

**March 10, 1995****TAIPA BULLETIN NO. 12****To: All Member Companies****Re: Overview of the Texas Automobile Insurance Plan Association's (TAIPA)  
Producer Certification Program (PCP) and Electronic Submission Procedure (ESP)****INTRODUCTION**

Effective May 1, 1995, producers who submit applications to TAIPA will be required to be certified by the TAIPA Governing Committee. This applies to all Local Recording Agents and Group 2.2 (County Mutual) producers licensed to transact property and casualty insurance in Texas. Certification of the producer is part of the Producer Certification Program (PCP).

In conjunction with the PCP, an Electronic Submission Procedure (ESP) will become effective June 1, 1995. ESP permits certified producers to obtain immediate coverage on certain new business applications by making a telephone call to the Association's ESP telephone line. The ESP will allow producers to issue Binder Forms as proof of coverage, for the first time in this organization's history.

The ESP sets the effective date and time of coverage based on the time and date of the call. However, the policy's effective date is set at 12:01 a.m. the day following the ESP telephone call. The ESP provides the producer with a reference number. The ESP requires that the certified producer issue a Binder Form for each ESP reference number obtained through the procedure. The Binder Form and the application for insurance must bear this reference number in the upper right hand corner.

## **FACTS ABOUT THE PCP**

- \* Only Local Recording Agents and Group 2.2 producers licensed in Texas are eligible for certification.
- \* All such producers must submit an Application for Certification to TAIPA, and be certified by the TAIPA Governing Committee. In addition, Group 2.2 producers must complete a producer procedure course.
- \* Certified producers agree to accept responsibility for becoming thoroughly familiar with TAIPA rules and regulations, the Texas Automobile Rules and Rating Manual and have an updated copy of that manual on premises.
- \* All certified producers must maintain an acceptable performance record. The performance record is based on the number of complaints filed against the producer by the Association, Consumers and INSURERS. The mechanism by which the INSURER files a complaint against the producer is new to TAIPA and for the Insurers. For your information a copy of the Producer Complaint form is attached as **EXHIBIT I**.

The Association will maintain documentation of the producer's performance record. A producer "norm" or threshold of maximum complaints will be established, based on the producer's monthly application volume. Should a producer exceed that norm for three (3) months within a six (6) month period he/she will receive notification from the Association to appear before the Review Panel.

The Review Panel shall consist of three (3) certified producers, one (1) INSURER representative and one (1) public member. The Panel, after notice and opportunity to be heard is given to the producer, may recommend to the Governing Committee that no action be taken or that the producer's certification be conditioned, suspended or revoked.

In most cases the insurer will not be notified of a producer whose certification has been conditioned since the producer will be allowed to submit applications and collect compensation. A producer whose certification has been conditioned will mainly face mandatory educational requirements, suspension of their ESP privileges, etc.

An explanation of actions taken against an uncertified / decertified producer is given in the following section of this bulletin titled "Definition of Uncertified / Decertified Producer". The Governing Committee shall advise the producer and the Texas Department of Insurance, in writing, of its decision and the reasons therefore.

\* Under the new procedures of the Texas Automobile Insurance Plan Association (TAIPA), the Association will notify the insurers when a producer's CERTIFICATION status with the Association is changed to uncertified, decertified or recertified.

\* The procedures, established by the TAIPA Governing Committee require TAIPA to assign applications received from uncertified or decertified producers. The procedures to be followed by insurers when the Association provides notices of such status are provided later in this text.

\* The Association will supply insurers with a monthly listing of all newly uncertified or decertified producers. The list will also show recertified producers. Recertified producers can be identified by the "C" that will appear on the list next to their name.

\*The Association will also indicate a producer's uncertified or decertified status at the time of assignment to the insurer on the company copy of the assignment notification. The status will be printed in the upper right hand side of the notification under the words "company copy." An asterisk (\*) will appear on the company cover sheet next to the applicant's name. The explanation of the (\*), that appears above the listing, shows that the producer is uncertified or decertified and instructs the reader to refer to Bulletin 12 for procedures to be followed by the insurer.

## **DEFINITION OF UNCERTIFIED / DECERTIFIED PRODUCER**

### **Uncertified Producer**

A producer who does not comply with the PCP requirements for certification is "uncertified". A certified producer who has resolved or has no complaints on his/her producer performance record may elect to become uncertified. This type of producer should not submit applications to the Association or utilize the electronic submission procedure or service any existing policies. Such producer shall not be entitled to compensation for either new applications, existing policies or renewals during the period of uncertification.

### **Decertified Producer**

There are two subcategories of the decertified producer. The first is the producer who has had their certification REVOKED. The second is the producer who has had their certification SUSPENDED.

Producers whose certifications are REVOKED are prohibited from conducting any business with TAIPA for a designated period of time as determined by the Governing Committee. He or she may not submit new applications to the Association, utilize the electronic submission procedure or service any existing policies. These producers shall

not be entitled to compensation for new business, existing policies or renewals during such period of decertification. Such producers, additionally, may not obtain any binders or other supplies from the Association during the period of decertification.

Producers whose certification has been **SUSPENDED** may not submit new applications to the Association, utilize the electronic submission procedure, receive compensation for new business, or obtain binders from the Association during the period of suspension. Suspension does not affect the producer's compensation on existing or renewal policies.

## **PROCEDURE TO BE FOLLOWED BY THE INSURER**

After the Insurer has received notice of a producer being uncertified or decertified (certification revoked or suspended) the insurer shall furnish the applicant with the following:

- a. An explanation of the Producer Certification Program.
- b. Instructions to seek the services of a certified producer and to notify the insurer of the new producer of record. **Please note:** the insurer is not required to supply the applicant with a list of certified producers.

The assigned insurer shall issue the policy with no designated producer of record. Included with the policy shall be a NOTICE to the insured, to provide the assigned insurer with the name of the newly designated certified producer of record.

**ATTACHED (EXHIBIT II) IS A SAMPLE NOTICE FOR YOUR USE. THE NOTICE MEETS THE REQUIREMENTS OF THE INFORMATION THAT MUST BE PROVIDED TO THE INSURED. SUCH NOTICE MUST BE ISSUED TO ALL INSUREDS SIXTY (60) DAYS AFTER EACH INSURER'S RECEIPT OF THE LIST OF ASSIGNMENTS OF REVOKED PRODUCERS FROM THE ASSOCIATION. THIS ALLOWS THE PRODUCER THIRTY (30) DAYS TO SUBMIT AN APPEAL AND POSSIBLY OBTAIN A STAY OF DECERTIFICATION FROM THE COMMISSIONER OF INSURANCE.**

Should the producer appeal the Governing Committee's decision and be granted a stay of such decision subsequent to the Association's release of the above notice the following shall occur:

- a. The Association will immediately advise the assigned insurers of the stay of the Governing Committee's decision.
- b. The Association shall notify each insured that, as a result of the stay granted by the Commissioner, the assigned insurer's earlier letter is withdrawn pending the final outcome of the producer's appeal to the Commissioner.

During the time that the insurer services the policy directly, the insurer may retain all compensation. Once a new certified producer has been designated, any future compensation will be paid to that producer.

If you have any questions concerning this procedure, please contact the TAIPA Producer Certification Unit at 512-444-4441 and press selection five (5) on the menu. You may also refer to Bulletin #7 dated January 17, 1995 or Bulletin #13 dated February 17, 1995.

## EXHIBIT I

# TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION PRODUCER PERFORMANCE COMPLAINT FORM

THIS FORM IS TO BE USED IF A PRODUCER HAS FAILED TO CONFORM TO PERFORMANCE STANDARDS IN THE RULES OF OPERATION FOR PRODUCER CERTIFICATION

Insured's Name	Binder/Policy Number	Date	
Producer's Name		Producer's TDI ID Number	
Producer's Address	City	State	Zip Code
Insurance Company Name			
Insurance Company Address	City	State	Zip Code

## PERFORMANCE STANDARDS FOR PRODUCERS

Has Producer complied with the following requirements?  
☒ "X" any requirements not met.

1.	<b>ORIGINAL APPLICATIONS – Applications shall be fully completed and must include:</b>
	<input type="checkbox"/> Necessary information to rate and write the policy, prepare a bill, and make any required filings. <input type="checkbox"/> Name, address, TDI ID Number and Tax ID Number of the producer. <input type="checkbox"/> Signature of applicant and producer. <input type="checkbox"/> Premium payment submitted gross with the application in accordance with the Association rules. The premium payment or deposit shall be either by producer's check, applicant's check, certified check, cashier's check, premium finance company check, or money order payable to the Texas Automobile Insurance Plan Association.
2.	<b>RENEWAL</b>
	<input type="checkbox"/> The renewal premium shall be submitted gross to the assigned insurer in accordance with Association rules. <input type="checkbox"/> The renewal premium must be in the form of a producer's check, insured's check, certified check, cashier's check, premium finance company check, or money order payable to the assigned insurer.
3.	<b>RETURN COMPENSATION</b>
	<input type="checkbox"/> Return compensation shall be paid within forty (40) calendar days from the date of notice to the producer.
4.	<b>POLICY CHANGE REQUEST</b>
	<input type="checkbox"/> Producers must submit policy change requests in writing. Reduction/elimination of coverage must be signed by the insured.
5.	<b>PAYMENTS</b>
	<input type="checkbox"/> Additional premium payments shall be submitted gross by producer's check, insured's check, certified check, cashier's check, premium finance company check, or money order payable to the assigned insurer.
6.	<b>FRAUD OR MISREPRESENTATION</b>
	<input type="checkbox"/> No producer shall engage either in fraud or misrepresentation with regard to the contents of an application, the necessary information to rate and write a policy, a claim, or any other information material to underwriting a risk.
7.	<b>CLAIMS</b>
	<input type="checkbox"/> When an insured reports an accident or claim to the producer, the producer shall report it to the insurer within one (1) working day in accordance with the instructions of the insurer.
8.	<b>DISHONORED CHECKS</b>
	<input type="checkbox"/> Dishonored producer checks shall be reported to the Association.
9.	<b>MISCELLANEOUS</b>
	<input type="checkbox"/> _____ _____ _____

## PRODUCER RESPONSE:

☐ VALID

☐ INVALID – if invalid, a full explanation is required. Please provide all details on reverse side.

## SEND TAIPA COPY TO:

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION  
 PRODUCER CERTIFICATION SUPERVISOR  
 P.O. BOX 18447  
 AUSTIN, TEXAS 78760-8447

**PLEASE RESPOND  
 WITHIN 20 DAYS OF  
 THIS NOTICE**

## EXHIBIT II

Applicant's name	(OPTIONAL)
Applicant's street address	(Assignment Number)
Applicant's city, state and zip	(Effective Date)
Applicant's Policy Number	(Vehicle description)
	(Last 5 numbers of VIN)

Company's name  
Company's street address  
Company's city, state and zip

## IMPORTANT NOTICE

In accordance with Section 11 of the Texas Automobile Insurance Plan Association (TAIPA) Plan of Operation, all producers who submit applications to the Association are required to be certified by the Association's Governing Committee.

**PLEASE NOTE THAT THE PRODUCER DESIGNATED ON YOUR APPLICATION FOR INSURANCE IS NOT CURRENTLY CERTIFIED.**

Your application for automobile insurance has been assigned to the company named herein. However, as your designated producer of record is not certified to submit applications to the TAIPA, we suggest you secure the services of another licensed, certified producer, and designate him/her as your new producer of record. In the interim you may direct all customer service matters to us at: 1-800- 000-0000 (company to insert telephone number).

**Your new producer's name, address, telephone number and Texas Department of Insurance ten (10) digit Identification (TDI-ID) number and Tax ID number must be submitted to us at the address noted above. You must also submit this information to TAIPA at P.O. Box 18447, Austin, Texas 78760-8447. To insure the proper update of your insurance records, we urge you to submit this information as soon as possible.**

Copy to Uncertified/Decertified Producer e.g.  
John Smith  
10 Badluck Lane  
Nocash, Texas 11111

