

ANNUAL MEETING AGENDA

Texas Automobile Insurance Plan Association
March 27, 2020 - 8:45 AM
Austin, TX

Given the increasing concerns related to the COVID-19 virus, TAIPA will be making both the Annual Meeting and the Regular TAIPA Governing Committee Meeting on March 27, 2020 a Call-In Meeting Only.

Please call: 888-887-4274

Participant Passcode: 5127035055

1. Call to Order
2. Reading of the Anti-Trust Statement
3. Determination of Quorum
4. Governing Committee Member Positions: Trade Association and Non-Affiliated Insurers
5. Governing Committee Member Positions: Election of Four At-Large Insurers
6. Adjournment

ASSOCIATION MANAGER'S REPORT

Texas Automobile Insurance Plan Association (TAIPA) Annual Meeting – March 27, 2020

The following are the number of applications TAIPA assigned in 2019, 2018, 2017, and 2016:

2019	2606	(2211 private passenger apps and 395 commercial)
2018	3,338	
2017	3,508	
2016	3,089	

The number of applications assigned in 2019 was 732 less than assigned in 2018, a 21.93% decrease.

The TAIPA budget for 2020 is \$845,500 which is \$21,300 less than the 2019 budget of \$866,800. This is a 2.46% decrease.

The TAIPA assessment to the insurance companies for 2020 is \$760,000 which is \$40,000 less than our 2019 assessment of \$800,000. This is a 5.0% decrease.

A rate change to TAIPA rates for both private passenger and commercial rates were approved in 2019 to be effective March 1, 2020.

The commissioner ordered that TAIPA revise its rates to be charged for private passenger automobile insurance by coverage, territory, and class by:

- Plus 5.0 percent for bodily injury liability
- Plus 4.9 percent for property damage liability
- Plus 4.0 percent for personal injury protection
- Plus 4.3 percent for uninsured/underinsured motorist bodily injury liability
- Plus 1.7 percent for uninsured/underinsured motorist property damage liability

The commissioner ordered that TAIPA revise its rates to be charged for commercial automobile insurance policies by coverage, territory, and vehicle type by:

- Plus 4.8 percent for bodily injury liability,
- Plus 5.0 percent for property damage liability,
- Plus 1.3 percent for personal injury protection,
- Plus 3.6 percent for uninsured/underinsured motorist bodily injury liability
- Plus 3.2 percent for uninsured/underinsured motorist property damage liability

TAIPA completed a benefit study comparing TAIPA's benefits to those of insurance carriers that had members sitting on our Governing Committee. From this study, it was decided to:

1. Adopt a Total Rewards philosophy,
2. Change the Name of TAIPA's time off policy from All Purpose Leave (APL) to Paid Time Off (PTO).
3. Revise TAIPA's Educational Assistance Policy
4. Updated our Employee Handbook in November of 2019.
5. Begin to award employees with \$25 per year of service at every major anniversary – 5, 10, 15, 20, etc.
6. Close TAIPA's defined benefit plan, grandfather the current participants in that plan.
7. Create a Non-contributory Savings Plan and making a 6% Employer Contribution to that plan for employees not in the defined benefit plan.

TAIPA operated with between 2 to 4 full time employees in 2019. We had a long term employee leave in March and a recent hire leave in September. I would like to thank Mimi Leece for sticking with me through the period of time where it was just the two of us. During that time, Mimi was still in the process of learning her new position while doing the work of the entire front office as well. In addition, Mimi had just come out of 2018 training a new hire in the front office duties. We were very fortunate to find Mishayla Twyman in October of 2019 and Ruth Wise in December. Their abilities combined with their attitudes made such a difference in rebuilding our team.

I would again like to thank you all for the support and encouragement that I received from our Chair, David Weber, the TAIPA officers, the TAIPA Governing Committee, as well as the TAIPA sub-committees. I had to lean on David and our attorney, Mike Jones, more than usual when our staffing went down to 2 and I am very appreciative of their support during that time.

Through the combined efforts of all of the TAIPA staff, TAIPA continued to provide excellent service to TAIPA applicants, producers, vendors, regulators and members of the TAIPA Governing Committee in 2019.

**TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION (TAIPA)
CHAIR'S REPORT MARCH 27, 2020 TAIPA ANNUAL MEETING**

I'm David Weber with Hochheim Prairie, and for my prior years on the board, I have been the representative for PCI. Going forward, I will represent NAMIC on the governing board. I had the privilege to serve as the Chair of the TAIPA Governing Committee in 2019.

In 2019, the TAIPA Governing Committee took on the task of evaluating TAIPA's benefits and coming up with a way that we could still provide a good benefit package for our employees but limit the long term liability on the organization. In that vein, we closed the pension plan while leaving the vested employees in the plan and created a new savings plan for the new employees. We also redid the TAIPA policy in 2019 due to legislative changes. The Governing Committee also asked the Operations Subcommittee to study ways that will make TAIPA more efficient, and I expect that a number of new ideas and methods will come out of that.

I'd like to offer thanks to all of the other members of the Governing Committee, Corise Morrison, Anise Mulkey, Becky Jackson, and Bill Brooks who all served as officers for the past two years, as well as Mike Schalk, Stephen Hylka, Todd Feltman, Carmelita Hogan, Mary Carol Awalt, Laura Hausman, Leslie Hurley, Pete Hamel, Adam Payton, Ramon Montalvo, and Alisha Darden.

I want to recognize and thank the TAIPA staff, Stacy Dutton, Mimi Leece, Mishayla Twyman and Ruth Wise for working to rebuild the TAIPA team in 2019.

I would like to thank you all for your support and direction. And, thanks to TAIPA's legal counsel, Mike Jones for his contributions.

It has been a pleasure serving as chair for the past 2 years.

**Texas Automobile Insurance Plan Association Governing Committee Meeting
Agenda for Friday, March 27, 2020 – 9:00 A.M.**

Given the increasing concerns related to the COVID-19 virus, TAIPA will be making both the Annual Meeting and the Regular TAIPA Governing Committee Meeting on March 27, 2020 a Call-In Meeting. Please call:

Call-In Number: 888-887-4274

Participant Passcode: 5127035055

1. Call to Order
2. Introductions
3. Reading of the Anti-Trust Statement
4. Election of Officers
5. Review and Approval of the Minutes of the November 22 , 2019 Meeting (Exhibit 1)
6. Chair's Report
 - A. Thank you to David Weber
 - B. Welcome Ryan Shapiro and Anh Vo to the Governing Committee
 - C. Recognition of Anise Mulkey and Todd Feltman's Service to TAIPA
7. Manager's Report
 - A. Application Count Update
 - a. For Yearend 2019 (Exhibit 2)
 - b. As of February, 2020 (Exhibit 3)
 - B. Financial Update - For Yearend 2019 (Exhibit 4)
 - C. Progress on:
 - a. Handbook
 - i. Added Total Rewards Philosophy
 - ii. Changed APL to PTO
 - iii. Updated Educational Assistance Policy
 - iv. Added information about Employee's Major anniversaries and giving \$25 per year of service for 5th, 10th, 20th, 25th, etc.
 - b. Benefits
 - i. Closed Pension Plan
 - ii. Changed our 401(K) Plan to add a non-elective contributions to the employees' 401(k) plans of 6% if they are not enrolled in the pension plan.
 - D. Emergency/Quarantine Procedures for TAIPA (Exhibit 5)
 - E. Conflict of Interest Policy (Exhibit 6)
 - F. Administrative Rules (Exhibit 7)

8. Audit/Finance Committee Report
 - A. Audit Engagement Letter (Exhibit 8)
 - B. Memo to Auditor that outlines TAIPA's revenue stream and how it relates to reciprocal arrangements with insurance companies that fund the cost of administering the plan (Exhibit9)
9. Operations Subcommittee Report
 - A. Over/Under Report (Exhibit 10)
10. Report of Counsel
 - A. Discussion of Rate Process
11. Next Meeting – August 21, 2020 at Omni Austin Hotel Southpark
12. Personnel Matters
 - A. Manager's Review
13. Adjournment

TAIPA Governing Committee Meeting Minutes
Friday, November 22, 2019, 9:00 A.M.
Omni Austin Hotel Southpark, 4140 Governor's Row, Austin, Texas 78744

ATTENDEES:

VOTING MEMBERS:

Mary Carol Awalt, Public Member
Bill Brooks, Texas Farm Bureau (Immediate Past-Chair) (via teleconference)
Todd Feltman, State Farm
Pete Hamel, Producer Member
Laura Hausman, Public Member (via teleconference)
Carmelita Hogan, Public Member
Leslie Hurley, Public Member (via teleconference)
Stephen Hylka, Liberty Mutual/Safeco (via teleconference)
Becky Jackson, Public Member (Secretary)
Anise Mulkey, Travelers (Second Vice-Chair) (via teleconference)
Adam Payton, Producer Member
David Weber, Hochheim Prairie (Chair)
Corise Morrison, USAA (First Vice-Chair)
Mike Schalk, Allstate (via teleconference)
Matthew Snyder, Farmers

COUNSEL:

Michael Jones, Thompson Coe, Cousins & Irons

TAIPA STAFF:

Stacy Dutton, Association Manager
Mimi Leece
Mishayla Twyman

OTHERS:

Doug Beck, Farmers (via teleconference)
Kimberly Donovan, OPIC
Regan Elmer, TDI
Melissa Herman, TDI
John Lusardi, Assigned Risk Solutions, Ltd. (via teleconference)
Ramon Montalvo, Alternate Producer Member (via teleconference)
John Mooney, TDI
Georgia Lynn Porcher, Thompson Coe

ITEM 1. CALL TO ORDER

David Weber called the meeting to order at 9:03 a.m.

ITEM 2: INTRODUCTIONS

Introductions were made.

ITEM 3: READING OF THE ANTITRUST STATEMENT

Stacy Dutton read the Anti-Trust Statement:

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

ITEM 4. REVIEW AND APPROVAL OF MINUTES OF AUGUST 16, 2019 MEETING

Becky Jackson went over the August 16, 2019 meeting minutes in Exhibit 1. Mr. Weber asked if anyone had any changes or concerns. There being none, motion to approve was made by Corise Morrison and seconded by Todd Feltman. The Motion carried.

ITEM 5. CHAIR’S REPORT

A. Recognition of Alisha Darden’s Service to TAIPA.

On behalf of the TAIPA Governing Committee and OPIC, the Manager thanked Alisha Darden for her years of service to TAIPA. Ms. Darden became an Alternate Public member in 2014 and has recently accepted a position with a law firm that represents insurance companies. This prevents her from being eligible to serve as a public member. The Manager reported that Ms. Darden asked TAIPA to let each of the members know that she enjoyed serving on the TAIPA Governing Committee. TAIPA staff will be sending Ms. Darden the Texas plaque thanking her for her service.

Mr. Weber noted that OPIC is currently recruiting volunteers for this position and asked those present to let Kimberly Donovan know if they know someone who is not connected to the insurance industry and think they might be a good fit for TAIPA’s Governing Committee.

B. Officers' Meeting regarding TAIPA Benefits.

The Officers were tasked with meeting to review TAIPA benefits in the March meeting. Mr. Weber reported that TAIPA officers were able to meet recently and came up with A Total Rewards Philosophy and some recommendations for changes on a couple different benefits. These will be presented to the Governing Committee in closed session.

ITEM 6. MANAGER'S REPORT

A. Application Count Update as of October 2019.

Stacy Dutton presented information concerning the application count for October as shown in Exhibit 2.

In October 2019, TAIPA received 215 applications, compared with 270 applications received in October 2018. Year-to-date in 2019, TAIPA received 2,375 applications, compared with 2,969 applications from January through October 2018. This is a decrease of 594 applications and a 20.01% decrease compared to 2018. Right now, TAIPA is expecting to receive about 2,850 applications in 2019. This would put 2019 volume at the lowest number it has ever been. It would be 239 applications less than the 2016 volume.

There were no questions or concerns about Application Volume.

B. Financial Update as of September 2019.

Ms. Dutton reported on the September 2019 financials shown in Exhibit 4.

At the end of September, it would be expected that 75% of the budget would have been used. Only 62.87% of the budget has been used. The biggest reason for being so far under budget this year is that 2 employees left this year so this reduced the amount that was paid for salaries and employee benefits. The line items that show as over-budget at the end of September are:

Legal Expenses – Mike Jones was asked to work on some unanticipated items such as the Plan of Operation changes for HB 2048 and SB 604, some additional Operations Subcommittee work, and changing the personal auto policy. TAIPA anticipates that it will end \$5000 over budget this year in this category.

Audit Expense - This figure includes all of TAIPA's current annual audit expense. TAIPA will still have fees for preparation of its Form 990 later in the year but is expected to end on-budget.

Dues, Subscriptions & Publications – TAIPA will end over budget in this area because we changed from a 1-year contract to a 5-year contract that will be much more cost effective over the next 4 years.

Actuary – This figure includes all of TAIPA’s annual actuary expense for Mike Miller with Epic. No additional expenses for the rate filing are anticipated so TAIPA will end on budget in this category.

Office Furniture & Equipment – TAIPA will end over budget because we did not anticipate having to purchase a new fax machine.

TAIPA expects to end the year about 11.8% under-budget.

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

C. 2019 Requests for Proposal.

TAIPA’s RFP procedure states that the Manager should annually identify any vendors with poor performance or with contracts in place 5 years or more. Of those, the procedure states the Governing Committee must review services for contracts valued at over \$20,000, or for certain categories of expenses including: legal counsel, auditors, actuary, application processing system, and Quota system.

Last year, the Governing Committee agreed by consensus to continue the existing arrangements with legal counsel, our auditors, and our actuary for another year.

This year TAIPA staff recommends the same for all of the vendors listed as TAIPA does not have a compelling reason to change vendors.

Legal: TAIPA believes its relationship with Thompson Coe is very beneficial, as they have knowledge of TAIPA and our history.

Auditors: TAIPA has a very good relationship with the current auditors and they understand TAIPA well. TAIPA was assigned a new partner in 2017, and there are different auditors assigned to the audit each year. Since Mimi Leece is new to the accounting position, TAIPA would like her to have another year working with Atchley & Associates before any changes are considered.

Actuary: Epic created our new rate filing process, and it has been going smoothly. Mike Miller has agreed to keep his rate at \$8,500.

Application processing system, and quota system – AIPSO. TAIPA has been in a contract with AIPSO for the past five years with no increases in fees. They did let TAIPA know that they will be increasing the fees in 2020, but they were minimal, especially when considering that they haven’t made an adjustment in five years.

There was no discussion.

David Weber asked for a motion to approve or for a consensus to continue the current relationship with TAIPA’s attorney, auditors, actuary, and application processing and quota

system or to go through the RFP process. A Motion to continue the current relationships was made by Corise Morrison and second by Mike Schalk. The Motion carried.

D. 2020 Budget.

The 2020 budget details are in Exhibit 4.

BUDGET ASSUMPTIONS:

The first page of the exhibit shows the major assumptions used when preparing the 2020 budget. For the most part, the 2020 budget is very similar to 2019 except for staffing. TAIPA expects that one of its temporaries will come on TAIPA's payroll in January next year and a second temporary sometime in late February or March. The temporary employees will become eligible for most of TAIPA's benefits when they come on payroll. However, they will not be eligible for TAIPA's retirement benefits until they have completed one year of service on TAIPA payroll. Therefore, the amount payable for pension and 401(k) is substantially reduced in 2020.

The Manager noted that this is a unique point in time, and TAIPA does not anticipate this occurring again.

The increases anticipated in 2020 are mostly the standard things that cause increases year-to-year like employee insurance costs, salary increase due to proposed raises, etc. The Manager noted, however, that even with employee increases, the amount requested for salaries shows a decrease. This is because staff is at lower salaries than staff was last year at this time. TAIPA budgeted most of the same items that it did last year with regard to the possible pension plan change. TAIPA included: \$19,500 for actuary costs, legal costs, 401(k) plan amendment costs, and an additional 401(k) match for employees of 6% like last year.

There were no questions on any of the assumptions.

REQUESTED BUDGET.

The 2020 requested operating budget is \$855,500. This represents a decrease of \$11,300 (1.30%) from the 2019 budget. Major line items that increased more than 6% from last year's budget included:

Printing: This increased because it is anticipated that TAIPA will have gone through all of the old envelopes by next year.

Operations Sub Committee: Anticipate having 4 meetings versus 2 last year.

Legal: TAIPA budgeted the amount that it believes 2019 will end with.

Audit: TAIPA increased the amount that it spends for Atchley Associates to review the financials and answer questions.

Major line items that decreased from last year's budget:

Salaries and Employee Benefits went down because staff is at lower salary rates than the more tenured staff that left. In addition, new employees will not be eligible for the retirement plans until after they complete one year of service on TAIPA's payroll.

Computer Supplies is lower because all of the computers were replaced in 2019 since the previous operating system would no longer be supported.

Dues and subscriptions went down because the cost for Prospera with a 5-year contract is much lower.

There is no capital budget requested for 2020.

RECOMMENDED 2020 ASSESSMENT:

The 2020 recommended assessment is \$770,000.

This is the total 2020 budget minus depreciation (which is a non-cash expenditure), minus \$79,200 of excess cash at yearend 2019 to be used to reduce the assessment. Even after applying the excess cash to reduce the assessment, TAIPA still expects to have about \$148,000 on hand at yearend 2019. This cash is needed to carry TAIPA over until payments for the 2020 assessment begin to come in. The \$148,000 is enough cash for about 2 months of the 2020 budget.

TAIPA believes that this amount of carryover is sufficient for its needs, as assessment payments are due by February 1st and payments are received fairly quickly.

We also have a \$300,000 line of credit with Frost if necessary, although TAIPA does not foresee needing to use it.

There are some issues that will be discussed in closed session that may affect the budget that the Governing Committee wants to set for 2020 so the setting and approval of the budget for 2020 will be voted on after the closed session.

There were no questions or concerns to be addressed regarding the 2020 Budget covered to this point.

E. Plan of Operation Filing Updates.

Section 36 – Governing Committee Composition.

The Commissioner of Insurance approved TAIPA's Plan of Operation change on November 14, 2019. Bulletin 236 was sent out on November 15, 2019 informing all company members about this change. The three insurance trade associations that will now designate an insurer member on TAIPA's Governing Committee are AFACT, APCIA and NAMIC.

Section 50 – Motor Vehicle Crime Prevention Authority Fee.

This change was necessary because the “Automobile Burglary & Theft Prevention Authority” was renamed to “Motor Vehicle Crime Prevention Authority” and the fee that insurers pay to the Motor Vehicle Crime Prevention Authority was changed from \$2 to \$4.

TDI will consider written comments on the proposal until December 16, 2019.

Because the effective date of the fee change was September 1, 2019 TAIPA:

1. Sent out Bulletin 234 about these proposed changes to all TAIPA’s producers and member companies on August 26, 2019;
2. Changed TAIPA’s private passenger application system to document the change in the name and amount of the fee;
3. Announced the change on TAIPA’s website; and,
4. Sent out a flyer about the change in all correspondence to TAIPA’s producers.

Thanks was expressed to TDI.

There was no discussion on these matters.

F. 2020 Meeting Dates.

The 2020 meeting dates as shown in Exhibit 5 are: Friday, March 27, 2020, Friday, August 21, 2020 and November 20, 2020. All meetings will be held at the Omni Austin Southpark.

No motion was necessary on these meeting dates as they have already been adopted.

ITEM 7. OPERATIONS SUBMITTEE REPORT

Anise Mulkey provided the Operations Subcommittee Report pursuant to Exhibit 6.

A. Over/Under Report (Exhibit 6).

Ms. Mulkey stated there was nothing significant to report.

B. Procedures Related to Insurers Discontinuing Writing.

The Subcommittee met via teleconference on September 5, 2019. The Subcommittee asked staff to write up a Plan of Operation change to give companies leaving the market the option to group with another company or enter a LAD or a CLAD. If the company does not take one of the above listed options, TAIPA will have AIPSO calculate a buyout fee. The company will be charged the higher of \$3,500 or the fee calculated. If the company is in receivership, the company will be charged a minimum of \$3,500 and TAIPA will not have AIPSO run the calculation. TAIPA staff has drafted a Plan of Operation Change and sent it to legal to review.

The Subcommittee reviewed the new assignments from the August 16, 2019 TAIPA Governing Committee.

C. Review the TAIPA Policies to determine if they are compliant.

The Subcommittee asked staff to work with Legal to review TAIPA policies against TDI's policy checklist. Staff and legal counsel have had one meeting to review the policies and at this point, they have not found any issues when reviewing them against TDI's checklist. TAIPA staff will continue to review the policies against TDI's checklist and send to Legal for review.

D. Consider legislative changes and other changes to make TAIPA more efficient.

The Subcommittee opted not to recommend pursuing legislative changes to allow companies to use their own policies and just charge a higher percentage for these policies. There was discussion about another state that has implemented this procedure and the ongoing issues it has caused for the companies that write in that state.

The Subcommittee did opt to review TAIPA procedures to determine where it can be more efficient.

The Subcommittee members and staff were asked to look for efficiencies and bring their ideas back to the Operations Subcommittee at the next meeting.

There was no discussion and no motions were made.

ITEM 8. REPORT OF COUNSEL

A. TAIPA Rates.

Mr. Jones reported that the 2020 rate filing was made September 11, 2019 for a +4.9 % increase for private passenger and +4.8 % increase for commercial auto as set out on Exhibit 7. The filing was approved by Commissioner's Order dated November 8, 2019 to be effective March 1, 2020.

B. Temporary Vehicle Personal Auto Policy Change.

Working with TAIPA staff, Mr. Jones filed a new personal auto policy form for approval by TDI. This form includes amended language intended to comply with the requirements of H.B. 3420 and new Insurance Code Section 1952.060 relating to Temporary Vehicle coverage.

There was no discussion regarding the Report of Counsel

ITEM 9. NEXT MEETING – March 27, 2020 at Omni Austin Hotel Southpark

ITEM 10. PERSONNEL MATTERS

Pursuant to Government Code Sec. 551.074 the Chair announced at 9:30 a.m. that a closed meeting would be held.

The Governing Committee met in closed session.

The Governing Committee returned to Open Session at 10:25 a.m.

Mr. Weber asked for discussion and motions for matters discussed in closed meeting.

Following discussion, a motion was made by Mary Carol Awalt and seconded by Todd Feltman to:

- A. adopt the Total Rewards Philosophy;
- B. change the name of TAIPA's time off policy from "All Purpose Leave (APL)" to "Paid Time Off (PTO)" and change the TAIPA Handbook; and,
- C. revise TAIPA's Educational Assistance policy and update the TAIPA Handbook;

all as presented to the Governing Committee today and attached to these minutes.

The Motion Carried.

A motion was made by Mary Carol Awalt and seconded by Matt Snyder to implement a practice of TAIPA to give employees \$25 for each year of service on their major employment anniversaries such as 5, 10, 15, 20, 25, etc. to be included in the TAIPA Handbook.

The Motion Carried.

A motion was made by Mary Carol Awalt and seconded by Adam Payton to close the current TAIPA defined benefit retirement plan as of November 30, 2020 to new employees and grandfather the current participating employees who shall continue to accrue benefits in accordance with the plan through the termination of their employment (soft freeze). It is further moved that the Manager is authorized and directed to take any and all action and execute such documents as needed to implement the foregoing resolution, and to consult with the Chair or officers as may be needed.

The Motion Carried.

A motion was made by Mary Carol Awalt and seconded by Carmelita Hogan that beginning January 1, 2020 TAIPA's defined contribution 401(k) plan provide for a 6% employer contribution for employees who do not accrue benefits under the defined benefit plan. This contribution is to vest in in the same manner as the vesting provisions of the plan for employer Regular Matching Contributions, or as required law. It is further moved that the Manager is authorized and directed to take any and all action and execute such documents as needed to implement the foregoing resolution, and to consult with the Chair or officers as needed.

The Motion Carried.

Mr. Weber stated that the Governing Committee now needed to approve TAIPA's budget for 2020.

TAIPA Staff have requested a budget of:

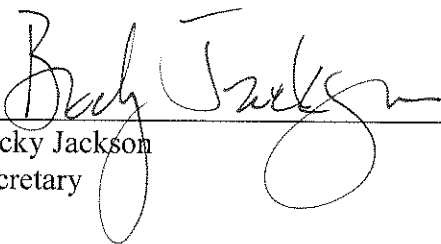
- Operating budget of \$845,500
- Assessment of \$760,000

Mr. Weber asked for a motion to approve budget and assessment. Mr. Todd Feltman made the motion which was seconded by Bill Brooks.

The Motion Carried.

ITEM 11. ADJOURNMENT

Mr. Weber asked for a motion to adjourn the meeting. Upon motion by Becky Jackson, seconded by Pete Hamel, and approved by the Governing Committee, the meeting adjourned at 10:30 a.m.


Becky Jackson
Secretary

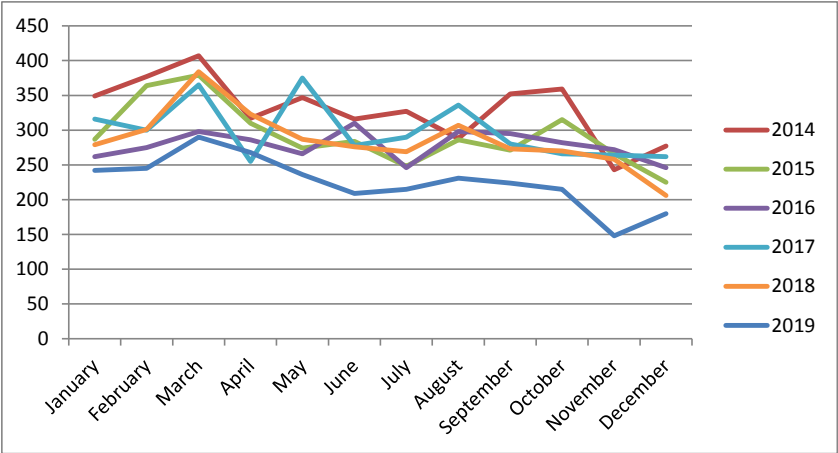
Date Signed: Jan 26, 2020

Monthly Total (December 2019)		
	Private Passenger	Commercial
EASi Applications	160	20
Paper Applications	0	0
Total Applications Received	160	20
Applications Assigned	<i>154</i>	<i>20</i>
Apps Returned for Correction	<i>6</i>	<i>0</i>
Applications Deficient	<i>16</i>	<i>3</i>
Applications with SR-22s	<i>11</i>	<i>0</i>
Total Applications Received in December 2018:	206	206
Total Applications Received in December 2019:	180	180
Year to Date Total (as of December 2019)		
	Private Passenger	Commercial
EASi Applications	2294	409
Paper Applications	0	0
Total Applications Received	2294	409
Applications Assigned	<i>2211</i>	<i>395</i>
Apps Returned for Correction	<i>82</i>	<i>13</i>
Applications Deficient	<i>170</i>	<i>56</i>
Applications with SR-22s	<i>86</i>	<i>0</i>
Total Applications Received YTD (as of December 2018):	3,433	3,433
Total Applications Received YTD (as of December 2019):	2,703	2,703
YTD Percent Change from December 2018 to December 2019:	-21.26%	-21.26%
Application Assignment History*		
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	2017: 3,508
2002: 66,153	2010: 8,725	2018: 3,338

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

Trend of Applications Received from 2014 to 2019

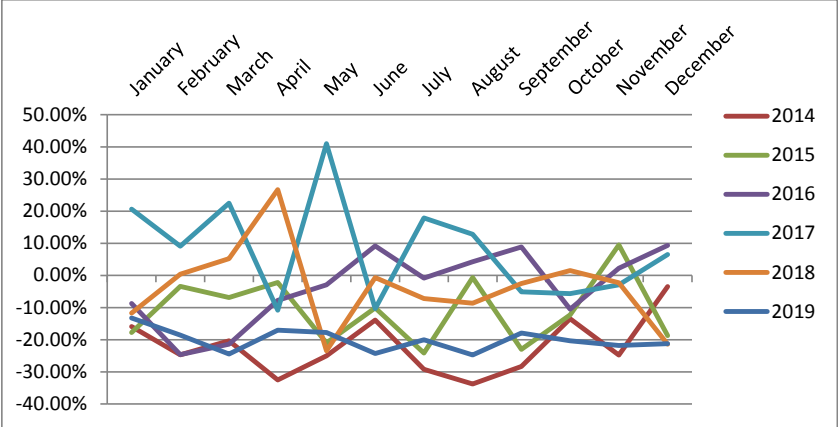
	2014	2015	2016	2017	2018	2019
January	349	287	262	316	279	242
February	377	364	275	300	301	245
March	407	379	298	365	384	290
April	317	310	286	255	323	268
May	347	274	266	375	287	236
June	316	284	310	278	276	209
July	327	248	246	290	269	215
August	288	286	298	336	307	231
September	352	271	295	280	273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



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

Percent Change in Applications Received from 2014 to 2019

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

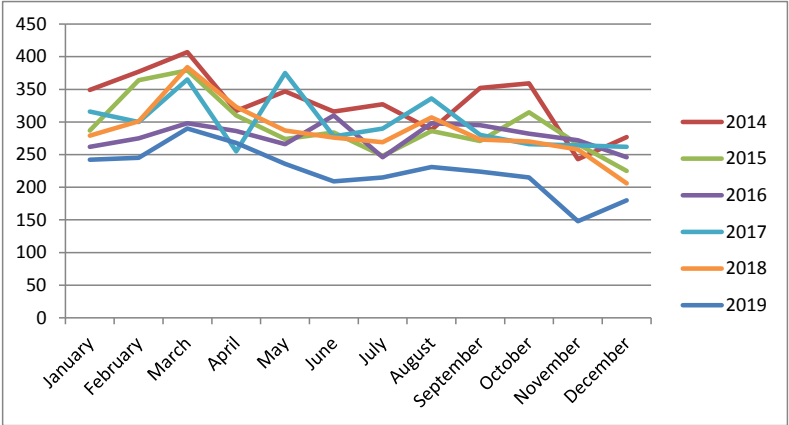


Monthly Total (February 2020)		
	Private Passenger	Commercial
EASi Applications	133	17
Paper Applications	0	0
Total Applications Received	133	17
Applications Assigned	<i>131</i>	<i>17</i>
Apps Returned for Correction	<i>2</i>	<i>0</i>
Applications Deficient	<i>13</i>	<i>0</i>
Applications with SR-22s	<i>11</i>	<i>0</i>
Total Applications Received in February 2019:	245	
Total Applications Received in February 2020:	150	
Year to Date Total (as of February 2020)		
	Private Passenger	Commercial
EASi Applications	325	46
Paper Applications	0	0
Total Applications Received	325	46
Applications Assigned	<i>319</i>	<i>45</i>
Apps Returned for Correction	<i>6</i>	<i>0</i>
Applications Deficient	<i>30</i>	<i>1</i>
Applications with SR-22s	<i>30</i>	<i>0</i>
Total Applications Received YTD (as of February 2019):	487	
Total Applications Received YTD (as of February 2020):	371	
YTD Percent Change from February 2019 to February 2020:	-23.82%	
Application Assignment History*		
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	2017: 3,508
2002: 66,153	2010: 8,725	2018: 3,338

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

Trend of Applications Received from 2014 to 2020

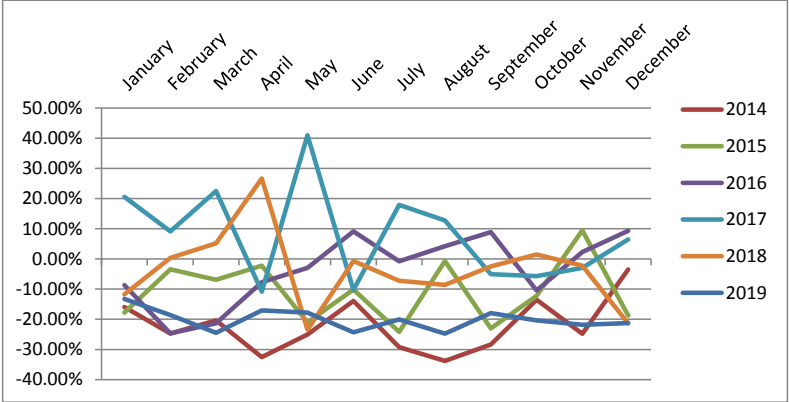
	2014	2015	2016	2017	2018	2019	2020
January	349	287	262	316	279	242	221
February	377	364	275	300	301	245	150
March	407	379	298	365	384	290	
April	317	310	286	255	323	268	
May	347	274	266	375	287	236	
June	316	284	310	278	276	209	
July	327	248	246	290	269	215	
August	288	286	298	336	307	231	
September	352	271	295	280	273	224	
October	359	315	282	266	270	215	
November	243	266	272	264	258	148	
December	277	225	246	262	206	180	
Total	3,959	3,509	3,336	3,587	3,433	2,703	371



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

Percent Change in Applications Received from 2014 to 2020

	2014	2015	2016	2017	2018	2019	2020
January	-15.90%	-17.77%	-8.71%	20.61%	-11.71%	-13.26%	-8.68%
February	-24.75%	-3.45%	-24.66%	9.09%	0.33%	-18.60%	-38.78%
March	-20.35%	-6.88%	-21.37%	22.48%	5.21%	-24.48%	
April	-32.55%	-2.21%	-7.74%	-10.84%	26.67%	-17.03%	
May	-25.05%	-21.04%	-2.92%	40.98%	-23.47%	-17.77%	
June	-13.90%	-10.13%	9.15%	-10.32%	-0.72%	-24.28%	
July	-29.22%	-24.16%	-0.81%	17.89%	-7.24%	-20.07%	
August	-33.79%	-0.69%	4.20%	12.75%	-8.63%	-24.76%	
September	-28.31%	-23.01%	8.86%	-5.08%	-2.50%	-17.95%	
October	-13.49%	-12.26%	-10.48%	-5.67%	1.50%	-20.37%	
November	-24.77%	9.47%	2.26%	-2.94%	-2.27%	-21.82%	
December	-3.48%	-18.77%	9.33%	6.50%	-21.37%	-21.26%	
Total YTD	-22.98%	-11.37%	-4.96%	7.52%	-4.29%	-20.01%	-23.82%



Texas Auto Ins. Plan Assoc.
ACTUAL VS. BUDGET
 For the period ended December 31, 2019

	Actual	2019 Year To Date Budget	Variance	2019 Annual Budget	% Used	Reason for Variance
<u>REVENUE</u>						
Assessments & Penalties	805,443	800,000	5,443	800,000	100.68%	
Other Revenue	5,083	0	5,083	0	0.00%	
TOTAL	810,526	800,000	10,526	800,000	101.32%	
<u>EXPENDITURES</u>						
Salaries	282,029	333,800	51,771	333,800	84.49%	Ended under budget- Staff was down 1 to 2 TAIPA employees for a time *we had two temp to hire employees".
Emp. Benefits & Other Ins. Exp.	168,250	184,600	16,350	184,600	91.14%	Ended under budget - Staff was down 1 or 2 TAIPA employees on benefits for several months.
Office Equipment Expense	12,330	12,100	-230	12,100	101.90%	Within Range.
Printing & Stationary Exp.	1,754	1,800	46	1,800	97.42%	Within Range.
Computer Expenses	7,574	12,200	4,626	12,200	62.08%	Under budget due to changing how we accounted for the computers we purchased. We purchased new computers (laptops w/ docking stations) for all staff. Cost includes setup/reimage etc. There was a price increase from the time we budgeted to the time of purchase so we anticipated going over budget. The only reason that we are not is that our Auditors suggested that we make an adjustment moving the expense of the computers from "Computer Supplies and Expense" to "Computer Equipment" (see Capital Budget) and to depreciate them over a period of 60 months. They determined that because each Lenovo ThinkPad (when the components are added) exceeded \$1,000; the best way to expense the computers is to add each station as a single unit to 2019 Depreciation Schedule for 60 months. Therefore, we will end under budget on Computer Expenses and over budget for Computer Equipment.
Postage & Shipping Exp.	19,414	24,800	5,386	24,800	78.28%	Ended under -We were able to consolidate several bulletins into one mailing which reduced cost.
Telephone Expense	10,326	10,100	-226	10,100	102.24%	Within Range.
Rent Expense	64,677	62,400	-2,277	62,400	103.65%	Within Range.
Moving Expense	0	0	0	0	0.00%	Within Range. No plans to move.
Taxes	722	900	178	900	80.21%	TAIPA disposed of a number of items when we moved.

Texas Auto Ins. Plan Assoc.
ACTUAL VS. BUDGET
For the period ended December 31, 2019

	Actual	2019 Year To Date Budget	Variance	2019 Annual Budget	% Used	Reason for Variance
Other Office Expenses	4,565	6,000	1,435	6,000	76.09%	Budgeted for monthly fees with Frost, but Frost has not initiated the new fee structure yet. Assessment write-offs have been minimal and we have fewer people in the office (kitchen supplies, etc.).
Governing Committee	19,654	24,900	5,246	24,900	78.93%	Ended under budget. We have had 3 Governing Committee Meetings. Some Governing Committee members were unable to attend in person so there was a reduction in hotel and dinner costs.
Subcommittee Meetings	2,750	3,000	250	3,000	91.67%	Within range.
Producer Review Panel	0	0	0	0	0.00%	Within Range. No Producer Review Panel planned for 2019.
Employee Meetings, Seminars & Staff Travel	8,166	30,000	21,834	30,000	27.22%	Because of the reduction in staff, TAIPA employees were not able to attend seminars and complete courses as expected this year. Ended under budget.
Legal Expenses	60,483	46,700	-13,783	46,700	129.51%	Anticipated being over budget by \$5K , but ended \$13,783 over budget. Per Mike, this is attributable to the additional Ops Subcommittee work, including work on the plan changes, the proposal for withdrawing companies, reviewing 401(K) changes, and the work on the personal auto policy form took more hours than we anticipated.
Audit Expense	23,383	23,900	517	23,900	97.84%	Within range.
Dues, Subscriptions & Publications	1,916	1,600	-316	1,600	119.73%	Ended \$316 over budget due to changes in subscription (changing from 1 yr. to 5 yrs.).
TAIPA Tradition, Visitor Meals & Gifts	1,965	2,700	735	2,700	72.78%	Ended under budget as we were not able to do some of the things planned at the end of the year.
System Consultants	46,603	51,200	4,597	51,200	91.02%	Ended below budget. Staff did not train with consultants as anticipated
Consultants - Other	13,008	19,300	6,292	19,300	67.40%	Ended below budget. Staff did not train with consultants as anticipated
Actuary	8,500	8,500	0	8,500	100.00%	Within range.
Other	0	0	0	0	0.00%	Within Range. Nothing budgeted for this category.
SUBTOTAL	758,069	860,500	102,431	860,500	88.10%	
Depreciation	1,324	1,300	-24	1,300	101.85%	Within Range.
Amortization	4,583	5,000	417	5,000	91.67%	Within Range.

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

For the period ended December 31, 2019

	Actual	2019 Year To Date Budget	Variance	2019 Annual Budget	% Used	Reason for Variance
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0	0.00%	Within Range. Nothing budgeted for this category.
SUBTOTAL	5,907	6,300	393	6,300	93.77%	
TOTAL OPERATING EXPENSE	763,977	866,800	102,823	866,800	88.14%	We should have used 100% of our budget at this time, however we are at 88.14%. We attribute most of this to reduction of staff, staff not able to attend classes or seminars, and because of time restraints staff was not able to have additional training with consultants.
NET FROM OPERATIONS	46,549	-66,800	113,349	-66,800		
Non-Operating Pension Costs	60,460	0	60,460	0	0.00%	
NET	107,009	-66,800	173,809	-66,800		
<u>CAPITAL BUDGET</u>						
Software Development in Progress	0	0	0	0	0.00%	Within Range - No software development expenditures this year.
Office Furniture & Equipment	119	0	-119	0	0.00%	Slightly over because we had to buy a new fax machine.
Computer Equipment	5,151	0	-5,151	0	0.00%	We will end over budget due to adding new computers to TAIPA's 2019 computer equipment. Therefore, we will end under budget on Computer Expenses and over budget for Computer Equipment. See Computer Expense.
Computer Software	0	0	0	0	0.00%	
Leasehold Improvements	0	0	0	0	0.00%	
TOTAL	5,270	0	-5,270	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 Activities

For the period ended December 31, 2019

Unaudited

Changes in without donor restrictions net assets

	Current YTD
Revenues	
Member assessments	\$ 800,200
Interest income	5,083
Assessment penalties	5,243
Total revenues	810,526
Expenses	
Salaries and related expenses	450,279
Occupancy expenses	75,725
Professional Services	151,977
Depreciation & amortization	5,907
Postage and delivery	19,414
Office supplies and expense	14,084
Governing committee	19,654
Computer supplies & expenses	7,574
Subcommittee meetings	2,750
Staff education & seminars	8,166
Miscellaneous	4,565
Staff expense	1,965
Dues and subscriptions	1,916
Total operating expenses	763,977
Other revenues (expenses)	
<i>Pension minimum liability adjustment</i>	60,460
Total other revenue (expenses)	60,460
<i>Increase (decrease) in net assets without donor restrictions</i>	107,009
<i>Net assets (deficiency) at beginning of year</i>	(131,365)
<i>Net assets (deficiency) as of December 31, 2019</i>	\$ (24,356)

Texas Auto Ins. Plan Assoc.**Statement of Financial Position**

As Of December 31, 2019

Unaudited

ASSETS

Current Assets	
Cash and cash equivalents	\$ 251,828
Prepaid expenses	16,651
Total current assets	<u>268,479</u>
Security Deposits	5,379
Property and Equipment	
Furniture and equipment	26,772
Computer equipment	13,274
Leasehold improvements	2,222
Computer software	25,000
	<u>67,268</u>
Less accumulated depreciation	<u>53,007</u>
	<u>14,261</u>
Total assets	<u><u>288,119</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	12,189
Accrued vacation	23,761
Accrued payroll liabilities	7,825
Total current liabilities	43,774
Other Liabilities	
Accrued pension benefit costs	261,418
Deferred lease benefit	7,283
Total other liabilities	<u>268,701</u>
Net (Deficiency) Assets	
Without donor restrictions	<u>(24,356)</u>
Total net assets	<u>(24,356)</u>
Total liabilities and net assets	<u><u>\$ 288,119</u></u>

TAIPA Emergency Quarantine Procedures

Premise

-It would be most likely that if one of us were quarantined, we would probably all be quarantined.

- We would need the following supplies for each person quarantined –
 - Laptop – Each employee has a docking station so the laptop is part of their current set-up.
 - Printer/Scanner – We purchased a printer/scanners for each employee that did not have one at home. The cost was \$166 per copier including ink and taxes.
 - A supply of office supplies for each employee.

TAIPA could continue to operate if we:

1. Divide the front office work into:

- One employee is responsible for receiving the mail from our main PO Box at their home via the courier service.
 - This employee would receive all of the mail, sort it and scan the mail to the other employees as necessary
 - This employee would processes the applications and mail via the mail courier picking up the mail at the employee's home.
 - This employee would process checks for DPS the SR-22 forms for DPS when it is received.
 - TAIPA notifies DPS of checks received on their behalf through a portal.
 - Then the checks are deposited manually at Chase. We can contact Chase to see if there is an app for this.

- The second employee would answer all of the phone calls by accessing the voicemail system.
 - This employee would process emails sent to DPS and the SR-22 forms for DPS after the application is assigned to a company.
 - TAIPA notifies DPS of checks received to DPS's portal TXNet
 - Both employees could work on our scanning project. If we can train via webinar we could also train them on completing the CRM project.
2. Mimi could continue to pay bills – but would need to pay by ACH transfer or credit card since we assume I wouldn't have access to the building or the check printer.
 3. Mimi will have the second PO Box and the physical location mail temporarily sent to her home if we cannot access the building/post office.
 4. Stacy could continue to pay employees in the same manner that we do now.
 5. Stacy and Mimi could continue to operate from their homes by checking voicemails/emails, etc.

To date, we have prepared for this by:

1. Having a couple meetings with TAIPA staff to discuss how we all see this working.
2. Contacting our courier to give us pricing on how we could ensure that mail is picked up from the main P.O. Box and dropped off and picked up at the employee's home.
3. Prepared a box of office supplies for each employee with their home address on it so even if we weren't allowed to leave our homes, we could ask someone from the building to give each box to our courier and deliver it to our employees

4. We plan to have a day that everyone works from home to ensure that the plan works as we anticipate.
5. We will update our website letting everyone know if/when we are out of the office as well as posting a notice on our door.
6. We are working with our IT Vendor to have a type of internal office video chat so that we could more easily discuss and resolve issues.
7. We have asked our staff to verify that they have unlimited talk time on their personal phones.
8. We are trying to find a way that employees can return calls without

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

Article I

Purpose

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

Article II

Definitions

1. Interested Person

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

2. Financial Interest

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

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

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

Article III

Procedures

1. Duty to Disclose

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

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

2. Determining Whether a Conflict of Interest Exists

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

3. Procedures for Addressing the Conflict of Interest

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

4. Violations of the Conflicts of Interest Policy

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

Article IV

Records of Proceedings

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

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

Article V

Annual Statements

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

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

Article VI

Periodic Reviews

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

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

CERTIFICATION

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

I am employed by a member company.

I am a licensed insurance agent.

Signature

Date

Printed Name

TAIPA GOVERNING COMMITTEE

ADMINISTRATIVE RULES

1. **Governing Committee Meetings**

- 1.1 Regular Meetings. The Governing Committee will set its schedule of meetings for the coming year at its last meeting of each year. The schedule may be revised at any meeting.
- 1.2 Special Meetings. Special meetings may be called by the Chair or upon written request to the Chair by at least three members, one of whom must be a public member.
- 1.3 Notice of Meetings. Meetings will be called in accordance with the Texas Open Meetings Act.
- 1.4 Meeting Agenda. Meeting agendas are prepared by Manager in consultation with the Chair. Members may request the addition of an item on the agenda by a written request to the Manager at least 15 days prior to a scheduled meeting.
- 1.5 Voting. Any required votes by the Governing Committee will be voice vote unless a member requests voting by a show of hands or in writing. Proxy voting is not permitted.

2. **Officers**

- 2.1 Officers will include: Chair, 1st Vice-Chair, 2nd Vice-Chair, Secretary, and the Immediate Past Chair.
- 2.2 The Immediate Past Chair serves as an officer only if that person continues to serve on the Governing Committee after leaving the position of Chair. An immediate past Chair cannot serve as an officer if that person is removed or resigns from the Chair during that person's term. In the event the immediate past Chair does not remain on the Governing Committee after leaving the position of Chair, no other person will fill this position.
- 2.3 With the exception of the immediate past Chair, officers are to be elected at the first meeting of the Governing Committee following the annual meeting of members and serve until the following annual meeting of members.
- 2.4 At least one officer is to be a public member of the Governing Committee.
- 2.5 An officer may be removed at any meeting of the Governing Committee. An officer may resign at any time by giving written notice to the Governing Committee or to the Chair or to the Secretary. A resignation shall take effect at the date of the receipt of the notice or at a later time specified therein.

- 2.6 The Chair presides at all meetings of the Governing Committee and is responsible for the orderly conduct of such meetings. The Chair shall direct the Manager and staff of the Association in the preparation and publication of the Notice of Meeting and Agenda for all meetings of the Governing Committee. The Chair is authorized to appoint members to standing or special subcommittees. If the Chair will be absent from a meeting, the Chair may designate an officer to preside at such meeting. In the absence of such a designation, the officers shall serve in order of their seniority as set forth in Section 2.1.
- 2.7 The Vice-Chair succeeds to the office of Chair in the event of the resignation or removal of the Chair.
- 2.8 The Second Vice-Chair succeeds to the office of Chair in the event of the resignation or removal of the Chair and Vice-Chair.
- 2.9 The Secretary has the responsibility for the preparation of all minutes of the Governing Committee. In this responsibility, the Secretary will be assisted by the Manager and the staff of the Association. The Secretary is authorized to certify to actions of the Governing Committee.
- 2.10 The Chair, and such officers as the Chair may request, shall, subject to the control of the Governing Committee, generally interact with and direct the Manager of the Association. This may include day-to-day matters which may arise, and shall include giving performance reviews and making compensation adjustments.
- 2.11 Industry representatives serving as officers of the Association do so in their personal capacities. The office is not held by the member company by whom any officer is employed.
- 2.12 The officers may consult as a group in discharging their duties and responsibilities.
- 2.13 The officers have no authority to act for the Association, or to commit it to any obligation except as specifically authorized or directed by the Governing Committee.

3. **Standing Subcommittees**

- 3.1 Purpose. The Chair shall appoint standing subcommittees to facilitate the work and responsibilities of the Governing Committee; study key issues; and make recommendations to the Governing Committee.
- 3.2 Subcommittees. The following subcommittees are created as standing committees:
 - (i) Operations. This subcommittee consists of one public member, one agent member and three company members. It has responsibility to review matters directed to it by the Governing Committee affecting the Plan of Operation or other business deemed necessary by the Governing

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

- (ii) **Audit & Finance.** This subcommittee is composed of three members, one of whom is a public member. It has the responsibility to assist the Governing Committee in its oversight of the Association's financial and accounting matters. It will also oversee the work of any independent auditor selected by the Governing Committee. If the Governing Committee wishes to change independent auditors, the subcommittee will be responsible to recommend independent auditors.
- (iii) **Nominations.** This subcommittee consists of one public member, one agent member and one company member. It has the responsibility to nominate members to serve as officers of the Association. It is to submit a slate of officers to be presented for election at the Governing Committee meeting following the annual meeting of members.
- (iv) **Strategic Planning.** This subcommittee consists of one public member, one agent member and three company members. It has the responsibility of meeting annually to discuss any significant changes expected in the near future, discuss current staffing levels, discuss if changes are needed to TAIPA's Enterprise Risk Management plan, and other related tasks.

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

3.4 **Telephone Meetings or Participation by Telephone.** Meetings of subcommittees may be held by means of conference telephone or other similar means of remote communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such a meeting shall constitute presence in person at the meeting.

3.5 The Governing Committee may appoint special subcommittees to facilitate the work and responsibilities of the Governing Committee. A special subcommittee may hold telephonic meetings as provided in section 3.4.

4. TAIPA Liaison to Association Staff

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

- 4.2 When appropriate and necessary, the TAIPA Liaison may bring matters before the Governing Committee for consideration or action by the Governing Committee.
- 4.3 Additional procedures and responsibilities of the TAIPA Liaison will be outlined in the TAIPA employee manual.

5. **Amendments**

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



December 2, 2019

Audit Committee
Texas Automobile Insurance Plan Association
805 Las Cimas Pkwy suite 210
Austin, TX 78746

This letter is to explain our understanding of the arrangements for the services that Atchley & Associates, LLP (the Firm) is to perform for Texas Automobile Insurance Plan Association for the year ending December 31, 2019. We ask that you either confirm or amend this understanding.

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the financial statements of Texas Automobile Insurance Plan Association (TAIPA), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, the related notes to the financial statements, and the supplemental comparison of revenues and expenses versus budget. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

In making our risk assessments, we consider internal control relevant to TAIPA'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 TAIPA's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the audit committee (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

Our services under this Engagement Letter do not include services for tax return preparation, tax advice, or representation in any tax matter. Nevertheless, we may discuss with you certain tax considerations or provide you with tax information that may be relevant to our services. Any such discussions or information would be based upon limited tax research, limited due diligence, and limited analysis regarding the underlying facts. Because additional research or a more complete review of the facts could affect our analysis and conclusions the information provided during these discussions should not be used as the basis for proceeding with any transaction or any tax return reporting.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
- c. 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; and
- d. To provide us with:
 - (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - (2) Additional information that we may request from management for the purpose of the audit; and
 - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit including among other items:

- a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
- b. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that TAIPA complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the supplementary information in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditors' report on the supplementary information in any document that contains the supplementary information and that indicates that the auditors have reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to 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 auditors' report thereon.

The audit committee is responsible for informing us of its views about the risks of fraud within TAIPA, and its knowledge of any fraud or suspected fraud affecting TAIPA.

Because the Firm will rely on TAIPA and its management and audit committee to discharge the foregoing responsibilities, TAIPA holds harmless and releases the Firm, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of TAIPA's management which has caused, in any respect, the Firm's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

TAIPA's Records and Assistance

If circumstances arise relating to the condition of TAIPA's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdraw from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in TAIPA's books and records. TAIPA will determine that all such data, if necessary, will be so reflected. Accordingly, TAIPA will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Organization personnel is described in the attached client participation list, which outlines the specific schedules and analyses that should be completed by TAIPA personnel. The participation list has been discussed with and agreed to by Stacy Dutton, Association Manager. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

If, in connection with our audit, you request us to perform accounting services necessary for the preparation of the financial statements (such as maintaining depreciation schedules, computing the provision for income taxes, drafting the financial statements, etc.), you agree to designate an appropriate individual to oversee the services, make all management decisions involved in those services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.

Fees, Costs, and Access to Workpapers

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work is based upon the following criteria:

- a. Anticipated cooperation from Organization personnel
- b. Timely responses to our inquiries
- c. Timely completion and delivery of client assistance requests
- d. Timely communication of all significant accounting and financial reporting matters
- e. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. We will notify you immediately of any circumstances we encounter which could significantly affect our initial estimate of audit fees, excluding direct out-of-pocket expenses, estimated to be \$16,500. All other provisions of this letter will survive any fee adjustment. In accordance with our firm policies, work may be suspended if your account becomes sixty or more days overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

All matters related to the TAIPA's adoption of the new revenue recognition standard pursuant to Financial Accounting Standards Board Accounting Standards Codification 606 will be accounted for and billed separately.

You may terminate the arrangement at any time by written notice to us. Termination for any reason will not affect your obligation to pay us for fees and expenses incurred prior to termination or in transferring files to and otherwise cooperating with any successor auditor. All provisions of this arrangement will survive termination or cancellation, except that (a) we will not have any obligation to provide services after termination and (b) you will not have any obligation to pay us for any services that we perform after termination, except for costs incurred to cooperate with a successor auditor or regulatory agency subpoena or inquiry.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, TAIPA agrees it will compensate the Firm for any additional costs incurred as a result of TAIPA's employment of a partner or professional employee of the Firm.

In the event we are requested or authorized by TAIPA or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for TAIPA, TAIPA will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

In a legal action in which the Firm or its partners are not the defendants, we shall also be entitled to fees at \$400.00 per hour and reimbursements for testimony if we are subpoenaed as a witness in a subsequent litigation by third parties and such testimony involves the work we performed pursuant to this agreement. If we are ordered by a state or federal judge to permit the subsequent inspection and/or reproduction of files, records, and other documents relating to work performed by us pursuant to this agreement, then you agree that we may comply with these orders without prior notice to you.

Claim Resolution

TAIPA and the Firm agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by the Firm or the date of this arrangement letter if no report has been issued. TAIPA waives any claim for punitive damages. The Firm's liability for all claims, damages and costs of TAIPA arising from this engagement is limited to the amount of fees paid by TAIPA to the Firm for the services rendered under this arrangement letter.

Indemnification is intended to protect the Firm and its principals and employees against being named in any lawsuit arising from this engagement as a result of having completed this engagement. You shall indemnify the Firm and its principals and employees and hold us harmless from all claims, liabilities, losses, and counsel fees and expenses unless it shall have been determined by a court of competent jurisdiction that we have acted negligently in the performance of the work covered by our engagement. In no event shall the Firm and its principals and employees be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if we have been advised of their possible existence.

If a dispute arises out of or relates to this contract or engagement letter, or the obligations of the parties therein, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation using the Commercial Mediation Rules of the American

Arbitration Association (AAA) before resorting to arbitration, litigation, or some other dispute resolution procedure. Thereafter, any unresolved controversy or claim arising from or relating to this contract or the obligations of the parties hereunder shall be settled by arbitration administered using the American Arbitration Association or another mutually agreeable arbitration service using the AAA Arbitration Rules for Professional Accounting and Related Services Disputes and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

Reporting

We will issue a written report upon completion of our audit of TAIPA’s financial statements. Our report will be addressed to the governing committee of TAIPA. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

This letter constitutes the complete and exclusive statement of agreement between the Firm and TAIPA, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Atchley & Associates, LLP
Atchley & Associates, LLP

Confirmed on behalf of TAIPA:

Audit Committee or Board Chair

Date

Stacy Dutton, Association Manager

Date

Texas Automobile Insurance Plan Association
Items Needed for Audit
December 31, 2019

Schedules and copies requested should be completed as soon as possible after receiving this letter and no later than our arrival for field work on May 25, 2020. **Where possible, we prefer items to be provided electronically, in Excel or Adobe format.**

Organizational Items

Please make copies of the following documents **if there have been any changes** since the prior year:

1. Articles of Incorporation
2. Organization By-laws
3. Letter from Internal Revenue Service granting Tax Exempt Status
4. Organization Chart as of 12/31/19
5. Policies and procedures manuals for accounting, personnel, etc
6. Any long-term agreements (over 1 year period) e.g., leases, loans, lines of credit agreements, subcontracts, pensions or other employee benefit plans, etc.

Current Year Items

7. Minutes of meetings of Board of Directors from 1/1/19 through the most current meeting prior to the end of our fieldwork.
8. Current Chart of Accounts (Used as of 12/31/19)
9. Copy of final adjusted trial balance as of 12/31/19 (**electronic copy preferable**) and access to general ledger detail as of and for the year ended 12/31/19. Please provide the trial balance to us as soon as possible.
11. Copies of all bank reconciliations for all accounts as of 12/31/19
11. Detail of any other investments (certificates of deposit, securities, etc.)
12. Schedules showing details of accounts receivable
 - a. Schedules showing details of any other receivables, prepaid expenses or other miscellaneous assets.
13. Schedule of Fixed Asset roll-forward from 1/1/1 to 12/31/19 for both cost and accumulated depreciation in the following format (*if you are using fixed asset software, then please print a report directly from the software*).

Balance 1/1/19	2019 Additions	2019 Deletions	Balance 12/31/19
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14. List of all fixed asset additions and deletions from 1/1/19 through 12/31/19 in the following formats (if you are using fixed asset software, then please print a report directly from the software).

Additions

Date of Purchase	Vendor	Description	Cost
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Dispositions

Date of Disposition	Description	Cost	Accumulated. Depreciation.	Sales Proceeds
------------------------	-------------	------	-------------------------------	-------------------

15. Depreciation schedule as of 12/31/19 showing cost, current depreciation expense and accumulated depreciation for each asset (if you are using fixed asset software, then please print a report directly from the software).
16. Detail of accounts payable as of 12/31/19.
17. Information relating to other accounts payable or accrued liabilities as of 12/31/19, such as vacations, salaries, payroll taxes, utilities, etc. (Check vacation accrual report is prepared after year-end so that excess vacation time is not accrued.)
18. List of assessments for 2019, by member organization, showing dates paid and any amounts unpaid as of the end of the year.
19. Detail of selected expense accounts - legal, repairs & maintenance, miscellaneous income and miscellaneous expense.
20. List of all officers and directors and any salaries and other benefits paid on their behalf.
21. Payroll reports filed with the TWC and the 941's filed for the year with total wages per the general ledger reconciled to the total wages per the 941's.
22. Information from the actuary needed to complete the Defined Benefit Plan disclosure (footnote B) as in the December 31, 2019 financial statements.
23. List of and details of any EEOC complaints filed against the organization that are still unsettled as of 12/31/19, and details of any that have been settled
24. Details of any lawsuits filed against the organization and the status of such lawsuits as of 12/31/19.

25. Confirmations (other than the electronic ones) and attorney letters completed, signed, and **returned to auditor** before start of fieldwork. **We will mail all confirmations from our office.**
26. Details of deferred lease benefit calculations.
27. Copy for the final approved budget for 2019 in the format needed for inclusion in the supplemental schedules of the financial statements.
28. We will also need access to the following items during our fieldwork:
 - Bank statements for all accounts from 1/19 through 4/20.
 - Cash receipts journal(s) for the year (**electronic format preferable**)
 - Cash disbursements journal(s) for the year (**electronic format preferable**)
 - Detail general ledger for the entire year

MEMORANDUM

TO: Tyler Mosley, Atchley & Associates

FROM: Stacy Dutton/Mimi Leece

DATE: February 24, 2020

RE: TAIPA Revenue Streams and whether or not the revenue stream results in an exchange transaction with regard to FASB Accounting Standards specifically Codification 606

The purpose of this memo is to evaluate the revenue recognition policies which Texas Automobile Insurance Plan Association should follow during these transactions that result in any reciprocal arrangement.

TAIPA only has revenue streams to cover the cost of administration of the plan. The revenue streams include:

A. Membership Fee

Each member of the Association shall pay an annual membership fee, the amount of which is determined by the Governing Committee.

Note all insurance organizations that are licensed to sell automobile liability coverage in the State of Texas must be members of the association.

B. Assessment

Each member's ratio of voluntary private passenger liability writings and voluntary all other automobile liability writings to the statewide industry respective totals is the basis of apportionment of all Association expense incurred in excess of the membership fees.

Therefore, any company writing auto liability coverage in the state of Texas receives an assessment based on their share of the voluntary market.

C. Late Payment Charge

If an assessment or membership fee is not postmarked on or before the due date shown on the invoice, a late payment charge will be applied. The late payment charge will be 0.05 percent per day (1.50 percent per month) subject to a minimum charge of \$50.

D. Interest Earned on TAIPA's bank accounts.

There is no "consideration" given for the amounts that the member companies pay to TAIPA for membership fees, assessments, or late payment charges to TAIPA. The amount that is charged is based on the above stated criteria and applied to all of the companies that are licensed to write automobile liability coverage in Texas.

TAIPA does not have any contracts with member companies with regard to the above listed payments.

Note that TAIPA may have commercial insurance policies (i.e. workers comp, business owners, etc.) with some of the companies that are also member companies, but these policies have nothing to do with TAIPA's primary purpose. These policies are entered into using an insurance agency.

All companies have the same performance obligations to write policies for any applications are assigned to them through TAIPA. Note that the policies written are between the applicant and the insurance company – not TAIPA.

The transaction prices to write the assigned policies are set by the Commissioner of the Texas Department of Insurance and are the same for all companies.

TAIPA recognizes our revenue monthly but it is not based on any performance obligations met by TAIPA or a member company.

Based on the above listed analysis, we do not believe that TAIPA meets the criteria necessary to apply the FASB ASC 606.

TAIPA PP Over/Under Report

COMPANY YearEnd 2014 YearEnd 2015 Year End 2016 Year End 2017 Year End 2018 1st QTR 2019 2nd QTR 2019 3rd QTR 2019

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
21ST CENTURY CENTENNIAL INS CO (SC)		273,200		279,672		280,342		315,137		266,162		258,416		218,313		223,216
ACE AMERICA	246,672		245,800		244,859		236,537		Entered LAD							
AFFIRMATIVE INS CO					New to quota	2,446		2,831		2,831		2,831		2,831		2,831
ALLSTATE INS CO		85,156		93,356		90,642	Entered LAD									
AMER FAMILY MUT INS CO SI									New to quota	6		10		11		12
AMER MERCURY INS CO		616		3,313		1,954		7,174		4,047	Entered LAD					
ASSURANCEAMERICA INS CO		45		56		58	Entered LAD									
AXA INS CO											1	New to quota		0		1
COLONIAL LLOYDS		1,277		1,277	Entered LAD											
CRESTBROOK INS CO			New to quota	8		155	Became grouped									
ESURANCE PROP & CAS INS CO	New to quota	15		218	Became grouped											
FALCON INS CO			New to quota	4		4	Entered LAD									
FREESTONE INS CO		171		443		443		443		443		443		443		443
GENERAL CAS CO OF WISCONSIN	New to quota	72		73		76	Entered LAD									
GOVERNMENT EMPLOYEES INS CO		75,542		93,728		128,245		96,915		63,079		65,454		107,165		117,354

TAIPA PP Over/Under Report

COMPANY YearEnd 2014 YearEnd 2015 Year End 2016 Year End 2017 Year End 2018 1st QTR 2019 2nd QTR 2019 3rd QTR 2019

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
HALLMARK COUNTY MUT INS CO	443,485		443,407		443,127		441,819		440,802		440,670		440,564		440,466	
HOMEOWNERS OF AMER INS CO		4,637		4,639		4,639		4,639		4,639		4,639		4,639		4,639
HORACE MANN LLOYDS																
HOUSTON GENERAL INS EXCH (this is a new company that has generated this quota)																7
ICM INS CO		13		13		13		13	Went into storage			13				
IMPERIAL FIRE & CAS	1,417		1,395		1,381		Became grouped									
INTEGON NATIONAL INS CO					New to quota	279,949		322,579		201,462		208,830		230,891		238,395
KNIGHTBROOK INS CO	Entered LAD															
LINCOLN GENERAL		51,337	Went into storage													
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO)	330,062		330,051		330,044		330,040		330,038		330,038		330,038		330,038	
MIDVALE IND CO									New to quota	1						
MILEMETER INS CO		2,211		2,211	Cert of Authority Cancelled											
NATIONAL LIABILITY & FIRE (SC)		260,661		294,194	Entered LAD											
NATIONWIDE MUT INS CO	Entered LAD															

TAIPA PP Over/Under Report

COMPANY YearEnd 2014 YearEnd 2015 Year End 2016 Year End 2017 Year End 2018 1st QTR 2019 2nd QTR 2019 3rd QTR 2019

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
ONEBEACON INS CO	Became grouped															
PACIFIC SPECIALTY INS CO	Entered LAD															
PALOMAR SPECIALTY INS CO	New to quota	16	AIPSO Error	Became grouped												
PHARMACISTS MUT INS CO			New to quota	3		25	Entered LAD									
QBE INS CORP	Became grouped															
RIVERPORT INS CO								New to quota	51		107	Entered LAD	181			
SOMPO JAPAN INS CO (prev Yasuda F&M)	1,976		Went into storage													
SOUTHLAND LLOYDS INS CO		293	Went into storage													
STARR INDEMNITY & LIABILITY CO		955		955		955		955	Went into storage							
STATE FARM MUT AUTO INS CO		203,426		190,293		175,003		193,430		170,618		169,954		153,087		138,266
SUSSEX INS CO (prior Companion Pro & Cas Ins Co) Effective 12/31/2017, Sussex Ins Co merged into CLARENDON NATIONAL INS CO		318		324		324		324	CO / Inactive Merged							
TEXAS FARM BUREAU CAS INS CO		59,922		55,332		53,796		63,251		57,078		59,787		52,314		44,395
TOKIO MARINE & NICHIDO FIRE INS			5	Went into storage												
TREXIS ONE INS CORP (prev co ALFA SPECIALTY INS CORP)		629		428		88		352		138	176			375		542

TAIPA PP Over/Under Report

COMPANY YearEnd 2014 YearEnd 2015 Year End 2016 Year End 2017 Year End 2018 1st QTR 2019 2nd QTR 2019 3rd QTR 2019

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
UNIVERSAL NORTH AMERICA	New to quota	89		89		89		89	Went into storage			89				
WESTERN GEN INS CO											New to quota	1				
WINDHAVEN NATIONAL INS. CO			New to quota	24		165		264		285		311		352		403
YOUNG AMERICA INS CO	Entered LAD															
TOTALS	1,023,612	1,023,612	1,020,653	1,020,653	1,019,411	1,019,411	1,008,396	1,008,396	770,840	770,840	770,885	770,885	770,602	770,602	770,504	770,504

PREMIUMS WRITTEN	2,156,742	1,864,575	1,916,600	2,424,419	2,346,137	515,700 1st qtr	483,119 2nd qtr	460,122 3rd qtr
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TAIPA OTPP Over/Under Report

COMPANY	Year End 2014		Year End 2015		Year End 2016		Year End 2017		Year End 2018		1st QTR 2019		2nd QTR 2019		3rd QTR 2019	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
ACCIDENT INS CO					New to quota	65		132		154		179		199		223
ALASKA NATL		80		102		123	Entered CLAD									
AMALGAMATED CAS INS CO							New to quota	531								
AMER BANKERS INS CO OF FLORIDA						328	Became ungrouped co has not Vol Premium (co w/ quota moved to Diamond State-Co is in a CLAD)									
AMER CONTRACTORS INS RISK RET. GRP		16,743		16,743		16,743		16,743	Went into storage							
AMER COUNTRY INS CO																595
AMER INTER FIDELITY EXCHANGE											New to quota	15				
AMER MERCURY INS CO	15,785		3,488			4,296		13,859		12,787		Entered CLAD				
AMER MODERN HOME INS CO	Entered CLAD															
AMER MODERN LLOYD'S	Became grouped															
AMER NATIONAL PROP & CAS CO		614		1,118		1,522	Entered CLAD									
AMER NATL COUNTY MUT INS CO			New to quota	12		107	Became grouped									
AMER ROAD INS CO		135		197		248	Entered CLAD									
AMERICAN SAFETY CAS INS CO		Entered CLAD														
AMER SERVICE INS CO INC.		26		26	Became grouped											
AMERICAN BUILDERS INS CO (prev Association Ins Co)		183		259		320	Entered CLAD									
BRITISH AMERICAN INS CO		15,934		16,246	2,993		3,696		1,489		1,371		1,279		1,162	

TAIPA OTPP Over/Under Report

COMPANY	Year End 2014		Year End 2015		Year End 2016		Year End 2017		Year End 2018		1st QTR 2019		2nd QTR 2019		3rd QTR 2019	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
CLARENDON NATIONAL INS CO	51,569		Went into storage													
COLUMBIA INS CO	1,222		1,222		Became grouped											
COLUMBIA MUT INS CO		4,627		7,227	Entered CLAD											
COREPOINTE INS CO (prev Chrysler & Daimlerchrysler)		39,982		40,259	Entered CLAD											
GENERAL STAR NATIONAL INS CO		59		59		59	Went into storage									
GLOBAL LIBERTY INS CO OF NY			New to quota	34		462	Entered CLAD									
GOVERNMENT EMPLOYEES INS CO Out of Storage \$514,977 start 2010 less \$5K per year. Current balance as of 2018: \$469,977	24,021		25,707		26,691		25,871		24,233		21,763		19,843		17,394	
GRAMERCY INS CO		9,371		9,371		9,371	Went into storage									
GREAT MIDWEST INS CO	Became grouped															
HARLEYSVILLE INS CO					New to quota	160	Became grouped- Nationwide in a CLAD									
HISCOX INS CO INC	New to quota	2		232		800	Entered CLAD									
HDIGERLING AMERICA INS CO																
HOUSING ENTERPRISE INS CO INC		23		33		38	Entered CLAD 1st QTR 2017 *Cancelled CLAD 4th QTR 2017			6		8		9		11
INTREPID INS CO																1
INTEGON NATIONAL INS CO					New to quota	1,673,492		1,695,119		1,715,041		1,712,124		1,720,572		1,714,196

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COMPANY	Year End 2014		Year End 2015		Year End 2016		Year End 2017		Year End 2018		1st QTR 2019		2nd QTR 2019		3rd QTR 2019	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
LINCOLN GENERAL		73,631	Went into storage													
LUMBERMENS MUT CAS CO (Cease & Desist)																
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO & Penn General)	414,922		414,900		414,900		414,900		414,900		414,900		414,900		414,900	
MIDCONTINENT CAS CO	754,383		750,300		747,924		746,849		746,030		745,618		745,298		744,890	
MOTORISTS COMM MUT INS CO (prev Amer Hardware Mut Ins Co)	28,223		27,828		27,561		27,288		27,086		27,086		27,086		27,086	
NATIONAL BUILDERS INS CO		160		202		236	Became grouped									
NATIONAL LIABILITY & FIRE INS CO (SC)		1,535,081		1,600,794	Entered CLAD											
NAVIGATORS INS CO		813		1,579	Entered CLAD											
NORTH AMER SPECIALTY INS CO		32		40		70	Entered CLAD									
OKLAHOMA SURETY CO	684,364		684,175		683,103		681,118		679,207		678,774		678,437		678,007	
PENN MANUFACTURERS ASSN INS CO	Entered CLAD				Entered New CLAD											
PREFERRED PROFESSIONAL INS CO		1,119		1,309		1,516	Entered CLAD									
QUALITAS INS CO					New to quota	250	Entered CLAD									
REDPOINT COUNTY MUT INS CO											New to quota	1,335				
REP WEST INS CO (REPUBLIC WESTERN INS CO)		41		48	Entered CLAD											
RIVERPORT INS CO		79		83		83		83		83		83		83		83
RURAL TRUST INS CO					New to quota	91	Entered CLAD									
SAFETY NATL CAS CORP	Entered CLAD															

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COMPANY	Year End 2014		Year End 2015		Year End 2016		Year End 2017		Year End 2018		1st QTR 2019		2nd QTR 2019		3rd QTR 2019	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
SAMSUNG FIRE & MARINE INS CO			New to quota	79	Entered CLAD											
SENECA INS CO		93		242		343	Entered CLAD									
STATE FARM MUT AUTO INS CO		185,682		154,516		137,542		129,892		123,853		133,811		123,410		123,554
TEXAS FARM BUREAU CAS INS CO (prev Southern Farm Bur)		45,183		43,806		41,727		29,894		28,473		29,310		29,846		31,953
TEXAS HOSPITAL INS EXCH		11,191		11,521		11,836		12,178		12,469		12,568		12,645		12,744
TIG INS CO										79		79		79		79
TNUS INS CO	New to quota	16		37		49	Became grouped									
TORUS NATIONAL INS CO (chg'd to Starstone Nat'l Ins Co 11/24/15)	Entered CLAD				Entered New CLAD											
TRANS PACIFIC INS CO			New to quota	16	Became grouped											
TRISTATE INS CO OF MN					New to quota	4	Became grouped									
TRIUMPHE CAS CO	New to quota	139		139	Entered CLAD											
ULLICO CAS CO		1,291		1,291		1,291		1,291	Went into storage							
UNITRIN AUTO & HOME INS CO		32,159	Went into storage													
TOTALS	1,974,489	1,974,489	1,907,620	1,907,620	1,903,172	1,903,172	1,899,722	1,899,722	1,892,945	1,892,945	1,889,512	1,889,512	1,886,843	1,886,843	1,883,439	1,883,439
PREMIUMS CREDITED	1,993,432		1,923,849		1,777,884		1,942,623		1,679,205		562,825 1st qtr		437,664 2nd qtr		557,901 3rd qtr	