

TAIPA Governing Committee Meeting - Friday, August 18th, 2023
Friday, Aug 18, 2023 at 09:00 AM Central Time (US and Canada)
Held at Austin Southpark Hotel & Via Zoom Meeting

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**Texas Automobile Insurance Plan Association Governing
Committee Meeting Agenda**

Friday, August 18, 2023 – 9:00 A.M.

Austin Southpark Hotel 4140 Governor's Row, Austin, TX 78744

Dress: Business Casual

Interested parties can attend the meeting in person or by joining the zoom meeting. TAIPA allows public comment about TAIPA related matters listed on the agenda.

1. Call to Order
2. Introductions
3. Reading of the Anti-Trust Statement
4. Conflict of Interest Disclosures
5. Audit/Finance Committee Report
 - A. Report on 2022 Audit (Exhibit 1) *
6. Review and Approval of the Minutes of the March 24, 2023 Meeting (Exhibit 2) *
7. Chair's Report
 - A. David Nardecchia left the Governing Committee
 - B. Subcommittee Membership (Exhibit 3)
8. Manager's Report
 - A. Application Count Update as of July 2023 (Exhibit 4)
 - B. Financial Update as of June 2023 (Exhibit 5) *
 - C. Line of Credit Renewal*
 - D. 2024 Meeting Dates (Exhibit 6) *
 - E. Update on Actuary – (Exhibit 7) *
 - F. Reminder Governing Committee Members must take the Open Meetings Act training every 2 years.
 - G. Reminder that all Governing Committee members must sign the Conflict of Interest Policy annually (Exhibit 8)
9. Operations Subcommittee Report
 - A. Over/Under Report (Exhibit 9)
10. Report of Counsel
 - A. Legislative Update
 - B. \$5 Crime Prevention Fee – Company Administration
 - C. Rates
11. Next Meeting—November 17, 2023
12. Personnel Matters
13. Adjournment

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

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

Attendees:

TAIPA Staff

Stacy Dutton
Mimi Leece
Amanda Reynolds
Ruth Wise

Governing Committee Members

Keith Wechsler
Matthew Snyder
Brian Ferguson
Michael Hass
John Lusardi
Michael Burke
Mike Voigt
David Weber
Becky Jackson
Carmelita Hogan
Mary Carol Awalt
Laura Hausman
Janet Dewey
Ramon Montalvo
Adam Payton
Kit Morris

TAIPA Counsel

Michael W. Jones

TDI

John Mooney
Katelyn Boehm
Brian Leventhal

Atchley & Associates

Tyler Mosley

OPIC

Melissa Heggen

IIAT

Regan Ellmer

Other Company Members

Ron Wiest

1. Call to Order

Chair Jackson called the meeting to order at 9:02 A.M.
Mimi Leece explained how the Zoom meeting would proceed.

2. Introductions

Chair Jackson turned the meeting over to Stacy Dutton to call roll.

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 interest of individual insurers or others.”

4. Conflict of Interest Disclosures

Chair Jackson turned the meeting over to Mike Jones to go over the Conflict of Interest Disclosures. Mr. Jones reminded everyone of TAIPA's Conflict of Interest Policy. He announced who had a conflict of interest in regards to AIPSO being voted on as a potential actuary for TAIPA. Those people were John Lusardi, Matthew Snyder, Brian Ferguson, Michael Burke, and Keith Weschler.

5. Audit/Finance Committee Report

A. Report on 2022 Audit (Exhibit 1) *

Chair Jackson turned the meeting over to Matthew Snyder for the Audit/Finance Committee. Mr. Snyder reminded everyone that the Governing Committee approved a motion to have Atchley & Associates complete TAIPA's 2022 audit. He noted that it was completed at the end of May 2023. Mr. Snyder then turned the meeting over to Tyler Mosley with Atchley & Associates to review their findings.

6. Review and Approval of the Minutes of the March 24, 2023 Meeting (Exhibit 2) *

The meeting was turned over to John Lusardi for the review and approval of the March 24, 2023 meeting minutes. There were no questions or comments regarding the minutes. Chair Jackson asked for a motion to approve the minutes. Keith Weschler made the motion. Adam Payton seconded the motion. Janet Dewey, Kit Morris and Ramon Montalvo abstained. The motion carried.

7. Chair's Report

A. David Nardecchia left the Governing Committee

Chair Jackson acknowledged that David Nardecchia recently left the Governing Committee because he had accepted a new position within the insurance industry. She noted that TAIPA would be sending him a plaque as a token of appreciation for his time spent on the Governing Committee. Ms. Jackson welcomed Janet Dewey as his replacement.

B. Subcommittee Membership (Exhibit 3)

Chair Jackson reminded everyone that she decided to go back to the policy of utilizing only Governing Committee members for positions on subcommittees. She noted that there were three open positions on subcommittees. She stated that there was a need for one company member on the Operations Subcommittee and two company members on the Strategic Planning Subcommittee. She noted that TAIPA staff had included background information in Exhibit 3 on the subcommittees so members could learn more about each subcommittee.

8. Manager's Report

Chair Jackson turned the meeting over to Stacy Dutton for the Manager's Report.

A. Application Count Update as of July 2023 (Exhibit 4)

Ms. Dutton gave an update on the applications as of July 2023. She stated that year-to-date TAIPA has received 969 applications compared to 786 applications received by July 2022. This is an increase of 183 applications or 23.28%. One hundred and fifteen of those applications were received in July 2023. Applications have been up month over month since 2022.

B. Financial Update as of June 2023 (Exhibit 5) *

Ms. Dutton explained that year-to-date TAIPA has spent 38.65% of the budget so TAIPA is 11.35% under budget currently. She noted that at the end of June TAIPA was under budget in all categories except for computer equipment. She stated that currently TAIPA expects to end on budget in all categories with the exception of Postage Expense, Telephone Expense, and Governing Committee Meeting Expense all of which are projected to end under budget. Ms. Dutton advised that TAIPA would need approval from the Governing Committee to move \$85 from Computer Supplies to Computer Equipment as the price for the new computers was higher than the initial bid. Chair Jackson asked for a motion to approve moving 85% from the Computer Supplies to Computer Equipment. Ramon Montalvo made the motion. Adam Payton seconded the motion. The motion carried unanimously.

C. Line of Credit Renewal*

Ms. Dutton explained that TAIPA retains a \$300,000 line of credit with Frost Bank. The line of credit is up for renewal on October 11, 2023 and the fee associated with that renewal are about \$330.00. She noted that Frost Bank does require TAIPA staff receive approval from the Governing Committee to renew the line of credit and to have Stacy Dutton and Mimi Leece as signers. There was no discussion or questions. Chair Jackson asked for a motion to renew the line of credit and authorize Stacy Dutton and Mimi Leece as approved signers. Matthew Snyder made the motion. Mike Voigt seconded the motion. The motion carried unanimously.

D. 2024 Meeting Dates (Exhibit 6) *

Ms. Dutton shared the prospective 2024 meeting dates with the meeting members. Those dates were April 5, 2024, August 16, 2024 and November 22, 2024. There was no discussion regarding these dates. Chair Jackson asked for a motion to approve the 2024 meeting dates. John Lusardi made the motion. Brian Ferguson seconded the motion. The motion carried unanimously.

E. Update on Actuary – (Exhibit 7) *

Mrs. Dutton started out speaking about TAIPA's current actuary, Mike Miller, who is retiring. She stated that he has been working with TAIPA for quite some time. She noted that TAIPA did purchase Mr. Miller a plaque to commemorate his long service with TAIPA. Mike Jones also spoke adding how great Mike Miller is as a person and actuary.

Moving forward to discuss hiring a new actuary Mrs. Dutton explained that she had reached out to eight actuaries and actuary firms to gauge their interest in working with TAIPA and to get a proposal from any of the companies that were interested. She stated that four of the eight sent in proposals. Exhibit 7 showed a summary of each of the proposals. Mrs. Dutton explained that she had discussed each of the proposals with Mike Jones. She also noted that while they both came to the same conclusion on who they would like to hire, ultimately the decision is for the Governing Committee to make.

There was general discussion regarding the different companies, how rate filings proceed today as opposed to in the past, and pricing/pricing structures. John Lusardi reiterated that his company is on the board of AIPSO. Carmelita Hogan stated that based on the information given at the meeting, she was in favor of The Burkhalter Group. David Weber stated that he also supports The Burkhalter Group because they are independent seeing as how TAIPA has board members that are also a part of AIPSO. Mike Jones went over voting issues and how the board should proceed with making a motion. It was decided that the board would make a motion for The Burkhalter Group first and then proceed with a vote. Becky Jackson asked for a motion to accept The Burkhalter Group as TAIPA's actuary. Carmelita Hogan seconded the motion. Roll call was done to determine everyone's vote. Keith Wechsler, Matthew Snyder, Brian Ferguson, John Lusardi, Michael Burke, and Janet Dewey abstained. Adam Payton was opposed. All others voted in favor. The majority was in favor so the motion carried.

F. Reminder Governing Committee Members must take the Open Meetings Act training every 2 years.

Ms. Dutton reiterated to everyone that they must complete the Open Meetings Act training once every two years.

G. Reminder that all Governing Committee members must sign the Conflict of Interest Policy annually (Exhibit 8)

Ms. Dutton reminded all of the Governing Committee members that they must sign TAIPA's Conflict of Interest Policy annually. She also noted that a copy of that policy was provided as Exhibit 8.

9. Operations Subcommittee Report

Chair Jackson turned the meeting over to David Weber to review the Operations Subcommittee Report.

A. Over/Under Report (Exhibit 9)

Mr. Weber noted that the only thing he had to report at the time of the meeting was the over/under report and there was nothing significant to report.

10. Report of Counsel

Chair Jackson turned the meeting over to Mike Jones for the Report of Counsel.

A. Legislative Update

Mike Jones noted that the legislative session for 2023 had ended. He stated that he monitored bills that could affect TAIPA policies, TAIPA operations, open meetings laws, or bills that might amend Texas statutes. He reported that there were no bills passed that would directly affect TAIPA in any of those ways. There were not questions or comments regarding this.

B. \$5 Crime Prevention Fee – Company Administration

Mike Jones informed the meeting that that on May 29th the Motor Vehicle and Crime Prevention Authority Fee had increased to 5 dollars. He noted that regulation requires making a rate and rule filing if companies were going to pass on the fee to the policyholders and if a company's form has the fee stated as a dollar amount that a change in form would have to be made. Mike Jones reached out to TDI and TDI stated that individual companies do not need to make any filing to pass on the fee in regards to TAIPA policies. Keith Wechsler asked if there was any communication to member companies regarding this change. Mike Jones indicated that there had not been any communications regarding this but TAIPA would put out a bulletin advising the member companies of this change. There was no further discussion or questions on this topic.

C. Rates

Mr. Jones began by stating that TAIPA's last rate filing was made on January 3, 2023. The rate change was approved on March 6, 2023 and those new rates went into effect on June 1, 2023. He noted that this was a 5% increase across the board for both commercial and private passenger rates. He noted that TAIPA is only eligible to make one rate filing per calendar year. John Mooney clarified that TAIPA can make a new rate filing one day after the twelfth month expires, so the earliest TAIPA could make another filing would be January 4, 2024. There was general discussion regarding whether TAIPA would be better off doing a 5% increase at the next available time and then give the actuaries ample time and data to file for a larger increase. There was a discussion that the commercial rates are significantly underpriced. It was stated that more information would be presented at the November 2023 Governing Committee meeting. There was no motion needed for this topic and there was no further discussion.

11. Next Meeting—November 17, 2023

Chair Jackson noted that TAIPA's next Governing Committee Meeting will be held November 17, 2023.

12. Personnel Matters

Ms. Jackson stated that there were no personnel matters that needed to be discussed.

13. Adjournment

Chair Jackson asked for a motion to adjourn the meeting. The motion was made by Adam Payton. Ramon Montalvo seconded the motion. The motion carried unanimously. The meeting was adjourned at 10:30 A.M.

X 

John Lusardi
TAIPA Governing Committee Secretary