unanimously. The meeting adjourned at 10:34 AM.

George Cooper
Signature of Secretary

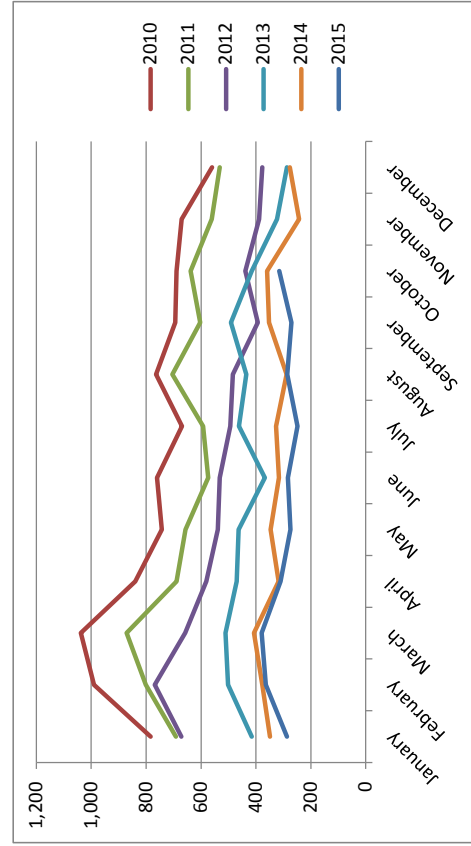
9-18-2015
Date Signed

GEORGE COOPER
Printed Name of Secretary

Monthly Total (Oct. 2015)		
	Private Passenger	Commercial
EASi Applications	279	35
Paper Applications	1	0
Total Applications Received	280	35
Applications Assigned	244	31
Applications Suspended	36	4
Applications Rejected	0	0
Applications Deficient	18	6
Applications with SR-22s	54	0
	Total Applications Received in Oct. 2014:	359
	Total Applications Received in Oct. 2015:	315
Year to Date Total (as of Oct. 2015)		
	Private Passenger	Commercial
EASi Applications	2622	297
Paper Applications	72	25
Total Applications Received	2694	324
Applications Assigned	2472	300
Applications Suspended	218	24
Applications Rejected	4	0
Applications Deficient	263	67
Applications with SR-22s	691	1
	Total Applications Received YTD (as of Oct. 2014):	3,439
	Total Applications Received YTD (as of Oct. 2015):	3,018
	YTD Percent Change from Oct. 2014 to Oct. 2015:	-12.24%
Application Assignment History*		
1994: 716,036	2001: 53,477	2008: 12,896
1995: 461,059	2002: 66,153	2009: 10,299
1996: 214,744	2003: 74,506	2010: 8,725
1997: 95,461	2004: 47,434	2011: 7,364
1998: 55,041	2005: 31,517	2012: 5,898
1999: 47,108	2006: 23,634	2013: 4,708
2000: 44,945	2007: 16,780	2014: 3,628

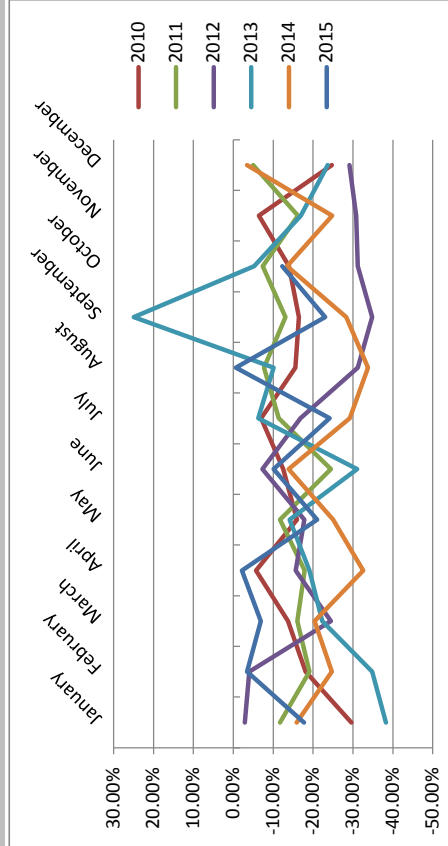
*Application Assignment History based on applications assigned, not received.

Trend of Applications Received from 2010 to 2015



Estimate of Applications to be Received in 2015: 3,457

Percent Change in Applications Received



Texas Auto Ins. Plan Assoc.
ACTUAL VS. BUDGET
 For the period ended September 30, 2015

	Actual	2015 Year To Date Budget	Variance	2015 Annual Budget	% Used	Reason for Variance
REVENUE						
Assessments & Penalties	753,908	750,000	3,908	1,000,000	75.39%	
Other Revenue	427	0	427	0	0.00%	
TOTAL	754,335	750,000	4,335	1,000,000	75.43%	
EXPENDITURES						
Salaries	293,089	298,725	5,636	398,300	73.59%	APL buyback does not occur until year-end, which is why we appear to be under-budget. Will end on budget.
Emp. Benefits & Other Ins. Exp.	248,498	252,300	3,802	336,400	73.87%	Within range.
Office Equipment Expense	12,686	12,450	-236	16,600	76.42%	Within range.
Printing & Stationary Exp.	175	675	500	900	19.49%	Have not yet had envelopes printed (expect to have them printed soon); will actually end over-budget, as we did not expect to have to order any assignment notices/cards this year, but the delay of the new APS meant we had to order more (will not need the 19.49% notices/cards when new APS is live).
Computer Expenses	6,675	7,425	750	9,900	67.43%	yet. Budgeted for new computers for some of the employees, but have not purchased them
Postage & Shipping Exp.	16,505	18,000	1,495	24,000	68.77%	less expensive). Postage expenses haven't been as high as expected due to lower application volumes and the delay of the new APS (postage will be higher with new APS due to using normal paper/envelopes instead of mailing assignment notices as postcards, which are
Telephone Expense	9,594	9,975	381	13,300	72.14%	Within range.
Rent Expense	85,685	84,000	-1,685	112,000	76.50%	Within range.
Taxes	162	1,125	963	1,500	10.82%	Taxes are not due until later in the year.
Other Office Expenses	1,726	6,300	4,574	8,400	20.54%	year. Did not have to write off as many assessments as budgeted; other events are later in the
Governing Committee	10,979	17,175	6,196	22,900	47.94%	Have held two of three meetings to date. Expect to end under-budget, as not all members attended the meetings.
Operations Subcommittee	1,250	1,725	475	2,300	54.35%	Have not held any Ops Sub Meetings to date (only Strategic Planning, Rate Task Force, and Nominating Committee); expect to end under-budget.
Producer Review Panel	0	0	0	0	0.00%	Not expecting any Producer Review Panel meetings in 2015.
Employee Meetings, Seminars & Staff Travel	10,921	8,475	-2,446	11,300	96.65%	Expect to end over budget due to employees taking more courses than expected.
Legal Expenses	33,449	26,250	-7,198	35,000	95.57%	methodology. Expect to end over budget due to work on legislative session and new ratemaking

	Actual	2015 Year To Date Budget	Variance	2015 Annual Budget	% Used	Reason for Variance
Audit Expense	21,850	17,850	-4,000	23,800	91.81%	Have been billed for the annual audit and 990 already, actually expect to end under-budget due to fewer consulting expenses than budgeted.
Dues, Subscriptions & Publications	1,148	1,200	52	1,600	71.78%	Within range.
TAIPA Tradition, Visitor Meals & Gifts	1,562	2,625	1,063	3,500	44.62%	Events are later in the year.
System Consultants	27,814	32,250	4,436	43,000	64.68%	Have not paid APS customization fees to AIPSO yet (will be paid after implementation).
Consultants - Other	1,906	2,250	344	3,000	63.54%	Have not had to use accounting consultants at all in 2015.
Actuary	3,130	9,000	5,870	12,000	26.08%	Have only been billed for creation of the rate filing spreadsheets to date.
Other	0	0	0	0	0.00%	No other expenses to date.
SUBTOTAL	788,805	809,775	20,970	1,079,700	73.06%	
Depreciation	9,028	9,075	47	12,100	74.61%	Within range.
Amortization	0	0	0	0	0.00%	No amortization expected in 2015.
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0	0.00%	Have not sold any assets to date.
SUBTOTAL	9,028	9,075	47	12,100	74.61%	
TOTAL OPERATING EXPENSE	797,833	818,850	21,017	1,091,800	73.08%	
NET FROM OPERATIONS	-43,499	-68,850	25,351	-91,800		
Non-Operating Pension Costs	0	0	0	0	0.00%	Pension adjustment will not be made until year end.
NET	-43,499	-68,850	25,351	-91,800		
CAPITAL BUDGET						
Software Development in Progress	0	0	0	0	0.00%	No software development expenditures in 2015.
Office Furniture & Equipment	0	0	0	0	0.00%	No furniture & fixture expenditures in 2015.
Computer Equipment	0	0	0	0	0.00%	No computer equipment expenditures in 2015.
Computer Software	0	0	0	0	0.00%	No computer software expenditures in 2015.
Leasehold Improvements	0	0	0	0	0.00%	No leasehold improvement expenditures in 2015.
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 September 30, 2015

Unaudited

ASSETS

Current Assets	
Cash and cash equivalents	\$ 399,219
Accounts receivable	27,026
Prepaid expenses	34,332
Total current assets	460,577
Property and Equipment	
Software development in progress	16,250
Furniture and equipment	38,921
Computer equipment	19,627
Leasehold improvements	50,007
Computer software	9,858
	134,664
Less accumulated depreciation	92,470
	42,194
Total assets	502,771

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	23,737
Accrued vacation	31,985
Accrued payroll liabilities	13,416
Deferred revenue	250,260
Total current liabilities	319,398
Other Liabilities	
Accrued pension benefit costs	520,304
Deferred lease benefit	38,783
Total other liabilities	559,087
Net (Deficiency) Assets	
Unrestricted	(375,713)
Total net assets	(375,713)
Total liabilities and net assets	\$ 502,771

Texas Auto Ins. Plan Assoc.

Statement of Activities

For the period ended September 30, 2015

Unaudited

Changes in unrestricted net assets

	Current YTD
Revenues	
Member assessments	\$ 750,340
Interest income	427
Assessment penalties	3,569
Total revenues	754,335
Expenses	
Salaries and related expenses	541,588
Occupancy expenses	95,441
Professional Services	88,149
Depreciation & amortization	9,028
Postage and delivery	16,505
Office supplies and expense	12,862
Governing committee	10,979
Computer supplies & expenses	6,675
Operation Sub-committee	1,250
Staff education & seminars	10,921
Miscellaneous	1,726
Staff expense	1,562
Dues and subscriptions	1,148
Total operating expenses	797,833
Other revenues (expenses)	
Total other revenue (expenses)	-
<i>Increase (decrease) in unrestricted net assets</i>	(43,499)
<i>Net assets (deficiency) at beginning of year</i>	(332,215)
<i>Net assets (deficiency) as of September 30, 2015</i>	\$ (375,713)

Texas Auto Ins. Plan Assoc.					
2016 REQUESTED BUDGET: \$1,094,900					
2016 REQUESTED ASSESSMENT: \$1,000,000					
	2015	2016	Increase	% Increase	
	Approved	Requested	(Decrease)	(Decrease)	
	Budget	Budget	in Budget	in Budget	Reason for Increase (Decrease)
Salaries	\$ 398,300	\$ 411,500	\$ 13,200	3.31%	Budget increased due to proposed raises of 3%.
Emp. Benefits & Other Ins. Expense	336,400	322,800	\$ (13,600)	-4.04%	Budget decreased due to funding pension at lower amount than in 2012-2015 (will fund at halfway between the minimum requirement and the amount paid in 2015).
Office Equipment Expense	16,600	15,800	\$ (800)	-4.82%	Within range.
Printing	900	1,100	\$ 200	22.22%	Within range.
Computer Supplies & Expense	9,900	8,600	\$ (1,300)	-13.13%	Within range.
Postage & Shipping Expense	24,000	22,400	\$ (1,600)	-6.67%	Within range.
Telephone Expense	13,300	12,900	\$ (400)	-3.01%	Within range.
Rent Expense	112,000	122,500	\$ 10,500	9.38%	Budget increased due to scheduled increase in monthly rent payments and expected increase in building's operating expenses.
Taxes	1,500	1,400	\$ (100)	-6.67%	Within range.
Other Office Expenses	8,400	8,100	\$ (300)	-3.57%	Within range.
Governing Committee	22,900	24,900	\$ 2,000	8.73%	Within range.
Operation Subcommittee	2,300	2,500	\$ 200	8.70%	Within range.
Producer Review Panel	-	-	\$ -	0.00%	Within range.
Employee Meetings, Seminars & Staff Travel	11,300	11,200	\$ (100)	-0.88%	Within range.
Legal Expenses	35,000	34,200	\$ (800)	-2.29%	Within range.
Audit Expense	23,800	24,000	\$ 200	0.84%	Within range.
Dues, Subscriptions & Publications	1,600	1,800	\$ 200	12.50%	Within range.
TAIPA Tradition, Visitor Meals & Gifts	3,500	3,200	\$ (300)	-8.57%	Within range.
System Consultants	43,000	39,000	\$ (4,000)	-9.30%	Within range.
Consultants - Other	3,000	2,500	\$ (500)	-16.67%	Within range.
Actuary	12,000	8,500	\$ (3,500)	-29.17%	Within range.
SUBTOTAL	\$ 1,079,700	\$ 1,078,900	\$ (800)	-0.07%	
Depreciation	12,100	11,000	\$ (1,100)	-9.09%	Within range.
Amortization	-	5,000	\$ 5,000	0.00%	Will begin to amortize the \$25K customization of the new APS system.
SUBTOTAL	\$ 12,100	\$ 16,000	\$ 3,900	32.23%	
TOTAL OPERATING EXPENSE	\$ 1,091,800	\$ 1,094,900	\$ 3,100	0.28%	
Office Furniture & Equipment	\$ -	\$ -	\$ -	0.00%	Within range.
Computer Equipment	-	-	\$ -	0.00%	Within range.
Computer Software	-	-	\$ -	0.00%	Within range.
Leasehold Improvements	-	-	\$ -	0.00%	Within range.
TOTAL	\$ -	\$ -	\$ -	0.00%	

NOTE: Items that are considered "within range" are within \$5,000 of last year's approved budget.

2016 Recommended Assessment

Total 2016 Budget	\$ 1,094,900
2016 Depreciation/Amortization	- \$ 16,000
Cash Needed	<u>= \$ 1,078,900</u>
Recommended Carryover	- \$ 78,900
Recommended Assessment Amount	<u><u>= \$ 1,000,000</u></u>

2015/2016 Comparison

	2015	2015	Difference	Incr./(Decr.)
Budget Amount	\$ 1,094,900	\$ 1,091,800	\$ 3,100	0.28%
Depr./Amort.	\$ 16,000	\$ 12,100		
Carryover Used*	\$ 78,900	\$ 79,700		
Assessment Amount	\$ 1,000,000	\$ 1,000,000	\$ -	0.00%

*In addition to the carryover being used to reduce the assessment, TAIPA will have about three weeks of "cushion" at the beginning of 2016. In past years, we've received about 40% of the annual assessment by the third week of January, so three weeks is more than sufficient.

ENTERPRISE RISK MANAGEMENT

TAIPA staff identified the possible risks faced and determined the likelihood and impact of each risk identified. TAIPA then identified what is currently in place to address each identified risk and then determined what additionally could be done to address each identified risk.

TAIPA staff reviewed the identified risks and determined who is trained or could be cross trained to deal with the identified risks. TAIPA staff reviewed the systems in use and who would be affected if a problem arose with the systems. A communication plan was developed if the TAIPA office had to be closed. A list of TAIPA employees, Governing Committee members, Texas Department of Insurance staff, and vendors was developed if TAIPA encountered a problem.

Enterprise Risk Management is an ongoing project and TAIPA staff will continue to review the documents and information developed. A formal written manual will be created and maintained.

TAIPA PP Over/Under Report

10/14/2015

COMPANY Year-End 2010 Year-End 2011 Year-End 2012 Year-End 2013 Year-End 2014 1st QTR 2015 2nd QTR 2015

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
21ST CENTURY CENTENNIAL INS CO (SC)	100,816		90,492		177,367		248,568		273,200		249,103		230,784
ACE AMERICA		45		404	247,616	248,681		246,672		246,443		246,245	
ALFA SPECIALTY INS CORP		71		333		16	689		629		671		353
ALLSTATE INS CO		20,681		25,531	109,444		89,144		85,156		95,996		87,496
AMER MERCURY INS CO	2,559		5,250		1,232	602		616	1,241				324
ASSURANCEAMERICA INS CO		40		68	205		468		45		48		51
ATX PREMIER INS CO												New to quota	2
AutoOne INS CO (prev Penn General)		61,581	1,239			254,916		328,062		330,062		330,059	
COLONIAL LLOYDS		1,101		1,272	1,277		1,277		1,277		1,277		1,277
COMPANION PROP & CAS INS CO		8		44	133		240		318		323		324
ESURANCE PROP & CAS INS CO									15		41		80
FALCON INS CO										New to quota	1		2
FREESTONE INS CO							1		171		285		364
GENERAL CAS CO OF WISCONSIN									72		72		72

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Exhibit 6, Page 2

COMPANY

Year-End 2010

Year-End 2011

Year-End 2012

Year-End 2013

Year-End 2014

1st QTR 2015

2nd QTR 2015

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
GOVERNMENT EMPLOYEES INS CO		13,521	721		56,090		85,877	75,542		87,528		77,664
HALLMARK COUNTY MUT INS CO		180		6,967	445,440	443,961		443,485	443,440		443,417	
HOMEOWNERS OF AMER INS CO		198		1,649	3,644		4,456	4,637		4,639		4,639
HOUSTON GENERAL INS EXCH (withdrawn & sold PP)		3,000		3,006	3,006		3,006	3,006		3,006		3,006
ICM INS CO		19		939	Withdrawn from the market until 2016		0	13		13		13
IMPERIAL FIRE & CAS		1,903	316		1,543	1,461		1,417	1,410		1,405	
LINCOLN GENERAL		51,328		51,337	51,337		51,337	51,337		51,337		51,337
MILEMETER INS CO		542		1,296	2,125		2,211	2,211		2,211		2,211
NATIONAL LIABILITY & FIRE (SC)		36,708	1,826		244,401		242,995	260,661		292,061		295,551
PALOMAR SPECIALTY INS CO								16	New to quota	17		17
SOMPO JAPAN INS CO (prev Yasuda F&M)	1,976		1,976		1,976	1,976		1,976		1,976		1,976
SOUTHLAND LLOYDS INS CO		274		292	293		293	293		293		293
STARR INDEMNITY & LIABILITY CO		1		147	678		939	955		955		955
STATE FARM MUT AUTO INS CO		18,467	56,449		168,680		196,216	203,426		174,933		187,809

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COMPANY Year-End 2010 Year-End 2011 Year-End 2012 Year-End 2013 Year-End 2014 1st QTR 2015 2nd QTR 2015

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR		
TEXAS FARM BUREAU CAS INS CO		19,163		4,514		64,219		68,410		59,922		59,665		78,381
TOKIO MARINE & NICHIDO FIRE INS				5		5		5		5		5		5
UNIVERSAL NORTH AMERICA	(buy-out)	0								89		89		89
TOTALS	329,719	329,719	159,154	159,154	953,457	953,457	1,023,678	1,023,678	1,023,612	1,023,612	1,024,569	1,024,569	1,023,099	1,023,099

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PREMIUMS WRITTEN	4,237,673	3,381,187	3,079,634	2,690,098	2,156,742	514,306	438,221
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TAIPA OTPP Over/Under Report

10/14/2015

COMPANY Year End 2010 Year End 2011 Year End 2012 Year End 2013 Year End 2014 1st Qtr 2015 2nd Qtr 2015

OTHER THAN PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
ALASKA NATL		48		54		68		76		80		87		91
AMER CONTRACTORS INS RISK RET. GRP		5,329		6,495		10,584		13,111		16,743		16,743		16,743
AMER MERCURY INS CO		15,326		16,052		5,499		12,371		15,785		12,024		9,186
AMER MODERN LLOYD'S		25,931		22,389		22,762		23,166				23,652		
AMER NATL COUNTY MUT INS CO												New to quota		4
AMER NATIONAL PROP & CAS CO		755		1,032		323		128		614		769		886
AMER ROAD INS CO								70		135		154		168
AMER SERVICE INS CO INC.		8		23		25		26		26		26		26
ASSOCIATION INS CO						20		91		183		206		224
AUTOONE INS CO (prev Penn General)		66,176		219,499		388,603		415,745		414,922		414,915		414,910
BRITISH AMERICAN INS CO		15,388		14,946		15,193		15,565		15,934		16,030		16,102
CLARENDON NATIONAL INS CO		51,569		51,569		51,569		51,569		51,569		51,569		51,569
COLUMBIA INS CO		1,233		1,233		1,233		1,233		1,222		1,222		1,222
COLUMBIA MUT INS CO		(buy out)		0		0		0		4,627		5,426		6,029
COREPOINTE INS CO (prev Chrysler & Daimlerchrysler)		39,316		39,649		39,160		39,102		39,982		40,067		40,131
GENERAL STAR NATIONAL INS CO				23		59		59		59		59		59
GLOBAL LIBERTY INS CO OF NY												New to quota		11
GOVERNMENT EMPLOYEES INS CO		9,698		13,838		17,837		21,366		24,021		22,971		22,178

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COMPANY	Year End 2010	Year End 2011	Year End 2012	Year End 2013	Year End 2014	1st Qtr 2015	2nd Qtr 2015	
OTHER THAN PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
GRAMERCY INS CO		11,077	(buy out)	9,371	9,371	9,371	9,371	9,371
HISCOX INS CO INC						2		126
HOUSING ENTERPRISE INS CO INC				4		23		29
LINCOLN GENERAL		50,217	73,630	73,631	73,631	73,631		73,631
MIDCONTINENT CAS CO	774,568		763,416		754,383	753,131		752,186
MOTORISTS COMM MUT INS CO (prev Amer Hardware Mut Ins Co)	30,409		29,242		28,801	28,102		28,010
NATIONAL BUILDERS INS CO				22				183
NATIONAL LIABILITY & FIRE INS CO (SC)		597,786	1,492,370	1,513,719	1,535,081	1,518,642		1,542,027
NAVIGATORS INS CO				20				1,226
NORTH AMER SPECIALTY INS CO				12				36
OKLAHOMA SURETY CO	685,107		684,808		684,575	684,306		684,262
PREFERRED PROFESSIONAL INS CO		263		514		1,119		1,221
REP WEST INS CO (REPUBLIC WESTERN INS CO)		5		13		41		45
RIVERPORT INS CO		4		6		79		81
SAMSUNG FIRE & MARINE INS CO						New to quota		43
SENECA INS CO		4		53		93		174
STATE FARM MUT AUTO INS CO		165,126	162,606	176,180	185,682	167,416		166,743
TEXAS FARM BUREAU CAS INS CO (prev Southern Farm Bur)		31,376		38,165		48,221		43,111

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COMPANY Year End 2010 Year End 2011 Year End 2012 Year End 2013 Year End 2014 1st Qtr 2015 2nd Qtr 2015

OTHER THAN PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR		
TEXAS HOSPITAL INS EXCH		10,153		10,430		10,651		10,895		11,191		11,292		11,369
TNUS INS CO										16		22		27
TRIUMPHE CAS CO										139		140		139
ULLICO CAS CO								686		1,291		1,291		1,291
UNITRIN AUTO & HOME INS CO		32,159		32,159		32,159		32,159		32,159		32,159		32,159
WHITE PINE INSURANCE CO														6
TOTALS	1,563,609	1,563,609	1,768,909	1,768,909	1,946,328	1,946,328	1,975,071	1,975,071	1,974,489	1,974,489	1,968,240	1,968,240	1,963,523	1,963,523
PREMIUMS CREDITED		2,391,554		1,696,221		1,702,128		1,987,161		1,993,432		609,505 1st qtr		460,009 2nd qtr

Note:

Per AIPSO, ISO incorrectly coded Mid-Continent Assurance's quota, and it went to White Pine Insurance instead. This will be corrected by AIPSO next quarter.



ADMINISTRATION

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2016 SCHEDULED GOVERNING COMMITTEE MEETING DATES

Friday, April 1, 2016
Austin Marriott South

Friday, August 19, 2016
Held by teleconference

Friday, November 18, 2016
Austin Marriott South