



**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

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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

ATTENDEES:

VOTING MEMBERS:

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

COUNSEL:

Michael Jones, Thompson Coe, Cousins & Irons

TAIPA STAFF:

Stacy Dutton, Association Manager
Mimi Leece, Manager Operations/Financial Management
Mishayla Twyman, Customer Service/Administrative Support Specialist
Ruth Wise, Customer Service/Administrative Support Specialist

OTHERS:

Carol Berthold, Geico
John Lusardi, Integon
Doug Beck, 21st Century
Sean Cahill, Amica
John Mooney, TDI
Kim Donovan, OPIC

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: Election of the Officers

Pete Hamel presented the Nominating Committee’s Report.

The charge of the Nominating Committee is to prepare of slate of candidates to serve as officers of the TAIPA Governing Committee for 2021 and to present that slate of candidates for review and approval by the Governing Committee.

The 2021 Nominating Committee Members were:

- Pete Hamel – Producer Member
- Carmelita Hogan – Public Member
- Mike Schalk – Company Member – Allstate

The Nominating Committee submits the following slate as the proposed 2021 Officers of the TAIPA Governing Committee:

- Chair: Corise Morrison – USAA, At-Large Representative
- 1st Vice Chair: Becky Jackson – Public Member Representative
- 2nd Vice Chair: Anh Vo – State Farm, At-Large Representative
- Secretary: Matt Snyder – Farmers – At-Large Representative

Note that the:

- Immediate Past Chair is David Weber from Hochheim Prairie Insurance, and the NAMIC Representative on the Governing Committee. This is not an elected position but I did want thank David for continuing to serve in this officer position again in 2021.

Corise Morrison asked for a motion to accept the nominations of the Nominating Committee.

- It was moved by Becky Jackson and seconded by Stephen Hylka.
- The motion carried unanimously.

ITEM 5: Review and Approval of the Minutes of the November 20, 2020 Meeting

Anh Vo presented the Minutes of the November 20, 2020 meeting and went over the highlights of the meeting. She acknowledged some typos that have been corrected such as: the spelling of vendor, dates, and AIPSO spelling.

Carol Berthold asked to have item 9 restated indicating that the letter is from her regarding LAD coverage and not AIPSO. Mike Jones asked to remove the word “law” on page 5 to instead read “open meeting statute.” He also asked to change the commissioner approved increase to +4.8% on page 12.

Corise Morrison asked for a motion to approve the minutes.

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

ITEM 6: Chair’s Report

1. Recognize Stephen Hylka’s Service

Stephen Hylka became a member of the TAIPA Governing Committee in 2014. Stephen served as TAIPA’s second vice chair in 2020. We will miss Stephen on the Governing Committee. TAIPA staff will be sending a plaque to Stephen in thanks for his service.

2. Welcome Michael Hass

Stephen Hylka has assured us that he is leaving TAIPA in good hands. Please join me in welcoming Mike Hass from Liberty Mutual to the 2021 TAIPA Governing Committee. We are delighted to have you join the TAIPA Governing Committee and we look forward to working with you.

3. New Member and Changes to the Strategic Planning Subcommittee

With Stephen Hylka leaving the Governing Committee, we needed to fill his position on the Strategic Planning Committee. David Weber has agreed to fill this position. In addition, Mary Carol Awalt has agreed to be the chair of this subcommittee.

4. Discussion About Holding the August and November Meetings via Zoom

Unfortunately even though we are a year into the COVID situation, not a lot has changed with regard to the risks surrounding COVID. Therefore, I wanted to discuss with the committee what they want to do with regard to the August and November TAIPA meetings.

Ms. Morrison asked for a motion to hold the remaining 2021 TAIPA Governing Committees via Zoom.

- Michael Schalk made the motion and it was seconded by Anh Vo.
- The motion carries unanimously.

ITEM 7: Manager’s Report

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

a. For Yearend 2020 (Exhibit 2)

TAIPA received 1,673 applications in 2020, compared to 2,703 applications in 2019, which is a decrease of 1,030 applications or about 38.11%.

b. As of February, 2021 (Exhibit 3)

TAIPA received 189 applications in February 2021, compared to 371 applications in February 2020 year to date, which is a decrease of 182 applications or about 49.06%. We expect to receive about 1,134 applications this year if there is no change.

B. FINANCIAL UPDATE AS OF JUNE 2020 (EXHIBIT 4)

At the end of 2020 TAIPA used 89.60% of their budget which resulted in a savings of \$87,932.

The items that were under-budget as well as over-budget were explained.

TAIPA recommended and was approved for a budget of \$912,400. TAIPA recommended an assessment of \$850,000 thus using \$62,400 of the savings for 2021's expenses.

Stacy Dutton went over TAIPA's approach to budget savings. TAIPA budgeted more this year when budgeting for the carryover for the first couple months of expenses because:

1. we didn't know how the money would come in this year because of the fact that many companies accounts payable employees are working from home.
2. with Mimi and Stacy still being new to determining the amount that we need for carryover and the fact that they had seen some issues with Accounts Payable invoices not getting to the correct person in a timely manner, etc.
3. what we found is that we have received 41% more ACH transfers coming in versus checks.

C. COVID-19 UPDATE (EXHIBIT 5)

Not much has changed since our November 2020 meetings.

- Mimi and Stacy have continued to work in the office except when we are quarantining while Mishayla and Ruth have continued to come into the office every other day.
- Mimi is continuing to work with Atchley & Associates on the accounting work which has helped immensely.
- We are continuing our safety protocols.
- As of March 10, 2021, our office building is no longer locked down during business hours. All of the other protocols are in place.
- We are waiting to see what happens in Austin now that the COVID restrictions have been loosened before making any changes to what we are currently doing.

D. PROCEDURAL ERROR

Typically TAIPA staff sends out a bulletin regarding the updated rates in October or November - right after we receive the notice from TDI.

- a. Stacy wanted to make everyone aware that the most recent bulletin regarding TAIPA rates was sent out late. It was sent out February 24, 2021 when the increase in the commercial rates was effective March 1, 2021.
 - i. As a result one of the companies that writes TAIPA commercial applications did not receive the notice of the commercial rate change until I called the representative and sent a

copy of TAIPA's bulletin. This caused the company to have 6 policies go out with the incorrect rates and for their system not to be updated until March 7, 2021. The company planned on leaving the policies this way for the term and correct it for the next. Other companies had already revised the rates in their systems.

- b. After this happened TAIPA staff started to consider:
 - i. what we could do to avoid this happening again
 - ii. as well as what other tasks or procedures we have that are dependent on someone in TAIPA just knowing what needs to happen.
 - iii. TAIPA staff is currently researching a means to create:
 1. a uniform place for all of TAIPA's Standard Operating Procedures
 2. and researching a means to put these events on TAIPA's shared calendar.
 3. In addition, we are working on changing the current work load for employees to spread the work out more evenly now that the newer employees are trained in customer service.

E. Conflict of Interest Policy (EXHIBIT 5)

A copy of the Conflict of Interest Policy is shown in Exhibit 5.

It is required that each Governing Committee Member sign a copy of the Conflict of Interest Policy every year. If you sit on the TAIPA Governing Committee or any of the sub committees, please sign your copy and send the signature page Ruth Wise here at TAIPA.

F. Administrative Rules (EXHIBIT 6)

A copy of the Administrative Rules is shown in Exhibit 6.

It was agreed that TAIPA would provide a copy of the Administrative Rules to each Governing Committee Member annually at the first meeting of the year. TAIPA staff will follow up with the members in 30 days.

ITEM 8: Audit/Finance Committee Report (EXHIBIT 7)

Bill Brooks went over the Audit/Finance Report.

Exhibit 7 includes the Engagement Letter for TAIPA's 2020 Audit from Atchley and Associates. This is the standard letter that Atchley and Associates send prior to completing the financial audit. We need authorization from the Governing Committee for me as the Audit Committee Chair and Stacy Dutton to sign this document prior to the beginning of the 2020 audit.

Corise Morrison asked for a motion for Stacy Dutton and Bill Brooks to sign the engagement letter.

- Matthew Snyder made the motion and Stephen Hylka seconded the motion.
- The motion carried anonymously.

ITEM 9: Operations Subcommittee Report

Bill Brooks presented the Operations Subcommittee Report.

a. Over and Under Report (Exhibit 8)

There is a discrepancy in the Over/Under Report of \$2. This is due to the fact that AIPSO received information from 2 different sources about one of the company's quota. AIPSO is aware of the error and addressing it.

b. Update on Research regarding Governing Committee Assignment for the Committee

The Operations Subcommittee has not met since September 5, 2019 but have been collecting information for the Operations Sub Committee to review with regard to the assignment from the Governing Committee to look into solutions if the LAD companies left the Texas Market. The following can be reported as this point:

- It is not an imminent threat right now but still something that we do need to look at.
- We have learned that the State of California Department of Insurance is holding a hearing on March 30, 2021 about a plan that appears to be similar to the plan that Carol Berthold mentioned in her letter.
 - I along with Stacy and Mimi, and Mike Jones are all planning to listen in on this meeting to learn as much as we can about the plan.
 - If anyone else is interested in doing so, please contact Stacy or Mimi and they will provide you with the information about the meeting.
 - Our plan is to meet in April and work through this

ITEM 10: Strategic Planning Committee Report

Mary Carol Awalt presented the Strategic Planning Committee Report.

- The Strategic Planning Subcommittee met on March 22, 2021 and discussed:
 - James Person's October 2, 2020 Letter sent to Governing Committee Members along with the issues the letter addresses including
 - Governing Committee Members Training
 - Access and Control of Counsel
 - TAIPA's Third Party Relationships

The subcommittee discussed a number of ideas and issues around these topics and plan to meet again prior to the August 2021 meeting and present our suggestions to you at the August meeting. They will also be discussing staffing and the Enterprise Risk Plan at that meeting.

ITEM 11: Report of Counsel

Mike Jones went over the Report of Counsel Report.

a. DISCUSSION OF RATE PROCESS

The last filing was made on September 14, 2020 so the next filing can be made on our after September 15, 2021. TAIPA uses statewide data. Our actuarial recommendation is prepared by Mike Miller. What he does is rely primarily on the trends. So as a reminder, TAIPA made a rate filing of 4.8% on commercial rates. We did not make a filing on private passenger due to COVID-19. This year we expect to make a rate filing for both commercial and private passenger.

Sometime next month we will ask TDI for the data and give it to Mike Miller for review. If Mike thinks we should make a rate recommendation we will bring it back to the August meeting for approval then we make filing. TDI has up to 60 days to rule on the filing. We would expect the rate change date to be March 1, 2022.

It was asked if the rate filing information could be sent out to the Governing Committee and interested parties prior to the meeting so that everyone can see the rate information earlier than the meeting. Mike indicated that he will try to get that out earlier to the Governing Committee members earlier. TAIPA statutes say if a rate filing is 5% or less than a hearing is not required. If it is more than 5% than we have to have a hearing.

B. LEGISLATIVE UPDATE

Legislature meets every two years for 140 days. The bill filing deadline has passed and our session will end August 31, 2021. Unless the bills have a different effective date, they will become effective August 30, 2021. We look at legislature that will affect TAIPA statute.

Generally we review any bills that would affect Open Meetings since TAIPA is subject to Open Meetings. Right now several bills have been filed. Many bills are related to video conferencing so the public can attend virtually. Typically we have to have at least one location with one member present where the public can attend. The Governor did extend his emergency declaration this month – so we did not have to have a meeting where one member was present. If he rescinds the declaration we might have to deal with that for August and/or November meeting.

Discussion was had about several other house bills that could potentially affect TAIPA.

ITEM 12: Next Governing Committee Meeting

Corise Morrison presented the date of the next Governing Committee Meeting which will be held on Friday, August 20, 2021.

ITEM 13: Personnel Matters

Corise Morrison announced that a closed meeting will be held pursuant to Government Code Section 551.074 relating to personnel matters.

We will leave the Zoom Meeting open and when we are done with the closed session, the Governing Committee members will call back in. Governing Committee members can either leave the zoom meeting and call back in or you can mute your microphones and shut off your video.

We will take a 5 minute brake until 5 after.

The Governing Committee came back in to Open Session. There were two items discussed in closed session. The first was

Public/Producer Member Compensation. The Governing Committee discussed what is in the the Plan of Operations regarding Public and Producer Member Compensation. It was determined that there was no action necessary on this.

The second was Stacy Dutton’s performance as our General Manager of the Association. Corise requested a motion to authorize her as the chair to administer Stacy’s performance review as discussed in the Governing Committee Meeting.

David Weber made the motion and Leslie Hurley seconded it and the motion carried unanimously.

ITEM 14: Adjournment

Corise stated that this concluded the meeting agenda. Corise asked if there was anything else to discuss. Hearing none, Corise thanked everyone for their work and participation in the meeting.

Corise asked for a motion to “Adjourn the Meeting.”

- Matthew Snyder moved the motion and Becky Jackson seconded.
- The motion carried unanimously and the meeting ended at 11:07a.m.

Matthew Snyder

Matthew Snyder, Secretary

Date Signed: September 5, 2021