

IMPORTANT DATES

Texas Automobile Insurance Plan Association

2003 Holidays

Wednesday, January 1	New Year's Day
Monday, May 26	Memorial Day
Friday, July 4	Independence Day
Monday, September 1	Labor Day
Thursday, November 27	Thanksgiving
Friday, November 28	Thanksgiving
Wednesday, December 24	Christmas Eve
Thursday, December 25	Christmas

TAIPA Governing Committee Meeting Dates:

Thursday, February 27, 2003 - Omni Austin Hotel South

Thursday, May 29, 2003 - Plaza San Antonio Marriott

Wednesday, August 27, 2003 - Omni Austin Hotel South

Thursday, November 20, 2003 - Omni Austin Hotel South

NEWYEAR 2003

TAIPA NEWSLINE

A PUBLICATION OF THE TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION



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SR-22 PROCEDURES



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The TAIPA NEWSLINE is a bi-annual publication. TAIPA is a non-profit organization. An electronic version of this publication can be obtained by submitting a request to newsline@taipa.org

TAIPA RATE FILING

On November 25, TAIPA made its first ever rate filing under the amended procedures for setting TAIPA rates. The filing will be heard in an open meeting conducted by the Commissioner of Insurance on January 9. TAIPA consulting actuary, Mike Miller, will offer testimony to support his rate analysis.

In its rate filing TAIPA asks the Commissioner to approve the following adjustments to the current rates for private passenger automobile insurance:

Bodily injury liability	+ 51.1%
Property damage liability	+ 47.3%
Personal injury protection	+104.6%
Uninsured motorists	+ 44.6%

Overall + 49.9%

The filing proposes the rate changes to be effective March 1, 2003, but it is more likely that the rate change will be effective May 1. The reason for the very large rate increases is two-fold. Firstly, rate adjustments in the last two years have been inadequate and, secondly, loss costs continue to worsen. These proposed rate changes are based on premium and loss data through December 2001. TAIPA proposes that rates for commercial automobile insurance written through TAIPA continue to be at the benchmark level for the voluntary market.

REDUCED COSTS FOR TAIPA FORMS

Effective January 1, 2003 the cost to order TAIPA applications and binder forms is reduced. Included is an updated Order Form. Please use the new form for all orders placed after January 1, 2003. Do not use the current forms after January 1, 2003 since no refunds will be made for overpayments. The current Order Form for applications and binders may be downloaded from <http://www.taipa.org>.

DRIVING RECORD SURCHARGES

Texas Department of Public safety has released a newly formatted Motor Vehicle Report (MVR). The newly formatted MVR is available only online. Application must be made to TDPS to access the online MVR.

This online MVR has an important difference to the paper MVR's. This report will list all convictions indicating both the occurrence date and the conviction date.

The paper MVR lists convictions; however it lists the date of occurrence on the MVR, not the conviction date. The only way an occurrence will show up on the MVR is if there has been a conviction.

Surcharges under Rule 42 of the Texas Automobile Rules and Rating manual are based on the date of conviction.

The term Convictions as defined in the Manual "includes a final conviction in any court in the United States; forfeiture of bond; or payment of a fine or an amount accepted by the court, whether paid by or on behalf of the applicant or operator, as a result of an allegation that a violation of a law regulating the operation of motor vehicles has been committed."

When producers are preparing and estimating premiums for a TAIPA application, if the paper MVR is all that is available, the insured should be asked for dates of convictions within the latest 36 month period.

Insurers preparing the original policy for issuance with the actual annual premium should carefully verify dates, in order to prevent duplicating surcharges. This will be especially important during the first year following the release of the online MVR, since the date of conviction will be later, sometimes much later, than the date of the occurrence. Subsection 13.B.9. of the TAIPA Plan of Operation requires that "At the time of the initial application of a

surcharge, based on driving record, the insurer will provide to the insured and producer a listing of the undisclosed accidents/ convictions which determined the surcharge.”

TEXAS SR-22's

When an applicant, co-applicant or spouse requires an SR-22, all information in item 7 of the application must be completed. If only the “yes” field is checked, it is very easy for TAIPA staff to overlook the requirement for an SR-22. If the “end of filing” date is filled in on the application the insurer should pro rate and refund part of the \$20 SR-22 charge from the policy when the filing period has expired. If the original application includes a request for TAIPA to file the SR-22 directly with TDPS, it will be sent to that office. If the original application includes a separate check for TDPS filing fees, payable to TDPS, the SR-22 will be filed directly with TDPS and the fees deposited in a special TDPS account. The remaining SR-22's will be mailed to the producer.

The assignment notifications mailed to the producer and applicant indicate where the SR-22 was sent when TAIPA issued it. Please advise TAIPA immediately if the SR-22 was not processed according to your special instructions.

STATES OTHER THAN TEXAS – SR-22'S

If the applicant requires an SR-22 for a state other than Texas, it is suggested that the name of the other state be highlighted on the application. TAIPA will then assign the application to a company that is licensed and writing in that state. The company must issue the SR-22 for the other state within 2 working days following the effective date of coverage, or receipt of the application, whichever occurs last.

ACCEPTABLE FORMS OF PAYMENT

TAIPA requires a minimum downpayment of 20% of the quoted gross annual premium or greater to be submitted with each application for assignment. Payment must be in the form of a fully completed agency check, insured's check, money order, cashier's check, certified check or premium finance company check. Premium finance company checks must be 100% of the gross annual premium.

Payment must be payable to TAIPA. If payment is not payable to TAIPA, the assignment will be placed under suspense and the remittance returned to the producer.

If the remittance is payable to the producer, then the producer may endorse it over to TAIPA rather than issuing another payment.

HAND CARRYING APPLICATIONS TO TAIPA

TAIPA has moved! Applicants are still hand carrying applications to our old address. If your applicant wishes to hand carry the application to the TAIPA office, please provide

the applicant with the new address. The new address is; The Escalade, Building A, 4301 Westbank Drive, Ste. 200, Austin, Texas, 78746.

If applicants require a Texas SR-22, at the time they hand deliver the application to our office, the SR-22 is issued while they wait. If this applicant wishes to personally file directly with the Texas Department of Public Safety, that office closes at 5pm.

The TAIPA office is open until 5pm; however, since the distance between the TAIPA and TDPS offices is approximately 11 miles, applicants wishing to travel from our office to TDPS on the same day should arrive at our office no later than 4pm. This will allow time for delays that may be encountered while traveling to TDPS.

When applicants are hand carrying their applications to the Association office during the year end holiday season, the following information should be provided to the applicant:

TAIPA year end closings:

December 24, 2002
December 25, 2002
January 1, 2003

TDPS year end closings:

December 24, 2002
December 25, 2002
December 26, 2002
January 1, 2003

To verify TAIPA hours call (512) 444-4441
To verify TDPS hours call (512) 424-2000

PO BOX 18447 IS CLOSED

Our offices are no longer located at 2028 E. Ben White Blvd, Ste. 400, and PO Box 18447 is closed. Some producers have advised that mail addressed to PO Box 18447 has been returned undeliverable by the Post Office. Please use only PO Box 149144.

PLAN OF OPERATION AMENDMENTS

Effective October 9, 2002 the Commissioner approved amendments to Sections 11, 12 and 14 of the TAIPA Plan of Operation. For further information on these amendments refer to Bulletin 108 and the Plan of Operation on the TAIPA web site at <http://www.taipa.org>.

The approved amendments included updating the producer's license types to show only those approved in the last legislative session and to amend the name for Texas Association of Independent Insurance Agents to its current name of Independent Insurance Agents of Texas.

Another approved amendment changes the definition of a quorum for a Governing Committee meeting from 10 members present, to only 9 members present, including at least 1 public member.

2003 PRODUCER SEMINARS

Seminars have been tentatively scheduled during April and May 2003 in Austin, Dallas, El Paso, Houston and San Antonio. During the seminar TAIPA will introduce the new procedure and guidelines for completion of an application via the Internet (EASi) and discuss proper rating/classifications for applications.

TAIPA will mail all certified producers a seminar registration form to be completed and returned. The confirmed seminar dates and registration form will be posted on our web-site during March 2003.

A LESSON LEARNED

Did you know?? – A US Post Office publication, publication number 1733-600-008447, states that the US Post Office recommendations for moving the mail faster are:

- Print all addresses in UPPERCASE LETTERS.
- Print ONLY the city, state and ZIP+4 on the last line of the address.
- Use ZIP + 4 codes on all addresses. Refer to <http://www.moversguide.com> for this information.
- Use standard abbreviations; for example, STE (suite number) N (North).

TAIPA ENHANCEMENTS

At its meeting of November 21, 2002, the TAIPA Governing Committee approved development and installation of an Electronic Application Submission Interface. (EASi). This enhancement is currently being implemented in some of the other states. The target installation date for Texas is July 1, 2003.

EASi will be installed in various phases. Prior to installation all Certified producers will receive personal identification passwords and procedures for use.

Benefits of EASi to applicants:

- Applicant receives a legible, printed application in lieu of a hand written one.
- Speedier assignment to an insurer since the application is less likely to be returned for missing information as EASi has a built in edit system.
- The Association will have a record of the transaction prior to receiving the application and premium deposit.

Benefits of EASi to producers:

- Easier to enter information than on entering on the existing paper forms.
- Reduces or eliminates the need to order or maintain paper forms, as the most recent application form will always be available on line.
- Provides FREE approved binder forms.
- Reduces the number of deficiencies a producer incurs, as the system will have edits.
- Provides the ability to save partially completed applications in the system for retrieval at a later time.

- Provides the ability to reprint previously submitted applications.
- Provides a time and date stamp that can establish the time that the application was completed if it is lost or delayed in the mail.
- Provides the ability for future enhancements, including rating software.

Benefits of EASi to insurers:

- Legible applications with fewer deficiencies
- Accurate transaction dates/times

The first phase will allow access by user identification and password to EASi through the TAIPA website. This allows for completion of the EASi application electronically and transmission to the EASi website for immediate binding. When EASi is available the process will be completed in a few easy steps:

- Certified producer logs in with the identification password previously provided.
- Certified producer receives a blank application to be completed.
- Certified producer collects premium from the insured and enters the check number on the application.
- The application is submitted electronically to the EASi data base.
- Certified producer will receive a PDF file of the completed application and a binder form. The top of the first page of the application will indicate the name of the insured, effective time and date of the transmission and a unique reference number. The binder form will be fully completed.
- Print copies of the completed application and binder form.
- Applicant must sign and initial the completed application.
- Certified producer must sign the completed application and binder form.
- Provide the original binder form to the applicant.
- Mail the original, completed application in duplicate, premium remittance and a copy of the binder form to TAIPA no later than the day following the date of transmission.

The producer will not complete the current 4 part binder form. The current form will only be required for producers continuing to utilize the telephone electronic binding (ESP). TAIPA will provide further information regarding EASi in future mail outs and during producer seminars to be held during 2003.

ANNUAL MEETING OF MEMBERS

The Governing Committee has called the Annual Meeting of Members to be held in Austin Texas at the Omni Austin Hotel South on February 27, 2003 at 8:30 a.m.

Immediately following the Annual Meeting of Members, the TAIPA Governing Committee will meet to elect officers and address agenda items.

For additional information please contact Dianna Brooks at (512) 531-7251 or admnddb@taipa.org.