

**Texas Automobile Insurance Plan Association Governing Committee  
Meeting Agenda  
Friday, November 20, 2020 – 9:00 A.M.**

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

**The Zoom Meeting Address is:**

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

Please contact: Stacy Dutton at [sdutton@taipa.org](mailto:sdutton@taipa.org)  
or  
Mimi Leece at [mleece@taipa.org](mailto:mleece@taipa.org)  
for the passcode information and/or dial in number.

1. Call to Order
2. Introductions
3. Reading of the Anti-Trust Statement
4. Review and Approval of the Minutes of the August 21, 2020 Meeting (Exhibit 1)\*
5. Chair's Report
  - a. Welcome to David Nardecchia – Alternate Public Member
  - b. Thank you to volunteers for sub committees
  - c. Officers' Discussion on October 2, 2020 letter to Board Members from TDI
6. Manager's Report
  - a. Application Count Update
    - i. As of October, 2020 (Exhibit 2)
  - b. Financial Update as of September 2020 (Exhibit 3)\*
  - c. 2021 Request for Proposal\*
    - i. TAIPA Policy (Exhibit 4)\*
    - ii. TAIPA Third Party Providers (Exhibit 5)\*
    - iii. TAIPA Recommendations
  - d. 2021 Budget (Exhibit 6)\*
  - e. COVID Update (Exhibit 7)
  - f. 2021 Meeting Dates as approved at August 2020 meeting (Exhibit 8)
7. Operations Subcommittee Report
  - a. Over/Under Report (Exhibit 9)
8. Report of Counsel
  - a. TAIPA Rates (Exhibit 10)
  - b. Legislative Update
9. Letter from Carol Berthold regarding AIPSO providing LAD Coverage (Exhibit 11)

10. Next Meeting – March 26, 2021 at Omni Austin Hotel Southpark

11. Personnel Matters (if any)

12. Adjournment

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

\*Indicates item on which the Manager believes the Governing Committee will take action.

## TAIPA GOVERNING COMMITTEE MEETING MINUTES

AUGUST 21, 2020 AT 9:16 AM

### ZOOM MEETING

**Given the continuing concerns related to the COVID-19-19 virus, TAIPA held the TAIPA Governing Committee Meeting on August 21, 2020 as a Zoom Meeting Only.**

#### Zoom Meeting Information

<https://us02web.zoom.us/j/81001069015?pwd=Rlp1TnNTL1U4elh4N3lkTmN5cGgzZz09>

Meeting ID: 810 0106 9015

Passcode: 992985

#### One tap mobile

+13462487799,,81001069015# US (Houston)

+16699006833,,81001069015# US (San Jose)

#### Dial by your location

+1 346 248 7799 US (Houston)

+1 669 900 6833 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 929 436 2866 US (New York)

+1 301 715 8592 US (Germantown)

+1 312 626 6799 US (Chicago)

Meeting ID: 810 0106 9015

**ATTENDEES:**

**VOTING Members:**

Corise Morrison, USAA  
Adam Payton, Producer Member  
Becky Jackson, Public Member  
Bill Brooks, Texas Farm Bureau  
Carmelita Hogan, 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  
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.  
John Mooney , TDI  
Talia Bright, OPIC  
Melissa Herman, TDI  
Tyler Mosley, Atchley & Associates

### **ITEM 1: CALL TO ORDER**

Corise Morrison called the meeting to order at 9:16AM.

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: Audit/Finance Committee Report**

Corise Morrison introduced Tyler Mosley of Atchley & Associates to go over the 2019 Audit.

Tyler Mosely from Atchley and Associates took the floor and went over:

- Atchley & Associates responsibility in relation to the Financial Statement Audit for the year ending December 31, 2019.
- What the audit covered and what it did not.
- How Atchley & Associates review the financials for TAIPA on a monthly basis.
- That they did not have any audit adjustments and all in all it was a very clean audit
- In their opinion, you can rely on the financial statements with no reservations and no modifications
- When you review actuals versus budgets during the year, revenue was higher than what we expected. Most of this is due to salaries being less due to less staff. TAIPA staff put it in a lot of hard work resulting in less spent on salary than anticipated.

Corise Morrison asked for a motion to accept the 2019 Audit.

- Bill Brooks made the motion and David Weber seconded the motion to: “Accept the 2019 Audit.”
- The motion carried unanimously.

### **ITEM 5: Review and Approval of the Minutes of the March 27, 2020 Meeting**

Anh Vo presented the Minutes of the March 27, 2020 meeting and went over the highlights of the meeting.

Corise Morrison asked for a motion to approve the minutes.

Matthew Snyder asked to have the spelling of his name changed and Mary Carol Awalt asked to change Exhibit 2 Page 6 to TAIPA anticipates.

- Matthew Snyder made the motion to accept the meeting notes with the above mentioned changes and Leslie Hurley seconded the motion to: “Approve the Minutes.”
- The motion carried unanimously.

**ITEM 6: Review and Approval of the Minutes of the April 27, 2020 Meeting**

Anh Vo presented the Minutes of the April 27, 2020 meeting and went over the highlights of the meeting.

Corise Morrison asked for a motion to approve the minutes.

- Anh Vo made the motion and Pete Hamel seconded the motion to: “Approve the Minutes.”
- The motion carried unanimously.

**ITEM 7: Chair’s Report**

**a. Future TAIPA Meetings in 2020 – Specifically the November 20, 2020 meeting.**

Corise Morrison discussed TAIPA’s November 2020 meeting to get a consensus on whether or not the meeting should be held via Zoom. Ms. Morrison proposed that the meeting be held by Zoom. It was decided that the meeting will be held on Zoom and depending on the Governor’s orders we may have to have one member present at the meeting.

**b. Subcommittee Openings -**

Corise Morrison reviewed the openings on the subcommittees due to some of the company representative leaving:

- Operations Subcommittee - two openings for company members
- Audit/Finance Committee – one opening for a company member

Ms. Morrison asked that if anyone is interested in any of these openings, to let her know otherwise she would assign people.

**ITEM 8: Manager’s Report**

Stacy Dutton presented the Manager’s Report.

**A. APPLICATION COUNT UPDATE AS OF JULY 2020 (EXHIBIT 4)**

TAIPA received 125 applications in July 2020, compared to 215 applications in July 2019. 1,070 applications in 2020, compared to 1,705 applications in 2019, which is a decrease of 635 applications or about 37.24%. We expect to receive about 1,900 applications this year, which would put our 2020 volume at our lowest volume ever.

## **B. FINANCIAL UPDATE AS OF JUNE 2020 (EXHIBIT 5)**

TAIPA would expect to be at 50% of the budget used at the end of June, and is under-budget about 7.42%. The items that are currently over-budget were explained. We anticipate asking the Governing Committee to approve TAIPA budget being over on our Legal expense and our depreciation expense at the end of the year.

## **C. LINE OF CREDIT RENEWAL**

TAIPA retains a \$300,000 line of credit with Frost Bank, and although we've never drawn on it, we carry it as a contingency. The line of credit is up for renewal on September 11, 2020. The annual renewal fees are expected to be about \$300, but there are no other fees unless we draw against it.

Corise Morrison asked for a motion to approve the line of credit and make Stacy Dutton and Mimi Leece signers on the line of credit.

- It was moved by Becky Jackson and seconded by David Weber to:
- "Approve the line of credit and to name Stacy Dutton and Mimi Leece as signers on the Line of Credit."
- The motion carried unanimously.

## **D. COVID-19**

### **a. TAIPA'S COVID-19 RELIEF PROGRAM (EXHIBIT 6)**

As you will recall, the Governing Committee held an emergency meeting on April 27<sup>th</sup> to determine if TAIPA should implement a 2020 COVID-19 TAIPA RELIEF PROGRAM. It was determined that TAIPA should implement a program in response to the COVID-19 pandemic and the shelter-in-place orders for TAIPA Private Passenger insured's. Under the Program, carriers writing TAIPA policies are required to give a 15% credit to the policyholder of the premium amount for coverage provided during April and May 2020 on a TAIPA Private Passenger auto policy. Carriers had to implement the plan no later than August 1, 2020. A subcommittee was formed and asked to figure out a way to implement the program. Once the program was approved by TDI, TAIPA sent out Bulletin 241 on June 10, 2020 to all carriers affected by the program.

TAIPA recently sent out a survey to all of the carriers who were required to implement the policy to get feedback on the plan:

- 4 of the 5 companies have responded.
- All respondents had implemented the plan
- When asked if the program created any hardships:
  - The companies responded that there was extra work to implement the plan and one company commented that the plan had caused some printing delays at their organization because of the number of checks and documentation required.
- All companies indicated that TAIPA's plan was about the same as all of the other TAIPA like organizations across the country that implemented the plans.
- When asked if they had any feedback in case we implemented another program:
  - One company indicated that keys to a successful program is giving the companies lead time to implement the plan and to make sure that the instructions around the plan were very clear and concise.
  - The company also indicated that it would be helpful if any new plans replicated the plan that they had already implemented.

#### **b. TAIPA'S WORK PROCEDURAL CHANGES DUE TO COVID-19 (EXHIBIT 7)**

TAIPA employees started working at home on March 23, 2020 which was slightly ahead of the Governor's mandate and right before our March 27<sup>th</sup> Governing Committee Meeting. Technically, TAIPA is considered an essential business and because we have only 4 employees in our office, we were not mandated to work from home. We opted to work from home for the safety of our employees.

We initially divided the front office work into:

- One employee was responsible for receiving the mail from our main PO Box at their home via the courier service and processing the mail.
- The second employee would answer all of the phone calls by accessing the voicemail system.
- Both employees worked on our scanning project.
- Mimi and Stacy continued to perform their normal duties from home.
- Mimi used Zoom meetings to train employees

This plan worked for a while but we ran into problems when:

- Employees requested time off
- Not being able to train new employees on occasional projects causing Mimi to complete projects ultimately putting TAIPA behind on some accounting procedures

Therefore, we implemented the plan that we are currently working where:

- The employees are split into two teams
- The two teams go into the office every other day and work in the office until the daily mail and application processing is complete then prepare whatever they are going to need to work on for the afternoon and the following day in order to minimize their exposure to the office.

Atchley & Associates has provided us with someone who doesn't work on the audit side of the business to assist us in getting caught up with our accounting work.

To ensure employees safety:



- We have implemented many protections that are listed in the exhibit from temperature checks to UV lights to clean our office space similar to what ICUs use to clean the hospital rooms. Our building also has implemented protocols from the time you enter the building until you leave. Currently there are very few people in our building and fewer on our floor.

**c. COSTS FOR TAIPA REGARDING COVID-19 (EXHIBIT 8)**

We looked at what the expenses were that we would not have incurred had it not been for COVID-19. The overall unexpected costs for TAIPA to date due to COVID-19 are \$19,988.39. This can be broken down between Legal costs and Office supplies costs due to employees working from home.

1. Legal Costs associated with the March Meeting related to COVID-19 were \$6,105.

This was due to the amount of time Mike had to spend:

- Researching whether we could hold our annual meeting by telephone
- Issues around the proxies and election of company members
- Telephone conferences with TDI, TAIPA, the officers, and figuring out the protocol
- Recording the meeting and providing the recording to TAIPA staff

2. Legal Costs associated with the April Meeting related to TAIPA's COVID-19 Relief Program were 11,088.

This was due to the amount of time Mike had to spend:

- Meetings with Jay Thompson on what he was seeing insurance companies do
- Reviewing what other states were doing, what companies were filing and how they were being filed
- Emails and conferences with TDI, TAIPA, and TAIPA officers on potential programs
- Attending meetings of the Governing Committee and Sub Committee
- Preparing and submitting the plan to TDI for review
- Recording and providing the meeting recording to TAIPA staff

3. Office Supplies associated with employees working at home and the safety equipment for the office costed about \$2795.39 and includes expenses for printers, ink cartridges, processing stamps, Zoom software, safety equipment for the office, and additional costs for mail.

**E. 2021 MEETING DATES (EXHIBIT 9)**

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

If those dates are acceptable we do need to have a motion.

Leslie Hurley made a motion to accept the dates and Becky Jackson seconded the motion. The motion carried unanimously.

## **ITEM 9: Operations Subcommittee Report**

Bill Brooks presented the Operations Subcommittee Report.

- a. Over and Under Report (Exhibit 10)** - Nothing significant to report.

## **ITEM 10: GEICO Request to remove their remaining overage from storage (Exhibit 11)**

Carol Berthold discussed GEICO's request to remove their remaining overage from storage.

She indicated that she sent this request because many years ago the plan manager asked GEICO to take their high over assignment out of the quota system at \$5000 each year because it was distorting numbers. GEICO is the only company on this type of program.

In talking with TAIPA staff, we determined that this would be a good time to take the overage back out of the special program and put it back in the quota since GEICO has around a half a million in and Maidenstone, who is no longer working in Texas will be putting about the same amount into storage. This will present a minimum change to the quota to other companies if we do this at the same time.

There was a discussion about the timing of this. Mimi Leece stated that we are coming to the year end and Maidenstone is going into storage. The timing is going to work well, with what is going into storage and what is coming out of storage there is only a difference of 55,000. Therefore, when the companies receive their annual report, they won't see a big shift in numbers if we approve it today. If we do this at year end 2019 annual, we will see it with a minimum amount of impact. Note that this is for Commercial only, it doesn't affect Private Passenger at all.

Carol asked if there was any discussion on this. She stated that based on the discussion she had with Stacy that the timing is pretty good with other company changes. She said it is something we should consider but she was open to feedback.

Doug Beck had a question for Mimi. -"if we did not do this at this point in time, with Maidenstone coming out, that would change the over under relationship, would any of that get spread back to the people that are buying out under the clad contract? Mimi indicated that it would because you only pay for your portion, what would happen is when the dollar amount goes into storage that would be spread to all companies based on their quota. Doug indicated that Carol's recommendation makes a lot of sense at this point in time and he thinks it works very well that this coincides with this change.

Corise Morrison asked for a motion to approve the removal of GEICO's remaining coverage from storage.

- It was moved by David Weber and seconded by Becky Jackson to:
- "Remove GEICO's remaining overage from storage."
- The motion carried unanimously.

## **ITEM 11: Report of Counsel**

- a. TAIPA RATES**

Mike Jones stated that our actuarial consultant, Mike Miller, has prepared a rate filing that has the indications of the overall weighted average of:

Plus 2.5% for Private Passenger rates,  
this is comprised of a liability indications  
Bodily Injury Liability of +3.5 and  
Property Damage Liability of +1.4%.

Plus 4.8% for Commercial Auto  
this is comprised of a liability indications  
Bodily Injury Liability of +5.0 and  
Property Damage Liability of +5.0%.

Mike gave a little context on how TAIPA has been developing rates. We used to have enough volume in the plan to use TAIPA experience. It followed the traditional actuarial process. The actuary would develop the losses and premium and project them into the future. Then as the TAIPA population decreased, we ended up relying more on the trend data since the TAIPA experience was no longer credible. In 2015, we began indexing TAIPA rates to historical benchmark data and that is what Mike Miller has done in his development of the rate indications.

He used the industry wide data that TAIPA obtains through TDI. These are annual reports that goes through the three years ending December 2018. The data we are using is old. This data does not take into account the effects of COVID-19.

Proposal 1 -would be to make a filing using the indications we have in September for a rate change that would be effective March 1, 2021. Some might say that we can expect things to get back to normal, and it would be appropriate to have a rate change.

TDI is currently opposing rate exchanges that are less than the 2.5% rate increase we are looking at. We expect we would have a problem with TDI. TDI is under a lot of pressure when it comes to approving a rate increase. Recently a large carrier filed a large decrease of 10% or maybe more, therefore, we expect to have some push back and the commissioner could decide not to approve anything.

TDI is asking companies for their most up to date data. TICO is preparing some data for the second quarter but it is not going to be available until December. The optics do not look good for filing a rate increase. Note that this is about Private Passenger because the Commercial auto filing is on track. TAIPA is actually behind in its Commercial auto indications. Mike Miller has limited the filings to 5%, because if we go over 5% we have to go into a hearing and there are a lot of expenses that go along with that. Commercial rates are behind and, combined with the experiences in the country today, the 5% is justified. The rate filing for Commercial should not receive any objection from TDI.

As a Governing Committee we need to discuss what we might do:

Option 1: make filing with rates presented with Private Passenger and Commercial

Option 2: make a Commercial auto filing only and not file anything for Private Passenger

Option 3: determine if the committee wants to come up with something different.

We have a statute that says you can only make one rate filing in one calendar year. We have asked TDI if the rate filings for Commercial and Private Passenger are considered one filing or two. We haven't heard back on that. In the past, we used to file them separately. We made our last filing September 2019 so we would make this one in September if we only file a Commercial filing. Then the questions would be what are we going to do about Private Passenger auto and when can we file again.

If we use the annual data, that data wouldn't be available until fall of 2021. The other thing to consider is that we have found out that TDI obtains a trend report from TICO. They shared an example of it with us. It is published quarterly 4 or 5 months after the quarter has ended. The TICO report would be available in April/May time frame. This would almost be back to our normal schedule. For ease of discussion, we broke up the filing to Commercial versus Private Passenger.

Mike - Overall weighted average of 4.8% OTPP  
BI +5.0%  
PD +5.0%  
PIP +0.0%  
UM +0.0%

Corise stated that the Commercial indication is at 4.8% and asked if there were concerns with moving forward with the Commercial filing. TDI does not appear to have any concerns about filing for that.

David Weber asked Mike if it is still unclear with his discussion with TDI that if we make Commercial filing, we won't have to make Private Passenger filing. Mike indicated that it is still unclear on how they want to treat the statute.

Corise discussed the Private Passenger indication of 2.5%  
Understanding the TDI feedback on rate filing for Private Passenger, she asked if there were any thoughts or concerns on the two options Mike pointed out.

There were questions about what would happen if we waited to file.

Corise stated that legally there is not a requirement to file. The only issue is if we make a Commercial filing, does that commit us to another 12 months before being able to do a Private Passenger filing. It might almost be 12 months until we have information to see how COVID-19 affected Private Passenger experience.

Mike Jones stated that would be the case if we used the benchmark data results. The only other thing we are looking at is whether we would be able to use TICO reports on trend data.

Anh Vo stated that for those reasons she would be in favor of option 2.

Corise Morrison indicated that she was leaning towards that as well, given this situation and knowing that we would expect some blowback to our committee and TDI possibly not accepting it. She shared she believed option 2 is our best course of action but that she was open to any other feedback.

There were discussions about:

- If we don't file Commercial rate increases then the Commercial rates are going to fall even further behind.
- If we made a filing, we may receive a rate decrease so maybe we should wait to see what happens in 2021.
- Companies can make rate changes and have the luxury of making new rate filings whenever things change for them. TAIPA does not have that ability.
- That TDI's response is not unusual as many of the other like agencies around the country are responding the same way.
- The benchmark for the past number of years, with the volume in Private Passenger is so low, this change of 2.5% is basically a loss trend relation and not really related to our underlying loss ratio. The issue we have is not necessarily with this indication whether we file right now or don't. A year from now the next indication we have is going to be our app volume is going to be at an all-time low this year. That trend is going to be distorted fundamentally. Next year if we are basing the indication off of loss trend we have a significantly negative indication. Perhaps we need to have some discussion with TDI now, so we don't find ourselves in this next year. Mike Jones agreed and stated that these are loss trends from industry wide losses. Mike Miller in making his calculations and will go through them and exercise his judgment. He has the ability to say these are distorted for this 6 month period so we aren't stuck with these. These are just the tools he uses. We often talk to TDI in advance of the filing and give them a preview of what we are filing and see if they have any thoughts. We make the filing and the commissioner approves it or disapproves it.

TAIPA was contacted by Kimberly Donovan on August 21, 2020, that OPIC was concerned that Talia Bright's comments regarding rates were not heard during the August 21, 2020 meeting. Therefore, OPIC is requesting that TAIPA add the following statement with regard to the rate filing.

"OPIC has consistently raised objections to auto rate filings that appear excessive given the COVID-19 pandemic's impact on driving behavior, and will continue to do so as appropriate. OPIC will review TAIPA's rate filing when it comes in".

Corise Morrison asked for a motion for Counsel and Mike Miller to make the rate filing, and to direct them to make any changes that may be required in response to TDI.

- David Weber made the motion and Matt Snyder seconded the motion to:  
"Have counsel and Mike Miller make Commercial Auto rate only as presented to the Governing Committee and to make any adjustments that may be required by TDI."
- The motion carried with one abstention

#### **ITEM 12: Next Governing Committee Meeting**

Stacy Dutton presented the date for the next Governing Committee Meeting to be held via Zoom on Friday, November 20, 2020.

#### **ITEM 13: Personnel Matters**

There were no personnel matters to discuss.

#### **ITEM 14: Adjournment**

There being nothing further to discuss,

- It was moved by Leslie Hurley and seconded by Matt Snyder to:  
"Adjourn the Meeting"
- The motion carried unanimously and the meeting ended at 10:47 a.m.



Date Signed: September 24, 2020

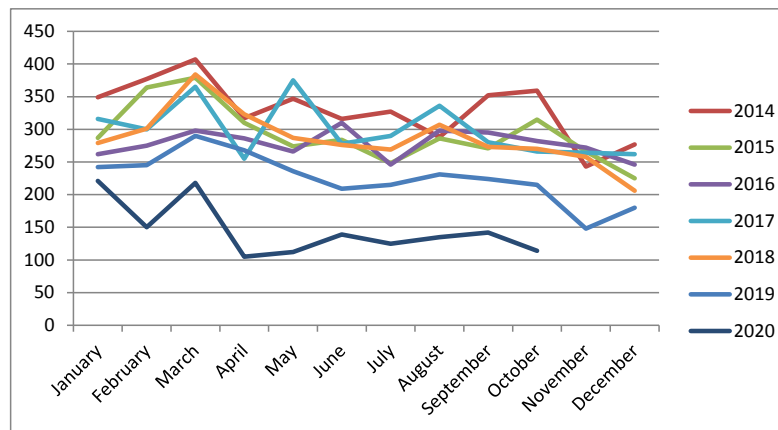
---

Anh Vo  
Secretary

<b>Monthly Total (October 2020)</b>		
	<b>Private Passenger</b>	<b>Commercial</b>
<b>EASi Applications</b>	<b>95</b>	<b>19</b>
<b>Paper Applications</b>	<b>0</b>	<b>0</b>
<b>Total Applications Received</b>	<b>95</b>	<b>19</b>
<b>Applications Assigned</b>	<i>92</i>	<i>19</i>
<b>Apps Returned for Correction</b>	<i>3</i>	<i>0</i>
<b>Applications Deficient</b>	<i>8</i>	<i>0</i>
<b>Applications with SR-22s</b>	<i>4</i>	<i>0</i>
<b>Total Applications Received in October 2019:</b>	<b>215</b>	
<b>Total Applications Received in October 2020:</b>	<b>114</b>	
<b>Year to Date Total (as of October 2020)</b>		
	<b>Private Passenger</b>	<b>Commercial</b>
<b>EASi Applications</b>	<b>1229</b>	<b>232</b>
<b>Paper Applications</b>	<b>0</b>	<b>0</b>
<b>Total Applications Received</b>	<b>1229</b>	<b>232</b>
<b>Applications Assigned</b>	<i>1197</i>	<i>225</i>
<b>Apps Returned for Correction</b>	<i>29</i>	<i>6</i>
<b>Applications Deficient</b>	<i>106</i>	<i>10</i>
<b>Applications with SR-22s</b>	<i>63</i>	<i>2</i>
<b>Total Applications Received YTD (as of October 2019):</b>	<b>2,375</b>	
<b>Total Applications Received YTD (as of October 2020):</b>	<b>1,461</b>	
<b>YTD Percent Change from October 2019 to October 2020:</b>	<b>-38.48%</b>	
<b>Application Assignment History*</b>		
<b>1996:</b> 214,744	<b>2004:</b> 47,434	
<b>1997:</b> 95,461	<b>2005:</b> 31,517	<b>2013:</b> 4,708
<b>1998:</b> 55,041	<b>2006:</b> 23,634	<b>2014:</b> 3,628
<b>1999:</b> 47,108	<b>2007:</b> 16,780	<b>2015:</b> 3,217
<b>2000:</b> 44,945	<b>2008:</b> 12,896	<b>2016:</b> 3,089
<b>2001:</b> 53,477	<b>2009:</b> 10,299	<b>2017:</b> 3,508
<b>2002:</b> 66,153	<b>2010:</b> 8,725	<b>2018:</b> 3,338
<b>2003:</b> 74,506	<b>2011:</b> 7,364	<b>2019:</b> 2,606
*Application Assignment History based on applications assigned, not received.		

### Trend of Applications Received from 2014 to 2019

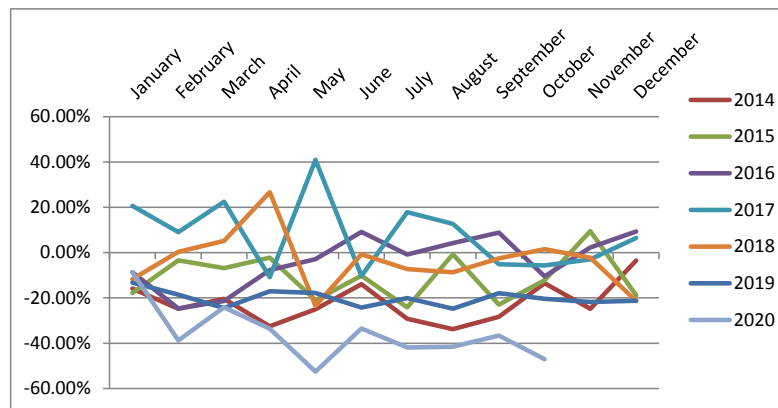
	2014	2015	2016	2017	2018	2019	2020
January	349	287	262	316	279	242	221
February	377	364	275	300	301	245	150
March	407	379	298	365	384	290	218
April	317	310	286	255	323	268	105
May	347	274	266	375	287	236	112
June	316	284	310	278	276	209	139
July	327	248	246	290	269	215	125
August	288	286	298	336	307	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	
December	277	225	246	262	206	180	
<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>1,461</b>



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

### Percent Change in Applications Received from 2014 to 2019

	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%	
December	-3.48%	-18.77%	9.33%	6.50%	-21.37%	-21.26%	
<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>	





# *Texas Auto Ins. Plan Assoc.*

## Statement of Financial Position

As Of September 30, 2020

Unaudited

### ASSETS

Current Assets	
Cash and cash equivalents	\$ 469,624
Accounts receivable	16,413
Prepaid expenses	15,877
Total current assets	501,915
Security Deposits	5,379
Property and Equipment	
Furniture and equipment	26,653
Computer equipment	13,275
Leasehold improvements	2,222
Computer software	25,000
	67,150
Less accumulated depreciation	59,686
	7,464
Total assets	514,758

### LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	16,810
Accrued vacation	28,038
Accrued payroll liabilities	4,531
Deferred revenue	190,000
Total current liabilities	239,380
Other Liabilities	
Accrued pension benefit costs	261,418
Deferred lease benefit	7,358
Total other liabilities	268,776
Net (Deficiency) Assets	
Without donor restrictions	6,603
Total net assets	6,603
Total liabilities and net assets	\$ 514,758

# *Texas Auto Ins. Plan Assoc.*

## Statement of Activities

For the period ended September 30, 2020

Unaudited

### Changes in without donor restrictions net assets

	<b>Current YTD</b>
Revenues	
Member assessments	\$ 567,000
Interest income	795
Assessment penalties	6,799
Total revenues	574,594
Expenses	
Salaries and related expenses	319,906
Occupancy expenses	54,090
Professional Services	119,704
Depreciation & amortization	6,072
Postage and delivery	10,277
Office supplies and expense	8,965
Governing committee	7,250
Computer supplies & expenses	4,167
Subcommittee meetings	250
Staff education & seminars	1,762
Miscellaneous	1,372
Staff expense	810
Dues and subscriptions	225
Total operating expenses	534,848
Other revenues (expenses)	
Total other revenue (expenses)	-
<i>Increase (decrease) in unrestricted net assets</i>	39,746
<i>Net assets (deficiency) at beginning of year</i>	(33,143)
<i>Net assets (deficiency) as of September 30, 2020</i>	\$ 6,603

***Texas Auto Ins. Plan Assoc.***  
**ACTUAL VS. BUDGET**  
For the period ended September 30, 2020

	2020 Year To Date	2020 Annual			
<u>REVENUE</u>	Actual	Budget	Variance	Budget	% Used
Assessments & Penalties	573,799	570,000	3,799	760,000	75.50%
Other Revenue	795	0	795	0	0.00%
<b>TOTAL</b>	<b>574,594</b>	<b>570,000</b>	<b>4,594</b>	<b>760,000</b>	<b>75.60%</b>
 <u>EXPENDITURES</u>					
Salaries	222,769	240,750	17,981	321,000	69.40% Within range.
Emp. Benefits & Other Ins. Exp.	97,136	120,150	<b>23,014</b>	160,200	<b>60.63%</b> TAIPA's Med/Dent/Vis/Life renewals came in lower than expected.
Office Equipment Expense	8,270	9,375	1,105	12,500	<b>66.16%</b> TAIPA signed a new lease for the copier this year & rec'd 3 months free as an incentive. Expect to end on budget.
Printing & Stationary Exp.	694	3,825	3,131	5,100	<b>13.61%</b> We have not purchased envelopes. Expect to end on budget.
Computer Expenses	4,167	7,725	3,558	10,300	<b>40.45%</b> We are purchasing a new computer and we will renew smartnet. We expect to end under budget.
Postage & Shipping Exp.	10,277	18,675	<b>8,398</b>	24,900	<b>41.27%</b> Application volume is down substantially and we have only sent out 2 bulletins to date. The last bulletin was sent electronically. We expect to end under budget.
Telephone Expense	6,127	7,800	1,673	10,400	<b>58.92%</b> Expenses have been reduced due to less usage. We are migrating to VOIP with our current vendor. Expect to end on budget.
Rent Expense	47,935	48,675	740	64,900	73.86% Within range.
Moving Expense	0	0	0	0	0.00% Within range. No plan to move in 2020.
Taxes	27	675	648	900	3.05% Have not paid all of TAIPA's taxes. Expect to end on budget.
Other Office Expenses	1,372	4,800	3,428	6,400	<b>21.44%</b> Expect to end on budget.

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

For the period ended September 30, 2020

	<b>Actual</b>	<b>2020 Year To Date Budget</b>	<b>Variance</b>	<b>2020 Annual Budget</b>	<b>% Used</b>	
Governing Committee	7,250	19,425	<b>12,175</b>	25,900	<b>27.99%</b>	TAIPA Governing Board Meetings have been held by teleconference, thus travel expenses have been reduced. Expect to end under budget.
Subcommittee Meetings	250	3,375	3,125	4,500	<b>5.56%</b>	1 Subcommittee meeting held to date. Expect to end under budget.
Producer Review Panel	0	0	0	0	0.00%	Within range. No producer reviews scheduled in 2020.
Employee Meetings, Seminars & Staff Travel	1,762	22,275	<b>20,513</b>	29,700	<b>5.93%</b>	To date employee courses and seminars have been cancelled due to COVID-19. Expect to end under budget.
Legal Expenses	45,832	38,775	<b>-7,057</b>	51,700	<b>88.65%</b>	Legal expenses are up mostly due to Covid-19 issues.
Audit Expense	21,583	19,125	-2,458	25,500	<b>84.64%</b>	Most of the Audit expenses have been paid. We anticipate additional expenses for completing 990 form. Expect to end on budget.
Dues, Subscriptions & Publications	225	450	225	600	<b>37.50%</b>	Some of the expected dues will be paid later in the year.
TAIPA Tradition, Visitor Meals & Gifts	810	2,100	1,290	2,800	<b>28.91%</b>	Events happen later in the year. Expect to end on budget.
System Consultants	40,776	40,575	-201	54,100	75.37%	Within range.
Consultants - Other	3,013	14,475	<b>11,462</b>	19,300	<b>15.61%</b>	TAIPA has not utilized our accounting system & accounting consultants as we had expected. We anticipate ending on budget.
Actuary	8,500	6,375	-2,125	8,500	100.00%	TAIPA has paid for actuarial services, the rate filing work has been completed. Expect to end on budget.
Other	0	0	0	0	0.00%	
<b>SUBTOTAL</b>	<b>528,776</b>	<b>629,400</b>	<b>100,624</b>	<b>839,200</b>	<b>63.01%</b>	We are currently under budget by 9.22%. Currently, we expect to end under budget.

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

For the period ended September 30, 2020

	<b>Actual</b>	<b>2020 Year To Date Budget</b>	<b>Variance</b>	<b>2020 Annual Budget</b>	<b>% Used</b>	
Depreciation	1,905	975	-930	1,300	<b>146.55%</b>	<b>Added the computers to the depreciation schedule after the budget was approved. Will end over budget.</b>
Amortization	4,167	3,750	-417	5,000	83.33%	Within range.
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0	0.00%	
<b>SUBTOTAL</b>	<b>6,072</b>	<b>4,725</b>	<b>-1,347</b>	<b>6,300</b>	<b>96.38%</b>	
<b>TOTAL OPERATING EXPENSE</b>	<b>534,848</b>	<b>634,125</b>	<b>99,277</b>	<b>845,500</b>	<b>63.26%</b>	<b>We are currently under budget by 9.22%. We'd expect to be at 75.5% of budget at the end of this period.</b>
<b>NET FROM OPERATIONS</b>	<b>39,746</b>	<b>-64,125</b>	<b>103,871</b>	<b>-85,500</b>		
Non-Operating Pension Costs	0	0	0	0	0.00%	
<b>NET</b>	<b>39,746</b>	<b>-64,125</b>	<b>103,871</b>	<b>-85,500</b>		

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

For the period ended September 30, 2020

	<b>Actual</b>	<b>2020 Year To Date Budget</b>	<b>Variance</b>	<b>2020 Annual Budget</b>	<b>% Used</b>
<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"*

### **TAIPA Vendor and Service Provider Selection Procedure**

Annually (sooner if needed), the TAIPA Association Manager will conduct an analysis of all active operational contracts with vendors:

- Any vendor contract that has been in place for 5 years will be identified.
- Any vendor with poor performance (regardless of term) will be identified.

**Of these, any that are \$20,000 or less involving a formal written contract:**

- The Association Manager will determine a list of potential vendors/providers who may be interested in providing the services identified.
- The Association Manager will decide on a suitable vendor/provider for operational needs of the organization and will only consider vendors/providers who will serve the organization well at a reasonable cost.
- The following items shall be treated as if over \$20,000 and referred to the Governing Committee for review: legal counsel, independent auditors, actuary, public insurance information, insurance application and quota systems processing services.

**Of these, any that are \$20,000 or more in estimated contract value:**

- The RFP requires Governing Committee approval; which the Governing Committee may refer to a sub-committee to handle (for development of the RFP).
- The sub-committee may appoint a vendor/provider evaluation team for recommendation on a suitable vendor.

**Approved at 02/26/09 G.C. Meeting**

- **The recommended vendor/provider will be submitted for Governing Committee approval.**
- **After approval by the Governing Committee, the Association Manager will execute a written contract based on the RFP.**





## 2021 TAIPA Budget Considerations:

### Major Assumptions Used For Developing 2021 Budget

-Stable application flow where application volume will return to around 3000 applications
-Includes salaries and benefits for four employees (all current staff--Stacy, Mimi, Mishayla, and Ruth), plus merit-based salary increases (current market values shows 3.0% average salary increase), and possible increase for 1 Customer Service & Admin Support Spec to become a level II sometime during the year.
-Employee benefit costs were less than we expected in 2020 for Medical, Dental, Life and LTD and this is reflected in the 2021 budget even with an expected increase of 15% for medical coverage. This is due to the fact that we changed vendors for dental, vision, and LTD which brought those costs down substantially. TAIPA is still on a grandfathered medical plan that did not increase as expected in 2020. If we are not allowed to continue our grandfathered plan after April of 2020, we could experience a substantial increase for medical insurance next year. Because our plans are so small, each employee's medical and life insurance premium is dependent on their age and dependent covered. Any change in dependent coverage or change in employee would change our budget substantially.
-The largest single item increase in our budget for 2021 is for our minimum contribution for our pension plan. The increase is \$46,400 over 2020. This is due to the high quality corporate bond yields significantly decreasing. This was a very unexpected increase given that we did the soft freeze last year and anticipated a fairly significant decrease in our contribution for 2021. Per the PPIO administrator this is because the discount rate went down 50 basis points or a 1/2 percent.
-The cost for TAIPA's 401(K) plan went up substantially for a couple of reasons. The first one was expected because Mishayla and Ruth will become eligible for retirement benefits in 2021. This includes becoming eligible for the company match as well as the Noncontributory Plan of 6% for any employees not participating in the pension plan. We anticipated the restatement cost for 2021 of \$5250 but this is an additional cost over what was charged in 2020. The unexpected costs are for the \$500 per test for compliance testing (currently 5 tests X \$500=\$2500) and \$1500 for completing TAIPA's 5500 form.
-Increases in all insurance policies (2% workers comp., 2% business owner/umbrella, 2% EPLI/)
-Purchase 1 spare computer
-Stable costs for phone/internet service, copier lease, postage machine lease although we are implementing VOIP which will allow employees to make and take TAIPA calls at home.
-Increase of 5% in operating expenses for building lease
-Anticipate an increase in property taxes - it could go up as much as 25% in Austin if Proposition A passes.
-Three Governing Committee meetings (all held in-person)
-Four Operations Subcommittee meetings (held via teleconference)
-One Nominating Subcommittee meeting (held via teleconference)
-One Strategic Planning Subcommittee meeting to review TAIPA's Enterprise Risk Plan (held via teleconference)
-No Producer Review Panel meetings
-No new subcommittees
-Budget includes \$5000 for each employee to pursue education
-Left most Legal expenses the same as what was budgeted for 2020, but added \$1200 for HR Attorney questions.
-No rate hearing
-No RFPs in 2020 for any vendors; would continue existing arrangements with legal counsel, actuary, auditors, AIPSO, etc.
-TAIPA has implemented a plan to send out our bulletins by email thus reducing costs for postage, paper, and envelopes.
Note that there would be changes to the requested budget if we decided to:
<b>-Add a new subcommittee to study RFP - expect to increase per diems by \$1000 and Legal by \$4960 for a total of \$5960.</b>
<b>-Complete RFP - expect increase in Legal of \$2640 and \$1000 per diem or \$3640 per RFP</b>

TAIPA's 2021 Annual Budget vs. 2020 Budget					
Budget Category	2020 Approved Budget	2021 Requested Budget	Amount of Incr. (Decr.) in 2021 Budget vs. 2020 Budget	% Change	Explanation of Difference*
Salaries	\$ 321,000	\$ 330,700	\$ 9,700	3.02%	Increased budget by 3% includes performance based increases as well as additional funds for an increase if and when an employee reaches the Level II position.
			\$ -		
Emp. Benefits & Other Ins. Exp.	\$ 160,200	\$ 216,900	\$ 56,700	35.39%	Incr Pension Plan Contrib \$46,400, Prud Costs for 401(K) incl \$5250 for restate fee, & new \$2500 compl test fee, & \$1500 5500 form. New emp elig for both 401(K) plan as well as the noncontributory plan that they were not eligible before
Office Equipment Expense	\$ 12,500	\$ 12,100	\$ (400)	-3.20%	New lease on copier decreased costs.
Printing	\$ 5,100	\$ 4,100	\$ (1,000)	-19.61%	we expect to buy fewer envelopes since we aren't mailing out bulletins.
Computer Supplies & Expense	\$ 10,300	\$ 8,300	\$ (2,000)	-19.42%	Decreased due to new computer being moved to Computer Equipment so it will be depreciated.
Postage & Delivery	\$ 24,900	\$ 23,000	\$ (1,900)	-7.63%	Decrease due to not mailing out bulletins any longer.
Telephone/Internet Local & Long Distance	\$ 10,400	\$ 11,300	\$ 900	8.65%	Increase due to adding zoom.
Rent	\$ 64,900	\$ 67,100	\$ 2,200	3.39%	Rent will go up \$89.88 and Op Exp exp to go up 93.45 per month
Moving Expenses	\$ -	\$ -	\$ -	0.00%	No moving exp expected
Property Taxes	\$ 900	\$ 1,100	\$ 200	22.22%	New lease on copier increased taxes and Property tax rates expected to go up in Austin.
Governing Committee	\$ 25,900	\$ 27,300	\$ 1,400	5.41%	Within range.
Operations Subcommittee	\$ 4,500	\$ 4,500	\$ -	0.00%	Within range.
Producer Review Panel	\$ -	\$ -	\$ -	0.00%	Within range.
Employee Meetings, Seminars, & Staff Travel	\$ 29,700	\$ 25,500	\$ (4,200)	-14.14%	Budgeted for educational classes per revised educational plan
Legal Expenses	\$ 51,700	\$ 52,900	\$ 1,200	2.32%	Budgeted the same as 2020 but added 1200 for HR related issues.
Audit	\$ 25,500	\$ 25,500	\$ -	0.00%	Within range.
Dues, Subscrip. & Publications	\$ 600	\$ 600	\$ -	0.00%	Within range.
Other Office Expenses	\$ 9,200	\$ 9,900	\$ 700	7.61%	Bank will now charge admin fee of \$35 per mo and \$10 per account
System Consultants	\$ 54,100	\$ 53,300	\$ (800)	-1.48%	Decrease due to eliminating the Fee for telephone programming.
Consultants-Other	\$ 19,300	\$ 19,300	\$ -	0.00%	Within range. - No change
Actuary	\$ 8,500	\$ 8,500	\$ -	0.00%	Within range. - No change
SUBTOTAL	\$ 839,200	\$ 901,900	\$ 62,700	7.47%	
Depreciation	\$ 1,300	\$ 3,200	\$ 1,900	146.15%	This includes adding the depreciation for the 4 computers purchased in 2019, the one purchased in 2020, and one to be purchased in 2021.
Amortization	\$ 5,000	\$ 5,000	\$ -	0.00%	Within range.
Total	\$ 845,500	\$ 910,100	\$ 64,600	7.64%	
Software Development in Progress	\$ -	\$ -	\$ -	0.00%	Within range.
Office Furniture & Equipment	\$ -	\$ -	\$ -	0.00%	Within range.
Computer Equipment	\$ -	\$ 2,300	\$ 2,300	100.00%	New computer moved for computer expense to computer equipment for depreciation purposes. Note \$2000 of this amount was moved from Computer expenses
Computer Software	\$ -	\$ -	\$ -	0.00%	Within range.
Leasehold Improvements	\$ -	\$ -	\$ -	0.00%	Within range.
CAPITAL BUDGET TOTAL	\$ -	\$ 2,300	\$ 2,300	100%	
GRAND TOTAL	\$ 845,500	\$ 912,400	\$ 66,900	7.91%	Total 2021 budget is 7.91% higher than the 2020 budget. 5.4% of the change is due to the minimum required pension contributions

<b>Recommended 2021 Assessment</b>					
		Total 2021 Budget		\$ 910,100.00	
		Total 2021 Capital Budget	+	\$ 2,300.00	
		2021 Depreciation & Amortization	-	\$ 8,200.00	
		<b>Cash Needed for 2021</b>	=	<b>\$ 904,200.00</b>	
		Cash Expected at Yearend 2020		\$ 275,888.53	
		Amount of 2020 Carryover to be Used to Reduce 2021 Assessment	-	\$ 54,200.00	
		<b>Remaining Amount of Cash to Carryover to 2021*</b>	=	<b>\$ 221,688.53</b>	
		<b>Recommended 2021 Assessment Amount</b>	=	<b>\$ 850,000.00</b>	
		<i>Note: 2020 carryover is equivalent to about 2.5 full months of 2021 budget; this carryover ensures TAIPA can pay bills while we are collecting assessment payments, and also provides assurance in case of any unbudgeted expenses.</i>			
<b>2020/2021 Comparison</b>					
		2021	2020	Difference	Incr./(Decr.)
<b>Operating Budget Amount</b>	\$	910,100.00	\$ 845,500.00	\$ 64,600.00	7.64%
<b>Capital Budget Amount</b>	\$	2,300.00	\$ -	\$ 2,300.00	100%
<b>-Depr./Amort</b>	\$	8,200.00	\$ 6,300.00	\$ 1,900.00	30.16%
<b>-Carryover Used</b>	\$	54,200.00	\$ 79,200.00	\$ (25,000.00)	-31.57%
<b>Assessment Amount</b>	\$	850,000.00	\$ 760,000.00	\$ 90,000.00	11.84%

## TAIPA's COVID-19 Update

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 I 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.
  - We 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. We have continued our safety protocols and to date, we have not had anyone become ill.

- If any of us have traveled, we quarantine and work from home as much as possible.
- Our building did contact us 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, we are continuing to work on ways that would allow us to work from home in the future if it is required.
  - We are specifically looking at changing our phones to a VOIP system. We were looking at this anyway but given that we were contacted to let us know that our current phone system is no longer supported, we are pursuing this more aggressively now.
- We are continuing to see more people in the building and it appears that delivery drivers are being given more access to the building than they were before.

#### Businesswise –

5. As you heard in the application numbers earlier, 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 and 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.

**2021 TAIPA Governing Committee Meeting Dates**

The following dates are TAIPA's Governing Committee Meetings in 2021:

Friday, March 26, 2021

Friday, August 20, 2021

Friday, November 19, 2021

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

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
21ST CENTURY CENTENNIAL INS CO (SC)		279,672		280,342		315,137		266,162		269,040		273,871		473,529
ACE AMERICA	245,800		244,859		236,537		Entered LAD							
AFFIRMATIVE INS CO (co is in liquidation)			New to quota	2,446		2,831		2,831		2,831		2,831		2,831
ALLSTATE INS CO		93,356		90,642	Entered LAD									
AMER FAMILY MUT INS CO SI							New to quota	6		12		12		12
AMER MERCURY INS CO		3,313		1,954		7,174		4,047	Entered LAD					
ASSURANCEAMERICA INS CO		56		58	Entered LAD									
AXA INS CO								New to quota	3		8			11
BERKLEY INS CO													New to quota	1
COLONIAL LLOYDS		1,277	Entered LAD											
CRESTBROOK INS CO	New to quota	8		155	Became grouped									
DIRECT GEN INS CO											New to quota	2		5
ESURANCE PROP & CAS INS CO		218	Became grouped											
FALCON INS CO	New to quota	4		4	Entered LAD									
FREESTONE INS CO		443		443		443		443		443		443		443
GENERAL CAS CO OF WISCONSIN		73		76	Entered LAD									
GOVERNMENT EMPLOYEES INS CO		93,728		128,245		96,915		63,079		55,194		58,230		30,966



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

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
HALLMARK COUNTY MUT INS CO	443,407		443,127		441,819		440,802		440,404		440,347		440,343	
HOMEOWNERS OF AMER INS CO		4,639		4,639		4,639		4,639	Went into storage			4,639		
HOUSTON GENERAL INS EXCH (this is a new company that has generated this quota)									New to quota	26		77		110
ICM INS CO		13		13		13	Went into storage							
IMPERIAL FIRE & CAS	1,395		1,381		Became grouped									
INTEGON NATIONAL INS CO			New to quota	279,949		322,579		201,462		249,885		242,873		157,513
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO)	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	Cert of Authority Cancelled											
NATIONAL LIABILITY & FIRE (SC)		294,194	Entered LAD											
PALOMAR SPECIALTY INS CO		AIPSO Error	Became grouped											
PHARMACISTS MUT INS CO	New to quota	3		25	Entered LAD									
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													
STARR INDEMNITY & LIABILITY CO		955		955		955	Went into storage							
STATE FARM MUT AUTO INS CO		190,293		175,003		193,430		170,618		147,124		136,152		64,170

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

PRIVATE PASSENGER	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
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							
TEXAS FARM BUREAU CAS INS CO		55,332		53,796		63,251		57,078			44,783		50,407	40,230
TOKIO MARINE & NICHIDO FIRE INS	Went into storage													
TREXIS ONE INS CORP (prev co ALFA SPECIALTY INS CORP)		428		88		352		138			659		792	518
UNIVERSAL NORTH AMERICA		89		89		89	Went into storage							
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
<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>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>
-------------------------	------------------	------------------	------------------	------------------	------------------	------------------------	------------------------

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	
	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
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	
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
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	
	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR	OVER	UNDR
GOVERNMENT EMPLOYEES INS CO Out of Storage \$514,977 start 2010 less \$5K per year. Current balance as of 2018: \$469.977	25,707		26,691		25,871		24,233		485,639		13,574		481,884	
GRAMERCY INS CO		9,371		9,371	Went into storage									
HARLEYSVILLE INS CO			New to quota	160	Became grouped Nationwide in a CLAD									
HISCOX INS CO INC		226		800	Entered CLAD									
HOUSING ENTERPRISE INS CO INC		33		38	Entered CLAD 1st QTR 2017 *Cancelled CLAD 4th QTR 2017			6		12		12		12
INTREPID INS CO									New to quota	1		2		2
INTEGON NATIONAL INS CO			New to quota	1,673,492		1,695,119		1,715,041		1,764,552		1,710,675		1,760,045
LINCOLN GENERAL		73,631	Went into storage											
MAIDSTONE INSURANCE COMPANY (prev AUTOONE INS CO & Penn General)	414,901		414,900		414,900		414,900		Went into storage		414,900			
MIDCONTINENT CAS CO	750,412		747,924		746,849		746,030		744,560		744,186		743,813	
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	
NATIONAL BUILDERS INS CO		201		236	Became grouped									
NATIONAL LIABILITY & FIRE INS CO (SC)			Entered CLAD											
NAVIGATORS INS CO		1,558	Entered CLAD											
NORTH AMER SPECIALTY INS CO		40		70	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	
	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	
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
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
TEXAS FARM BUREAU CAS INS CO (prev Southern Farm Bur)		43,460		41,727		29,894		28,473		29,789		31,889		32,603
TEXAS HOSPITAL INS EXCH		11,512		11,836		12,178		12,469		12,824		12,896		12,971
TIG INS CO							New to quota	79		79		80		80
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											

**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	
	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											
<b>TOTALS</b>	<b>1,958,432</b>	<b>411,106</b>	<b>1,903,172</b>	<b>1,903,172</b>	<b>1,899,722</b>	<b>1,899,722</b>	<b>1,892,945</b>	<b>1,892,945</b>	<b>1,936,012</b>	<b>1,936,012</b>	<b>1,878,091</b>	<b>1,878,091</b>	<b>1,930,724</b>	<b>1,930,724</b>
<b>PREMIUMS CREDITED</b>	<b>1,923,849</b>	<b>1,777,884</b>	<b>1,942,623</b>	<b>1,679,205</b>	<b>1,953,284</b>	<b>542,472 1st qtr</b>	<b>434,842 2nd qtr</b>							

# Memorandum

**To:** Texas Automobile Insurance Plan Association Governing Committee and Manager

**From:** Michael W. Jones  
Thompson Coe

**Date:** November 20, 2020

**Re:** 2020 Rate Filing Summary

---

The Texas Department of Insurance has approved TAIPA's rate filing by Commissioner's Order No. 20020-6560, signed November 12, 2020.

The filing was made September 14, 2020 and provides for the following rate adjustments:

## Commercial Auto

Bodily Injury Liability	+5.0%
Personal Damage Liability	+5.0%
Personal Injury Protection	+0.0%
Uninsured Motorist	+0.0%
Overall Weighted Average	+4.8%

The average rate level increases in this filing were generated by changes in the base rates for each territory. This filing did not adjust any of the territorial or class factors.

The rate change effective date is March 1, 2021.

TAIPA did not file for a change to private passenger rates.

- GEICO General Insurance Company
  - GEICO Indemnity Company
  - GEICO Casualty Company
- 

750 Woodbury Road, Woodbury, NY 11797-2589 Phone: 1-800-841-3000

Stacy Dutton  
Texas Governing Committee  
805 Lac Cimas Parkway  
Austin Tx, 78746

November 1, 2020

Dear Stacy

At the Operations Committee meeting, there was discussion surrounding the future of AIP in Texas. I would like to share some of the discussions around the country with regard to the same issue.

The only LAD servicing carrier in 15 states gave notice they were not interested in handling the business any longer. There were no other servicing carriers interested in taking the business. The AIPSO Board looked at this issue not only in those 15 states, but all states that use LAD as a means to handle the business. The concern was there would be no backup if the LAD Servicing Carriers decided to no longer handle AIP business.

The Board adopted a process where AIPSO would handle the business in those states. In addition, plans are being developed to extend the process to other states that are interested.

As these states convert to the new system, there will be less of a business opportunity for the LAD carriers to pursue.

What will Texas AIP buyout companies do if these LAD servicing carriers leave the market? This is a concern to me and I believe it should be discussed at your earliest convenience.

If you have any question, please let me know. I will attend any meetings where this issue is discussed.

Sincerely

*Carol Berthold*  
Carol Berthold