



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

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

Join Zoom Meeting

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

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

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

**TAIPA GOVERNING COMMITTEE MEETING MINUTES  
NOVEMBER 20, 2020 AT 9:00 AM  
ZOOM MEETING**

Given the continuing concerns related to the COVID-19 virus, TAIPA held the TAIPA Governing Committee Meeting on November 20, 2020 as a Zoom Meeting Only.

Zoom Meeting Information

<https://us02web.zoom.us/j/82804858059?pwd=RDZDcHhKa0dzMXdaNFFaK3B0RGpuZz09>

Meeting ID: 810 0106 9015

Passcode: 992985

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**ATTENDEES:**

**VOTING Members:**

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

**Counsel:**

Michael W. Jones, Thompson, Coe, Cousins & Irons

**TAIPA Staff:**

Stacy Dutton

Mimi Leece

Mishayla Twyman

Ruth Wise

**Others:**

Carol Berthold, GEICO

Doug Beck, 21st Century

John Lusardi Jr., Assigned Risk Solutions, Ltd.

Kimberly Donovan, OPIC

Melissa Herman, TDI

**ITEM 1: CALL TO ORDER**

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

Mimi Leece explained how the zoom meeting would work.

**ITEM 2: INTRODUCTIONS**

Stacy Dutton called roll.

**ITEM 3: READING OF THE ANTI-TRUST STATEMENT**

Stacy Dutton read the Anti-Trust Statement:

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

**ITEM 4: Review and Approval of the Minutes of the March 27, 2020 Meeting**

Anh Vo presented the Minutes of the August 21, 2020 meeting and went over the highlights of the meeting.

Corise Morrison asked for a motion to approve the minutes.

Mike Jones asked for a change on page 10. Change make a rate filing every calendar year to every 12 months.

- Anh Vo made the motion to accept the meeting notes with the above mentioned changes and Becky Jackson seconded the motion to:  
“Approve the Minutes.”
- The motion carried unanimously.

**ITEM 5: Chair’s Report****a. Welcome to David Nardecchia – Alternate Public Member –**

Corise Morrison welcomed David Nardecchia to the Governing Committee. David previously attended the Governing Committee Meetings when he was a representative at OPIC. David brings with him experience from various insurance related organizations as well as TDI. TAIPA is pleased to have David join the Governing Committee as our alternate public member.

**b. Thank you to volunteers for Sub Committees -**

Corise Morrison thanked everyone that volunteered for sub-committee openings. Stacy sent an e-mail with the names of the subcommittee members.

### c. Officers' Discussion on October 2, 2020 letter to Board Members from TDI -

All of the Governing Committee members received a letter from James Person of TDI dated October 2, 2020 discussing some of the responsibilities of board members. Stacy sent a copy of this letter to each of the Governing Committee Members as well. The officers discussed this letter in regards to what they could do to ensure that everyone one feels comfortable in their role as a Governing Committee Member.

The three main themes of the letter focus on:

- Training received
  - The Governing Committee's ability to access and control counsel
  - Understanding TAIPA's Third Party Relationships
1. Training -
    - TAIPA currently sends a welcome letter which includes information regarding
      - i. A brief history/description of the organization
      - ii. TAIPA's Conflict of Interest Policy
      - iii. Information on the Open Meetings Act Training
      - iv. Another way that TAIPA keeps everyone informed is through the notes of the previous meeting so everyone is aware of the various issues discussed at each meeting.
    - Additional training from the organizations that the Governing Committee represents is optional as well.
  2. Access and Control of Counsel
    - Mike Jones is TAIPA's Attorney
    - Mike regularly reports to the Governing Committee at scheduled meetings. Day-to-day matters that come up are addressed with the Manager, and in some cases with the Chair. If the matter involves something more significant, the Chair decides if officers should be consulted. If it is determined that the matter requires Governing Committee attention, the matter is brought up for its consideration. The officers are all members of the Governing Committee, and in this regard, the Governing Committee has direct access to and control over its Counsel.
    - All Governing Committee Members can contact TAIPA's Counsel whenever they have a need to.
  3. TAIPA's Third Party Relationships
    - A copy of TAIPA's Vendor and Service Provider Selection Procedure is attached in Exhibit 4
    - After receiving the letter, the TAIPA officers discussed what TAIPA could do to ensure that each member of the TAIPA Governing Committee had all the information that they needed to understand TAIPA's third party relationships and why we are where we are currently.

- The officers asked TAIPA staff to do a study of TAIPA's Third Party Relationships as listed in the procedures but to also look at any other entities that TAIPA spends \$20,000 or more with each year because that is what our procedure calls on. A copy of the study is in Exhibit 5.

Currently, TAIPA does the following to follow the TAIPA Vendor and Service Provider Selection Procedure:

1. TAIPA puts the Third Party Vendors and the RFP Procedure on the TAIPA Governing Committee Meeting Agenda at least once each year. (Historically, it is the November meeting.)
2. TAIPA makes a recommendation about completing a RFP for each of the entities that we have a Third Party Relationship with at this meeting.
3. The Governing Committee then discusses the matter and makes a decision on whether to complete an RFP or not.

There was discussion that the Governing Committee may want to consider:

1. Is our current process/procedure and/or dollar amount still valid for TAIPA as it is today?
2. Do we have or need an agreement with the organization?
3. If we have an agreement, does it cover everything that we need it to cover? The thought process being that the contracts/agreements that we do have may be quite old.
4. Anything else that the Governing Committee would find helpful with regard to TAIPA's Third Party Relationships.

The Governing Committee discussed the following:

- It was asked if anyone had any comments on the letter itself.
- There was discussion about the public member handbook that OPIC gave to public members.
  - It had reference documents that might be helpful for people not in the industry.
  - One of the public members indicated that this was always really helpful. Kim might be able to access it in the archives.
  - There was discussion about how Stacy could work with Kim and Becky to get a copy of this document.
- Discussion about Open Meetings Act training
  - The letter seems to have an expectation of on-going or refresher training.
  - There was a suggestion that everyone should review that every 2-3 years because rules could change.
  - Depending on how long someone has been on the committee, it can be more than 2 years. It's there, online.
  - Mike Jones indicated that we review what the legislature does every year and we do look at whether or not they change open statutes. He suggested people to look at open meeting requirements.
- Access to control of counsel:
  - Mike Jones stated that
    - All the officers are members of the Governing Committee and there is good access from the Governing Committee to deal with the attorney as well as the staff
    - There is a lot of work with the Manager on day to day matters which don't always rise up to a matter the Governing Committee/Officers should consider.

- One issue for TDI was does the lawyer represent the board, the member, the entity. Who is the attorney's client?
  - Mike Jones indicated that he has never perceived in TAIPA that there has ever been conflict between board and entity.
- Third party relationship. There was discussion around the following:
  - Should we look at existing relationships?
  - Is the fee accurate?
  - For those who don't have a written document should we have one?
  - Is it purely a purchase order kind of relationship and not a third party?
  - Do we need to refresh the documents we have?
  - If the Governing Committee feels that they would like to have the RFP process reviewed further, it was suggested that the Strategic Planning Subcommittee Governing Committee review this and come back with recommendations.
  - There were questions about the \$20,000 threshold and history of it and discussion if it should be moved to a percentage of budget?

Corise commented that:

- Another thing that we may want to consider is whether or not we as a board want to respond to TDI to let them know that we have received their letter and formally discussed it even though it doesn't appear that there is a formal response expected.
- If it is the Governing Committee's desire to have the Strategic Planning subcommittee meet and review this information, we would anticipate this to increase the cost for legal to attend the subcommittee meetings and possibly review any new agreements/contracts. We would also anticipate a small per diem cost for our producer or public members who would want to become members of this committee.
- Corise asked that anyone who has any questions, comments, or suggestions for anything that we could do better with regard to the requirements set out in the TDI letter to either discuss it now or to reach out to Stacy or Corise.

Corise Morrison asked for a motion to refer the matter of third party vendor evaluation to the strategic planning subcommittee:

- David Weber made the motion to accept and Stephen Hylka seconded the motion.
- The motion carries.

## **ITEM 6: Manager's Report**

Stacy Dutton presented the Manager's Report.

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



TAIPA received 114 applications in October 2020, compared to 215 applications in October 2019. 1,461 applications in 2020, compared to 2,375 applications in 2019, which is a decrease of 908 applications or about 38.48%. We expect to receive about 1,800 applications this year, which would put our 2020 volume at our lowest volume ever.

## **B. FINANCIAL UPDATE AS OF SEPTEMBER 2020 (EXHIBIT 3)**

TAIPA would expect to be at 75% of the budget used at the end of September, and has used only 66.31% of the budget. The items that are currently over-budget were explained. We anticipate to end the year under-budget.

## **C. 2021 REQUESTS FOR PROPOSAL**

### **i. TAIPA Policy (Exhibit 4)**

### **ii. TAIPA Third Party Providers (Exhibit 5)**

### **iii. TAIPA Recommendations**

- 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 made a consensus to continue the existing arrangements for another year with
  - Legal counsel,
  - Auditors,
  - Actuary
  - Application processing system, and
  - Quota system

This year TAIPA staff recommends the same for all of the vendors listed as we don't have a compelling reason to change vendors.

- Legal: We believe our relationship with Thompson Coe is very beneficial, as they have knowledge of TAIPA and our history. Thompson Coe is well versed in all aspects of insurance matters including regulatory, forms, rate-making, legislative, and business as well as general business matters including contracts and real estate leasing.
- Auditors: We have very good relationship with our auditors and they understand our organization well.
  - We were assigned a new partner in 2017, and
  - We typically have different auditors assigned to our audit each year.

- Since Mimi is new to the accounting position, there is a desire 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 \$8500 as he has, since we changed the process.
  - An Actuary RFP was conducted in 2016-2017 so our agreement has been in place since 2017.
- Application processing system, and quota system – AIPSO
  - We have been in a contract with AIPSO since 2015 with fairly low increases in fees.
  - They did let us know that they will be increasing the fees in 2021 but the fees were pretty minimal.

Corise Morrison asked for a motion to approve or 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.

- Matt Snyder made the motion to accept TAIPA's recommendations and continue the current relationships.
- Bill Brooks seconded the motion
- The motion carried unanimously.

#### **D. 2021 BUDGET**

The 2021 budget details are in Exhibit 6.

#### **BUDGET ASSUMPTIONS:**

- First page of the exhibit shows the major assumptions we used when preparing the 2021 budget.
  - For the most part, we've budgeted for 2021 to be very similar to 2020.
  - The increases you'll see in 2021 are mostly the standard things you'll see increases in each year like employee insurance costs, salary increase due to proposed raises, etc.
  - The largest increase in budget this year is due to TAIPA benefits.

#### **REQUESTED BUDGET:**

- 2020 requested operating budget is \$912,400
  - Increase of \$66,900 (7.91%) from 2020 budget
  - Major line items that increased more than 6% from last year's budget:
    - The largest increase in budget this year is due to TAIPA benefits which went up 35.39%
      - The largest single item that caused an increase in TAIPA's budget was the increase in the minimum pension contribution which went from \$50,600 to \$97,000 a difference of \$46,400.

- The second largest item was for Prudential fees. Prudential administers TAIPA's 401(K) plan. 2021 was already scheduled to be the year that TAIPA would have the restatement fee of about \$5250. (This is for Prudential completing a new Summary Plan Description). Given that the Noncontributory plan was added – it is probably good timing. Prudential also added fees for compliance tests (\$500 for each of 5 compliance tests) and \$1500 for completing TAIPA's 5500 form. This is an increase of \$9250.00
- The third largest item was newer employees' eligibility for TAIPA's retirement benefits in February and April of 2021 for both the matching 401(K) and the 6% Noncontributory plan. The estimated cost of this is \$8,600. 2019 and 2020 we had very low benefit costs due to the turnover in 2019 and the waiting period for benefits.
- Other items up over 6% were:
  - Telephone/Internet-increase of \$900 or 8.65% increase – Added Zoom
  - Property Taxes – increase of \$200 or a 22.22% increase – Could be higher depending on what happens today on voting on the train and parks in Austin.
  - Other Office Expenses – increase of \$700 or 7.61% - Frost is going to actually start charging admin fees.
  - Depreciation is up because we are depreciating the computers that we had not budgeted for in 2020.
  - Computer Equipment – increase of \$2300 or 100% increase – which is really just moving this expense from Computer supplies to Computer equipment.

Major line items that decreased 6 or more percent from last year's budget:

- Printing – down \$1000 – down 19.61%
- Computer Supplies is lower \$2000 or 19.42% because we moved the expense of a new computer from computer supplies to computer expenses.
- Postage and Delivery is down \$1900 or 7.63% since we are not mailing out bulletins any longer.
- Employee Meetings, Seminars & Staff travel is down \$4200 or 14.41% since we implemented the \$5000 per year per employee.
- There is a capital budget request of \$2300 for one new computer for 2021.

## **RECOMMENDED 2020 ASSESSMENT:**

- 2020 recommended assessment is \$850,000.
  - This is the total 2021 budget
    - minus amortization and depreciation (which are non-cash expenditures),
    - minus \$54,200 of “excess cash” at yearend 2020 to be used to reduce the assessment.
  - Even after applying the excess cash to reduce the assessment, we still expect to have about \$221,688.53 on hand at yearend 2020. We need this cash to carry us over until payments for the 2021 assessment begin to come in. The \$221,688.53 is enough cash for about two and a half months of the 2021 budget.
  - This amount of carryover is sufficient for our needs, as assessment payments are due by February 1<sup>st</sup> and we have received payments fairly quickly previously.
  - Furthermore, there is a \$300,000 line of credit with Frost if necessary, although we do not foresee needing to use it.

Corise Morrison asked for a motion to approve the TAIPA budget for 2021 for \$912,400 with an assessment of \$850,000.

It was moved by Becky Jackson and seconded by Pete Hamel to:

- “Approve the TAIPA budget.”
- The motion carried unanimously.

#### **E. COVID-19 UPDATE (Exhibit 7)**

The changes that we have made with regard to COVID since our last meeting are:

Office Protocol:

1. Given the current workload and the projects Mimi and Stacy have been coming into the office more regularly.
2. Mishayla and Ruth have continued to come into the office every other day, however, they now work in the office for the entire day so that they can return phone calls, etc. (Previously, Mimi would handle any calls that came in after they had left for the day.)
  - The employees prepare whatever they are going to need to work on for the following day.
  - In addition, we have asked the employees to spend some part of their day studying an issue that has come up that they are not sure about each day.
  - The scanning project is ongoing.
  - Updating TAIPA’s data bases and communicating changes to AIPSO. These are due mostly to TAIPA’s recent change in emailing bulletins instead of mailing them, and TAIPA’s annual questionnaire regarding TAIPA Assignments. (Writing and Licensing in each State and public auto)
  - This work arrangement has continued to improve the training and reduce the amount of time that Mimi is handling customer service issues.

- Stacy and Mimi have also started having Mishayla and Ruth train Mimi on customer service to better analyze where they are in their job training.
3. As we discussed in the August meeting, Atchley & Associates have provided us with someone who doesn't work on the audit side of their business to assist us in getting caught up with our accounting work. This is working out very well and this is giving Mimi additional accounting training.

To ensure employees safety:

4. TAIPA has continued safety protocols and to date, TAIPA has not had anyone become ill.
- If any employees have traveled, they quarantine and work from home as much as possible.
  - The building did contact TAIPA, when someone from another suite in our building tested positive for COVID.
    - It appears that the building requires a quarantine of all of the employees in the suite for a period of time.
    - Therefore, TAIPA continues to work on ways that would allow employees to work from home in the future if it is required.
    - TAIPA is specifically looking at changing phones to a VOIP system. TAIPA was looking at this anyway but given that the current phone system is no longer supported, they are pursuing this more aggressively now.
  - More people continue to use the building and it appears that delivery drivers are being given more access to the building than they were before.

Businesswise –

5. We received only 114 applications. This was less than what we anticipated. We had expected an increase because:
- We have seen an increase in producer certification forms in order for them to write TAIPA business. Producers who were in our system but let their certification lapse are now requesting to be active again.
  - Recently we conducted a training for a producer who was suspended from writing in 2011. The Producer Review Panel required her to go through training before she could write TAIPA business again. She felt like she needed to be able to offer her clients policies through TAIPA again.
  - Customer Service reported that they are receiving more inquiries about commercial coverage. We had anticipated that the applications would go up instead of down in October.

Expenses –

6. There have not been any significant costs associated with COVID since our August meeting.

#### **F. 2021 MEETING DATES (EXHIBIT 8)**

- Friday, March 26, 2021
- Friday, August 20, 2021
- Friday, November 19, 2021

## **ITEM 7: OPERATIONS SUBCOMMITTEE REPORT**

Bill Brooks presented the Operations Subcommittee Report.

- a. Over and Under Report (Exhibit 9) - Nothing significant to report.

## **ITEM 8: REPORT OF COUNSEL**

### **a. TAIPA Rates (Exhibit 10)**

- The Governing Committee approved the filing in August for Commercial.
- The filing was made on September 14<sup>th</sup>.
  - TDI has 30 days to approve and can extend it by 30 days, which they did: November 13<sup>th</sup>.
  - The commissioner approved +4.8%.
- The next filing cannot be made for a period of 12 months (on or after September 15, 2021).

This year's filing used data through December 2018. Updated data becomes available in the fall. There is the option to wait a few months to file to use more current data in the future.

### **b. Legislative Update**

The Texas legislature meets once every two years and are meeting in 2021. Legislature meets for a period of 140 days, starting January 12, 2021 through May 27, 2021. Thompson Coe monitors bills that are passed dealing with auto. Thompson Coe also monitors bills that directly affect TAIPA. Legislature can pre-file their bills on November 9, 2020. There were no pre-filed bills that currently would affect TAIPA.

## **ITEM 9: LETTER FROM CAROL BERTHOLD REGARDING LAD COVERAGE (Exhibit 11)**

Carol Berthold discussed her letter to the Governing Committee regarding LAD coverage.

A year and a half ago, the only LAD servicing carrier in 15 states gave notice that they were no longer interested. The AIPSO board looked at this and set up a long term work route to handle this issue. The board decided to adopt the process that AISPO handle business in those 15 states. With LAD in Texas there is 66% of business in LAD. It is important that we make sure that we have some sort of backup process if LAD carriers opt to not to do business in the state any longer.

Ms. Berthold suggested we get the Operation Subcommittee to review.

Corise Morrison asked for a motion regarding how we want to move forward on Carol's recommendation and to refer it to the Operation Subcommittee:

- Mary Carol Awalt made the motion and Anh Vo seconded the motion to:  
"Refer it to the Operation Subcommittee."
- David Weber abstained.
- The motion carried.

Corise Morrison suggested that she would like someone else on the Strategic Planning Subcommittee to be the chair of the committee.

**ITEM 10: NEXTING GOVERNING COMMITTEE MEETING**

Corise Morrison presented the date for the next Governing Committee Meeting to be held on March 26, 2021.

**ITEM 11: PERSONNEL MATTERS**

There were no personnel matters to discuss.

**ITEM 12: ADJOURNMENT**

There being nothing further to discuss,

- It was moved by Pete Hamel and seconded by Becky Jackson to:  
"Adjourn the Meeting"
- The motion carried unanimously.



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Anh Vo Secretary

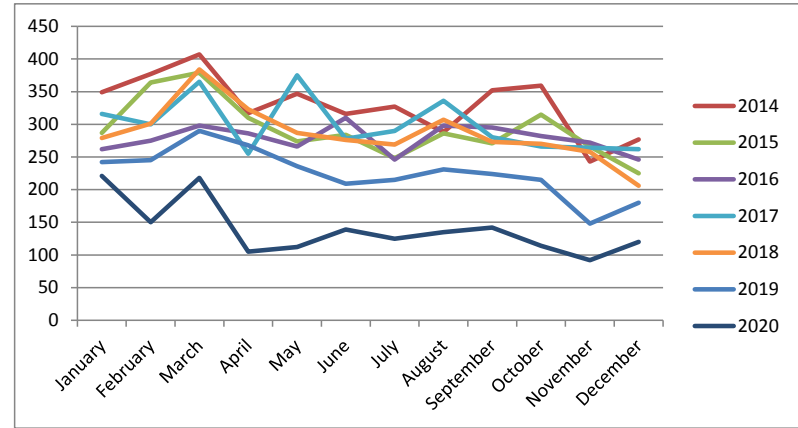
Date Signed: February 9 , 2021

<b>Monthly Total (December 2020)</b>		
	<b>Private Passenger</b>	<b>Commercial</b>
<b>EASi Applications</b>	<b>96</b>	<b>24</b>
<b>Paper Applications</b>	<b>0</b>	<b>0</b>
<b>Total Applications Received</b>	<b>96</b>	<b>24</b>
<b>Applications Assigned</b>	<i>95</i>	<i>24</i>
<b>Apps Returned for Correction</b>	<i>1</i>	<i>0</i>
<b>Applications Deficient</b>	<i>6</i>	<i>0</i>
<b>Applications with SR-22s</b>	<i>5</i>	<i>0</i>
<b>Total Applications Received in December 2019:</b>	<b>180</b>	<b>180</b>
<b>Total Applications Received in December 2020:</b>	<b>120</b>	<b>120</b>
<b>Year to Date Total (as of December 2020)</b>		
	<b>Private Passenger</b>	<b>Commercial</b>
<b>EASi Applications</b>	<b>1402</b>	<b>271</b>
<b>Paper Applications</b>	<b>0</b>	<b>0</b>
<b>Total Applications Received</b>	<b>1402</b>	<b>271</b>
<b>Applications Assigned</b>	<i>1365</i>	<i>264</i>
<b>Apps Returned for Correction</b>	<i>34</i>	<i>6</i>
<b>Applications Deficient</b>	<i>120</i>	<i>10</i>
<b>Applications with SR-22s</b>	<i>69</i>	<i>2</i>
<b>Total Applications Received YTD (as of December 2019):</b>	<b>2,703</b>	<b>2,703</b>
<b>Total Applications Received YTD (as of December 2020):</b>	<b>1,673</b>	<b>1,673</b>
<b>YTD Percent Change from December 2019 to December 2020:</b>	<b>-38.11%</b>	<b>-38.11%</b>
<b>Application Assignment History*</b>		
<b>1996:</b> 214,744	<b>2004:</b> 47,434	<b>2013:</b> 4,708
<b>1997:</b> 95,461	<b>2005:</b> 31,517	<b>2014:</b> 3,628
<b>1998:</b> 55,041	<b>2006:</b> 23,634	<b>2015:</b> 3,217
<b>1999:</b> 47,108	<b>2007:</b> 16,780	<b>2016:</b> 3,089
<b>2000:</b> 44,945	<b>2008:</b> 12,896	<b>2017:</b> 3,508
<b>2001:</b> 53,477	<b>2009:</b> 10,299	<b>2018:</b> 3,338
<b>2002:</b> 66,153	<b>2010:</b> 8,725	<b>2019:</b> 2,606
<b>2003:</b> 74,506	<b>2011:</b> 7,364	<b>2020:</b> 1,673
*Application Assignment History based on applications assigned, not received.		



### Trend of Applications Received from 2014 to 2020

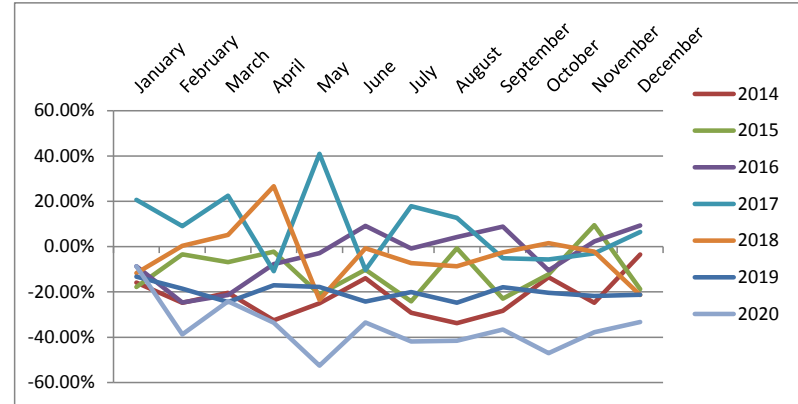
	2014	2015	2016	2017	2018	2019	2020
January	349	287	262	316	279	242	221
February	377	364	275	300	301	245	150
March	407	379	298	365	384	290	218
April	317	310	286	255	323	268	105
May	347	274	266	375	287	236	112
June	316	284	310	278	276	209	139
July	327	248	246	290	269	215	125
August	288	286	298	336	307	231	135
September	352	271	295	280	273	224	142
October	359	315	282	266	270	215	114
November	243	266	272	264	258	148	92
December	277	225	246	262	206	180	120
<b>Total</b>	<b>3,959</b>	<b>3,509</b>	<b>3,336</b>	<b>3,587</b>	<b>3,433</b>	<b>2,703</b>	<b>1,673</b>



Estimate of Applications to be Received in 2020: **2,015**

### Percent Change in Applications Received from 2014 to 2020

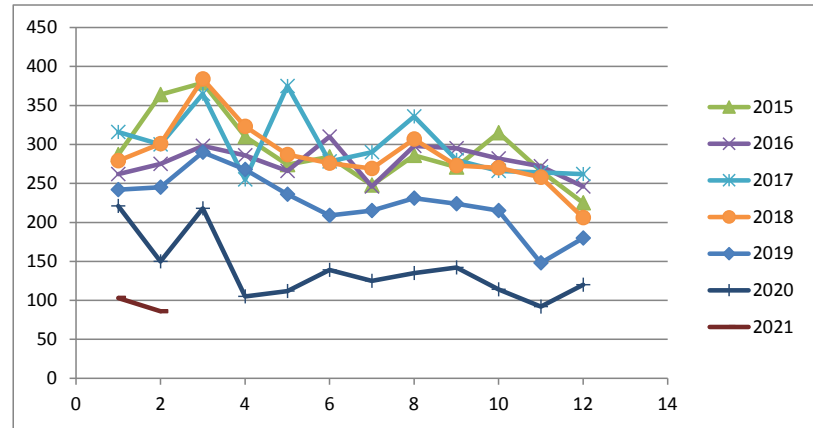
	2014	2015	2016	2017	2018	2019	2020
January	-15.90%	-17.77%	-8.71%	20.61%	-11.71%	-13.26%	-8.68%
February	-24.75%	-3.45%	-24.66%	9.09%	0.33%	-18.60%	-38.78%
March	-20.35%	-6.88%	-21.37%	22.48%	5.21%	-24.48%	-24.20%
April	-32.55%	-2.21%	-7.74%	-10.84%	26.67%	-17.03%	-33.59%
May	-25.05%	-21.04%	-2.92%	40.98%	-23.47%	-17.77%	-52.54%
June	-13.90%	-10.13%	9.15%	-10.32%	-0.72%	-24.28%	-33.49%
July	-29.22%	-24.16%	-0.81%	17.89%	-7.24%	-20.07%	-41.86%
August	-33.79%	-0.69%	4.20%	12.75%	-8.63%	-24.76%	-41.56%
September	-28.31%	-23.01%	8.86%	-5.08%	-2.50%	-17.95%	-36.61%
October	-13.49%	-12.26%	-10.48%	-5.67%	1.50%	-20.37%	-46.98%
November	-24.77%	9.47%	2.26%	-2.94%	-2.27%	-21.82%	-37.84%
December	-3.48%	-18.77%	9.33%	6.50%	-21.37%	-21.26%	-33.33%
<b>Total YTD</b>	<b>-22.98%</b>	<b>-11.37%</b>	<b>-4.96%</b>	<b>7.52%</b>	<b>-4.29%</b>	<b>-20.01%</b>	<b>-35.79%</b>



<b>Monthly Total (February 2021)</b>		
	<b>Private Passenger</b>	<b>Commercial</b>
<b>EASi Applications</b>	<b>77</b>	<b>9</b>
<b>Paper Applications</b>	<b>0</b>	<b>0</b>
<b>Total Applications Received</b>	<b>77</b>	<b>9</b>
<b>Applications Assigned</b>	<b>75</b>	<b>9</b>
<b>Apps Returned for Correction</b>	<b>2</b>	<b>0</b>
<b>Applications Deficient</b>	<b>3</b>	<b>0</b>
<b>Applications with SR-22s</b>	<b>2</b>	<b>0</b>
<b>Total Applications Received in February 2020:</b>	<b>150</b>	<b>150</b>
<b>Total Applications Received in February 2021:</b>	<b>85</b>	<b>85</b>
<b>Year to Date Total (as of February 2021)</b>		
	<b>Private Passenger</b>	<b>Commercial</b>
<b>EASi Applications</b>	<b>163</b>	<b>26</b>
<b>Paper Applications</b>	<b>0</b>	<b>0</b>
<b>Total Applications Received</b>	<b>163</b>	<b>26</b>
<b>Applications Assigned</b>	<b>160</b>	<b>26</b>
<b>Apps Returned for Correction</b>	<b>3</b>	<b>0</b>
<b>Applications Deficient</b>	<b>10</b>	<b>0</b>
<b>Applications with SR-22s</b>	<b>7</b>	<b>0</b>
<b>Total Applications Received YTD (as of February 2020):</b>	<b>371</b>	<b>371</b>
<b>Total Applications Received YTD (as of February 2021):</b>	<b>189</b>	<b>189</b>
<b>YTD Percent Change from February 2020 to February 2021:</b>	<b>-49.06%</b>	<b>-49.06%</b>
<b>Application Assignment History*</b>		
<b>1996: 214,744</b>	<b>2004: 47,434</b>	<b>2013: 4,708</b>
<b>1997: 95,461</b>	<b>2005: 31,517</b>	<b>2014: 3,628</b>
<b>1998: 55,041</b>	<b>2006: 23,634</b>	<b>2015: 3,217</b>
<b>1999: 47,108</b>	<b>2007: 16,780</b>	<b>2016: 3,089</b>
<b>2000: 44,945</b>	<b>2008: 12,896</b>	<b>2017: 3,508</b>
<b>2001: 53,477</b>	<b>2009: 10,299</b>	<b>2018: 3,338</b>
<b>2002: 66,153</b>	<b>2010: 8,725</b>	<b>2019: 2,606</b>
<b>2003: 74,506</b>	<b>2011: 7,364</b>	<b>2020: 1,673</b>
*Application Assignment History based on applications assigned, not received.		

### Trend of Applications Received from 2015 to 2021

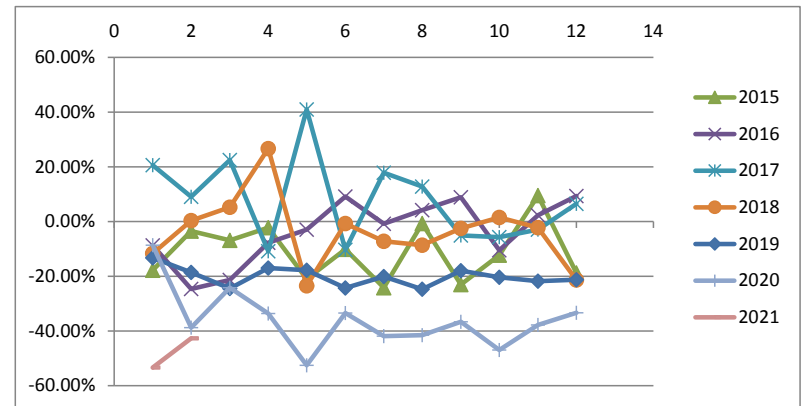
	2015	2016	2017	2018	2019	2020	2021
January	287	262	316	279	242	221	103
February	364	275	300	301	245	150	86
March	379	298	365	384	290	218	
April	310	286	255	323	268	105	
May	274	266	375	287	236	112	
June	284	310	278	276	209	139	
July	248	246	290	269	215	125	
August	286	298	336	307	231	135	
September	271	295	280	273	224	142	
October	315	282	266	270	215	114	
November	266	272	264	258	148	92	
December	225	246	262	206	180	120	
<b>Total</b>	<b>3,509</b>	<b>3,336</b>	<b>3,587</b>	<b>3,433</b>	<b>2,703</b>	<b>1,673</b>	<b>189</b>



Estimate of Applications to be Received in 2021:

### Percent Change in Applications Received from 2015 to 2021

	2015	2016	2017	2018	2019	2020	2021
January	-17.77%	-8.71%	20.61%	-11.71%	-13.26%	-8.68%	-53.39%
February	-3.45%	-24.66%	9.09%	0.33%	-18.60%	-38.78%	-42.67%
March	-6.88%	-21.37%	22.48%	5.21%	-24.48%	-24.20%	
April	-2.21%	-7.74%	-10.84%	26.67%	-17.03%	-33.59%	
May	-21.04%	-2.92%	40.98%	-23.47%	-17.77%	-52.54%	
June	-10.13%	9.15%	-10.32%	-0.72%	-24.28%	-33.49%	
July	-24.16%	-0.81%	17.89%	-7.24%	-20.07%	-41.86%	
August	-0.69%	4.20%	12.75%	-8.63%	-24.76%	-41.56%	
September	-23.01%	8.86%	-5.08%	-2.50%	-17.95%	-36.61%	
October	-12.26%	-10.48%	-5.67%	1.50%	-20.37%	-46.98%	
November	9.47%	2.26%	-2.94%	-2.27%	-21.82%	-37.84%	
December	-18.77%	9.33%	6.50%	-21.37%	-21.26%	-33.33%	
<b>Total YTD</b>	<b>-11.37%</b>	<b>-4.96%</b>	<b>7.52%</b>	<b>-4.29%</b>	<b>-20.01%</b>	<b>-35.79%</b>	<b>-48.03%</b>



# *Texas Auto Ins. Plan Assoc.*

## Statement of Financial Position

As Of December 31, 2020

Unaudited

### ASSETS

#### Current Assets

Cash and cash equivalents \$ 317,988

#### Accounts receivable

Prepaid expenses

Total current assets

\$ 317,988

**There were 5 refund checks for 2020 that were issued in 2021, thus -514 is the difference between what we owed companies (assessment refunds) & what is owed to TAIPA (outstanding membership & assessments fees).**

**(514)**

20,117

337,591

#### Security Deposits

5,379

#### Property and Equipment

Furniture and equipment

Computer equipment

Leasehold improvements

Computer software

26,653

13,275

2,222

25,000

67,150

Less accumulated depreciation

60,900

6,250

Total assets

349,221

### LIABILITIES AND NET ASSETS

#### Current Liabilities

Accounts payable

Accrued vacation

Accrued payroll liabilities

Deferred revenue

Total current liabilities

23,844

35,835

11,432

126,767

197,877

#### Other Liabilities

Accrued pension benefit costs

Deferred lease benefit

Total other liabilities

135,148

7,358

142,506

Net (Deficiency) Assets	
Without donor restrictions	<u>8,837</u>
Total net assets	<u>8,837</u>
Total liabilities and net assets	<u><u>\$ 349,221</u></u>

# *Texas Auto Ins. Plan Assoc.*

## Statement of Activities

For the period ended December 31, 2020

Unaudited

### Changes in without donor restrictions net assets

	<b>Current YTD</b>
Revenues	
Member assessments	\$ 630,333
Interest income	860
Assessment penalties	6,799
Total revenues	637,992
Expenses	
Salaries and related expenses	475,785
Occupancy expenses	73,364
Professional Services	143,824
Depreciation & amortization	7,286
Postage and delivery	16,381
Office supplies and expense	14,970
Governing committee	9,750
Computer supplies & expenses	5,663
Subcommittee meetings	250
Staff education & seminars	3,384
Miscellaneous	4,752
Staff expense	1,639
Dues and subscriptions	519
Total operating expenses	757,568
Other revenues (expenses)	
<i>Pension minimum liability adjustment</i>	161,556
Total other revenue (expenses)	161,556
<i>Increase (decrease) in unrestricted net assets</i>	41,981
<i>Net assets (deficiency) at beginning of year</i>	(33,143)
<i>Net assets (deficiency) as of December 31, 2020</i>	\$ 8,838

**Texas Auto Ins. Plan Assoc.**

**ACTUAL VS. BUDGET**

For the period ended December 31, 2020

	<b>Actual</b>	<b>2020 Year To Date Budget</b>	<b>Variance</b>	<b>2020 Annual Budget</b>	<b>% Used</b>	<b>Reason for Variance</b>
<b><u>REVENUE</u></b>						
Assessments & Penalties	637,132	760,000	-122,868	760,000	83.83%	<b>95.00%</b>
Other Revenue	860	0	860	0	0.00%	<b>105.00%</b>
<b>TOTAL</b>	<b>637,992</b>	<b>760,000</b>	<b>-122,008</b>	<b>760,000</b>	<b>83.95%</b>	
<b><u>EXPENDITURES</u></b>						
Salaries	300,509	321,000	20,491	321,000	93.62%	Within Range
						<b>TAIPA's Med/Dent/Vis/Life renewals came in lower than expected. We ended over budget due to Pension Benefit Costs associated with the liability (non-cash/non-budgeted amount) reflects market conditions after the adjustment. This was an increase of \$35,286.00 adjusted amount in the 2020 disclosure. Something to consider--because this is not a cash payment we cannot evaluate "Actual" vs "Budget". Should we move the adjustment to the pension liability to Non-Operating Pension Cost?</b>
Emp. Benefits & Other Ins. Exp.	175,276	160,200	<b>-15,076</b>	160,200	<b>109.41%</b>	
						<b>TAIPA signed a new lease for the copier this year &amp; rec'd 3 months free as an incentive. We ended under budget.</b>
Office Equipment Expense	10,882	12,500	1,618	12,500	<b>87.06%</b>	
Printing & Stationary Exp.	4,088	5,100	1,012	5,100	<b>80.15%</b>	<b>We purchased envelopes. We ended under budget.</b>
						<b>We are purchasing a new computer and we will renew smartnet. We ended under budget.</b>
Computer Expenses	5,663	10,300	4,637	10,300	<b>54.98%</b>	
						<b>Application volume is down substantially and we have only sent out 4 bulletins by regular mail. We started sending bulletins electronically. We ended under budget.</b>
Postage & Shipping Exp.	16,381	24,900	<b>8,519</b>	24,900	<b>65.79%</b>	
						<b>Expenses have been reduced due to less usage. We migrated to VOIP with our current vendor. We ended under budget.</b>
Telephone Expense	8,620	10,400	1,780	10,400	<b>82.89%</b>	

Rent Expense	64,097	64,900	803	64,900	98.76% Within Range
Moving Expense	0	0	0	0	0.00% Within range. No plan to move in 2020.
Taxes	646	900	254	900	<b>71.81% Taxes were lower than expected. We ended under budget.</b>
Other Office Expenses	4,752	6,400	1,648	6,400	<b>Bank Fees were not activated for the entire calendared year of 2020 &amp; assessment write-offs were low. We ended under 74.25% budget.</b>
Governing Committee	9,750	25,900	16,150	25,900	<b>TAIPA Governing Board Meetings have been held by teleconference, thus travel expenses have been reduced. We ended 37.64% under budget.</b>
Subcommittee Meetings	250	4,500	4,250	4,500	<b>1 COVID-19 Relief meeting was held on 4/29/20. We ended 5.56% under budget.</b>
Producer Review Panel	0	0	0	0	<b>0.00%</b>
Employee Meetings, Seminars & Staff Travel	3,384	29,700	<b>26,316</b>	29,700	<b>To date employee courses and seminars have been cancelled 11.39% due to COVID-19. We ended under budget.</b>
Legal Expenses	51,371	51,700	329	51,700	99.36% Within Range
Audit Expense	21,583	25,500	3,917	25,500	<b>84.64% We ended under budget.</b>
Dues, Subscriptions & Publications	519	600	81	600	<b>86.50% We ended under budget.</b>
TAIPA Tradition, Visitor Meals & Gifts	1,639	2,800	1,161	2,800	<b>Team building and TAIPA traditions were cancelled due to 58.55% COVID-19. We ended under budget.</b>
System Consultants	54,745	54,100	-645	54,100	101.19% Within Range
Consultants - Other	7,625	19,300	<b>11,675</b>	19,300	<b>We budgeted for additional help with Advanced Applications for Sage and with Atchley for help with accounting. We ended 39.51% under budget.</b>
Actuary	8,500	8,500	0	8,500	100.00% Within Range
Other	0	0	0	0	0.00%
<b>SUBTOTAL</b>	<b>750,282</b>	<b>839,200</b>	<b>88,918</b>	<b>839,200</b>	<b>89.40%</b>



Depreciation	2,286	1,300	-986	1,300	<b>175.85%</b>	<b>Added the computers to the depreciation schedule after the budget was approved. We end over budget.</b>
Amortization	5,000	5,000	0	5,000	100.00%	Within Range
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0	0.00%	
<b>SUBTOTAL</b>	<b>7,286</b>	<b>6,300</b>	<b>-986</b>	<b>6,300</b>	<b>115.65%</b>	
<b>TOTAL OPERATING EXPENSE</b>	<b>757,568</b>	<b>845,500</b>	<b>87,932</b>	<b>845,500</b>	<b>89.60%</b>	<b>We ended under budget by 14.57%. We'd expect to be at 100% of budget at the end of this period.</b>
<b>NET FROM OPERATIONS</b>	<b>-119,575</b>	<b>-85,500</b>	<b>-34,075</b>	<b>-85,500</b>		
Non-Operating Pension Costs	-161,556	0	161,556	0	0.00%	
<b>NET</b>	<b>-281,131</b>	<b>-85,500</b>	<b>127,481</b>	<b>-85,500</b>		
	-281,131					
<b><u>CAPITAL BUDGET</u></b>						
Software Development in Progress	0	0	0	0	0.00%	
Office Furniture & Equipment	0	0	0	0	0.00%	
Computer Equipment	0	0	0	0	0.00%	
Computer Software	0	0	0	0	0.00%	
Leasehold Improvements	0	0	0	0	0.00%	
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	

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

**Texas 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.

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\_\_\_\_\_  
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, 1<sup>st</sup> Vice-Chair, 2<sup>nd</sup> 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.



February 26, 2021

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, 2020. 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, 2020, 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 \$15,500. 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.

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, 2020

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 24, 2021. **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 12/31/20
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 1/1/20 through the most current meeting prior to the end of our fieldwork.
8. Current Chart of Accounts (Used as of 12/31/20)
9. Copy of final adjusted trial balance as of 12/31/20 (**electronic copy preferable**) and access to general ledger detail as of and for the year ended 12/31/20. Please provide the trial balance to us as soon as possible.
11. Copies of all bank reconciliations for all accounts as of 12/31/20
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 12/31/20 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	2020	2020	Balance
1/1/20	Additions	Deletions	12/31/20

- List of all fixed asset additions and deletions from 1/1/20 through 12/31/20 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
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- Depreciation schedule as of 12/31/20 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).
- Detail of accounts payable as of 12/31/20.
- Information relating to other accounts payable or accrued liabilities as of 12/31/20, 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.)
- List of assessments for 2020, by member organization, showing dates paid and any amounts unpaid as of the end of the year.
- Detail of selected expense accounts - legal, repairs & maintenance, miscellaneous income and miscellaneous expense.
- List of all officers and directors and any salaries and other benefits paid on their behalf.
- 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.
- Information from the actuary needed to complete the Defined Benefit Plan disclosure (footnote B) as in the December 31, 2020 financial statements.
- List of and details of any EEOC complaints filed against the organization that are still unsettled as of 12/31/20, and details of any that have been settled
- Details of any lawsuits filed against the organization and the status of such lawsuits as of 12/31/20.

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 2020 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 1/20 through 4/21.
  - 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

TAIPA PP Over/Under Report

COMPANY	YearEnd 2015	Year End 2016	Year End 2017	Year End 2018	Year End 2019	1st QTR 2020	2nd QTR 2020	3rd QTR 2020	
PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	
07673 21ST CENTURY CENTENNIAL INS CO (SC)		279,672	280,342	315,137	266,162	269,040	273,871	473,529	9,244
02016 ACE AMERICA	245,800		244,859	236,537	Entered LAD				
05835 AFFIRMATIVE INS CO (co is in liquidation)			New to quota 2,446	2,831	2,831	2,831	2,831	2,831	2,831
07031 ALLSTATE INS CO		93,356	90,642	Entered LAD					
07243 AMER FAMILY MUT INS CO SI					New to quota 6	12	12	12	12
05089 AMER MERCURY INS CO		3,313	1,954	7,174	4,047	Entered LAD			
27764 ASSURANCEAMERICA INS CO		56	58	Entered LAD					
05421 AXA INS CO					New to quota 3	8	11	13	
07064 NAIC 3 BERKLEY INS CO							New to quota 1	2	
07363 COLONIAL LLOYDS		1,277	Entered LAD						
10060 CRESTBROOK INS CO	New to quota	8	155	Became grouped					
27212 DIRECT GEN INS CO						New to quota 2	5	9	
10136 ESURANCE PROP & CAS INS CO		218	Became grouped						
11607 FALCON INS CO	New to quota	4	4	Entered LAD					
11114 FREESTONE INS CO		443	443	443	443	443	443	443	
07301 GENERAL CAS CO OF WISCONSIN		73	76	Entered LAD					
07307 GOVERNMENT EMPLOYEES INS CO		93,728	128,245	96,915	63,079	55,194	58,230	30,966	13,303

COMPANY

YearEnd 2015

Year End 2016

Year End 2017

Year End 2018

Year End 2019

1st QTR 2020

2nd QTR 2020

3rd QTR 2020

	PRIVATE PASSENGER		OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
02813	HALLMARK COUNTY MUT INS CO	443,407		443,127		441,819		440,802		440,404		440,347		440,343		440,357
11363	HOMEOWNERS OF AMER INS CO		4,639		4,639		4,639		4,639	Went into storage			4,639			
11250	HOUSTON GENERAL INS EXCH (this is a new company that has generated this quota)									New to quota	26		77		110	136
10051	ICM INS CO		13		13		13	Went into storage								
10586	IMPERIAL FIRE & CAS	1,395		1,381		Became grouped										
04314	INTEGON NATIONAL INS CO			New to quota	279,949		322,579		201,462		249,885		242,873		157,513	676,694
06725	MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO)	330,051		330,044		330,040		330,038		330,038		330,038		330,038		330,038
11692	MIDVALE IND CO							New to quota	1							
11439	MILEMETER INS CO		2,211	Cert of Authority Cancelled												
08264	NATIONAL LIABILITY & FIRE (SC)		294,194	Entered LAD												
10968	NOBLR RECIPROCAL EXCHANGE															New to quota--AIPSO Error
39590	OLD AMER COUNTY MUT FIRE INS															
11705	PALOMAR SPECIALTY INS CO		AIPSO Error													
05789	PHARMACISTS MUT INS CO	New to quota	3			25	Entered LAD									
10587	RIVERPORT INS CO							New to quota	51	Entered LAD						
	SOMPO JAPAN INS CO (prev Yasuda F&M)	Went into storage														
	SOUTHLAND LLOYDS INS CO	Went into storage														

COMPANY YearEnd 2015 Year End 2016 Year End 2017 Year End 2018 Year End 2019 1st QTR 2020 2nd QTR 2020 3rd QTR 2020

PRIVATE PASSENGER		OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR		
04737	STARR INDEMNITY & LIABILITY CO		955		955		955	Went into storage									
07667	STATE FARM MUT AUTO INS CO		190,293		175,003		193,430		170,618		147,124		136,152		64,170		46,171
08944	SUSSEX INS CO (prior Companion Pro & Cas Ins Co) Effective 12/31/2017, Sussex Ins Co merged into CLARENDON NATIONAL INS CO		324		324		324	CO / Inactive Merged									
11409	TEXAS FARM BUREAU CAS INS CO		55,332		53,796		63,251		57,078		44,783		50,407		40,230		20,997
04794	TOKIO MARINE & NICHIDO FIRE INS	Went into storage															
27242	TREXIS ONE INS CORP (prev co ALFA SPECIALTY INS CORP)		428		88		352		138		659		792		518		503
11381	UNIVERSAL NORTH AMERICA		89		89		89	Went into storage									
10348	WINDHAVEN NATIONAL INS. CO (10348 ATX PREMIER INS CO) Co is in receivership as of 03/05/2020	New to quota	24		165		264		285		442		48		42		34
<b>TOTALS</b>		<b>1,020,653</b>	<b>1,020,653</b>	<b>1,019,411</b>	<b>1,019,411</b>	<b>1,008,396</b>	<b>1,008,396</b>	<b>770,840</b>	<b>770,840</b>	<b>770,442</b>	<b>770,442</b>	<b>770,385</b>	<b>770,385</b>	<b>770,381</b>	<b>770,381</b>	<b>770,395</b>	<b>770,393</b>

<b>PREMIUMS WRITTEN</b>	<b>1,864,575</b>	<b>1,916,600</b>	<b>2,424,419</b>	<b>2,346,137</b>	<b>1,785,296</b>	<b>418,679 1st qtr</b>	<b>364,677 2nd qtr</b>	<b>240,357 3rd qtr</b>
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TAIPA OTPP Over/Under Report

COMPANY	Year End 2015		Year End 2016		Year End 2017		Year End 2018		Year End 2019		1st QTR 2020		2nd QTR 2020		3rd QTR 2020	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
ACCIDENT INS CO			New to quota	65		132		154		243		241		243		
ALASKA NATL		101		123	Entered CLAD											
AMALGAMATED CAS INS CO					New to quota	531	Entered CLAD									
AMER BANKERS INS CO OF FLORIDA		398		328	Became ungrouped co has no Vol Premium (co w/ quota moved to Diamond StateCo is in a CLAD)											
AMER CONTRACTORS INS RISK RET. GRP		16,743		16,743		16,743	Went into storage									
AMER COUNTRY INS CO										767		986		1,199		1,394
AMER MERCURY INS CO	3,823			4,296		13,859		12,787	Entered CLAD							
AMER NATIONAL PROP & CAS CO		1,104		1,522	Entered CLAD											
AMER NATL COUNTY MUT INS CO		12		107	Became grouped											
AMER ROAD INS CO		195		248	Entered CLAD											
AMERICAN BUILDERS INS CO (prev Association Ins Co)		257		320	Entered CLAD											
BRITISH AMERICAN INS CO		16,238	2,993		3,696		1,489		1,067		1,002		929		867	
CLARENDON NATIONAL INS CO	51,569		Went into storage													
COLUMBIA INS CO			Became grouped													
COLUMBIA MUT INS CO		7,156	Entered CLAD													
COREPOINTE INS CO (prev Chrysler & Daimlerchrysler)		40,252	Entered CLAD													
GATEWAY INS CO											New to Quota	855		1,538		2,236
GLOBAL LIBERTY INS CO OF NY		33		462	Entered CLAD											

TAIPA OTPP Over/Under Report

COMPANY	Year End 2015		Year End 2016		Year End 2017		Year End 2018		Year End 2019		1st QTR 2020		2nd QTR 2020		3rd QTR 2020	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
GOVERNMENT EMPLOYEES INS CO <i>Out of Storage \$514,977 start 2010 less \$5K per year. Current balance as of 2018: \$469.977</i>	25,707		26,691		25,871		24,233		485,639		13,574		481,884		480,182	
GRAMERCY INS CO		9,371		9,371	<i>Went into storage</i>											
HARLEYSVILLE INS CO			<i>New to quota</i>	160	<i>Became grouped Nationwide in a CLAD</i>											
HISCOX INS CO INC		226		800	<i>Entered CLAD</i>											
HOUSING ENTERPRISE INS CO INC		33		38	<i>Entered CLAD 1st QTR 2017 *Cancelled CLAD 4th QTR 2017</i>		6		12		12		12		12	
INTREPID INS CO								<i>New to quota</i>	1		2		2		2	3
INTEGON NATIONAL INS CO			<i>New to quota</i>	1,673,492		1,695,119		1,715,041		1,764,552		1,710,675		1,760,045		1,759,037
LINCOLN GENERAL		73,631	<i>Went into storage</i>													
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO & Penn General)	414,901		414,900		414,900		414,900		<i>Went into storage</i>		414,900					
MIDCONTINENT CAS CO	750,412		747,924		746,849		746,030		744,560		744,186		743,813		743,474	
MOTORISTS COMM MUT INS CO (prev Amer Hardware Mut Ins Co)	27,839		27,561		27,288		27,086		27,086		27,086		27,086		27,086	
NATIONAL BUILDERS INS CO		201		236	<i>Became grouped</i>											
NATIONAL LIABILITY & FIRE INS CO (SC)			<i>Entered CLAD</i>													
NAVIGATORS INS CO		1,558	<i>Entered CLAD</i>													
NORTH AMER SPECIALTY INS CO		40		70	<i>Entered CLAD</i>											

TAIPA OTPP Over/Under Report

COMPANY Year End 2015 Year End 2016 Year End 2017 Year End 2018 Year End 2019 1st QTR 2020 2nd QTR 2020 3rd QTR 2020

	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
OKLAHOMA SURETY CO	684,181		683,103		681,118		679,207		677,660		677,343		677,012		676,719	
PENN MANUFACTURERS ASSN INS CO			Entered New CLAD													
PREFERRED PROFESSIONAL INS CO		1,303		1,516	Entered CLAD											
QUALITAS INS CO			New to quota	250	Entered CLAD											
REP WEST INS CO (REPUBLIC WESTERN INS CO)		48	Entered CLAD													
RIVERPORT INS CO		83		83		83		83	their adj zeroed them out	0	Started writing again	178		171		248
RURAL TRUST INS CO			New to quota	91	Entered CLAD											
SAMSUNG FIRE & MARINE INS CO		77	Entered CLAD													
SENECA INS CO		238		343	Entered CLAD											
STATE FARM MUT AUTO INS CO		153,291		137,542		129,892		123,853		127,745		120,277		121,860		122,715
TEXAS FARM BUREAU CAS INS CO (prev Southern Farm Bur)		43,460		41,727		29,894		28,473		29,789		31,889		32,603		29,564
TEXAS HOSPITAL INS EXCH		11,512		11,836		12,178		12,469		12,824		12,896		12,971		13,038
TIG INS CO							New to quota	79		79		80		80		81
TNUS INS CO		36		49	Became grouped											
TORUS NATIONAL INS CO (chg'd to Starstone Nat'l Ins Co 11/24/15)			Entered New CLAD													
TRANS PACIFIC INS CO			Became grouped													
TRISTATE INS CO OF MN			New to quota	4	Became grouped											
TRIUMPHE CAS CO			Entered CLAD													

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COMPANY	Year End 2015		Year End 2016		Year End 2017		Year End 2018		Year End 2019		1st QTR 2020		2nd QTR 2020		3rd QTR 2020	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
ULLICO CAS CO		1,291		1,291		1,291	Went into storage									
UNITRIN AUTO & HOME INS CO		32,159	Went into storage													
TOTALS	1,958,432	411,106	1,903,172	1,903,172	1,899,722	1,899,722	1,892,945	1,892,945	1,936,012	1,936,012	1,878,091	1,878,091	1,930,724	1,930,724	1,928,328	1,928,328
PREMIUMS CREDITED	1,923,849		1,777,884		1,942,623		1,679,205		1,953,284		542,472 1st qtr		434,842 2nd qtr		442,344 3rd qtr	