

TAIPA NEWSLINE

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COMMISSIONER ADOPTS 48.4% INCREASE IN TAIPA RATES

On March 28, Texas Insurance Commissioner Elton Bomer announced a 48.4% overall average increase in TAIPA rates, effective June 1. For persons purchasing just the bodily injury and property damage liability limits required by law, the increase would be 33%.

Broken down by coverage, the changes are: BI liability +35, PD liability +28.7, PIP +104, UM-BI +306.5%, UM-PD +158.5%.

The commissioner's decision is well below TAIPA's 73% rate request and lower than the 60.3% recommended by the administrative law judges who presided over the October 1994 rate hearing.

Although it is TAIPA's position that the adjustment granted by the commissioner will be insufficient to cover all losses and expenses on TAIPA business, the Association expects that the rate adjustment will encourage many individuals, who sought coverage through TAIPA because it was less expensive, to return to the voluntary market.

The rate adjustment, coupled with territorial credits for writing certain voluntary business in designated "underserved" areas, is expected to result in substantial depopulation of the Association.

The commissioner set rate changes for commercial auto insurance assigned through TAIPA equal to the 11.5% rate adjustment he adopted for commercial benchmark auto insurance rates.

Bomer also announced his decision on changes to private passenger benchmark auto insurance rates, effective July 1. Private passenger will rise 3% overall (+7.1% for liability, -7.1% for physical damage coverages).

SECOND AGENT SEMINAR SLATED FOR APRIL 21

Due to producer interest, the Association has scheduled a second producer procedure course. This will be the last course offered before the May 1 deadline after which only certified producers will be eligible for commission on applications submitted to TAIPA. Completion of the producer procedure course is mandatory for Group 2.2 producers to receive producer certification and for access to the electronic submission procedure which will be on line June 1.

Because applications for certification received by TAIPA after April 15 may not be processed by the May 1 deadline, producers should not wait until they have taken the April 21 course to submit their completed application for certification.

Although the Association will process applications it receives from uncertified producers after May 1, they will not receive commissions from insurers on TAIPA business.

TAIPA has worked closely with the Texas Association of Insurance Agents (TAIA) in development of the course curriculum, which will familiarize producers with new TAIPA rules and procedures, certification process, electronic binding and performance standards.

Although the course is optional for local recording agents and others, it has been certified for three CETIAA credits. The seminar will be in teleconference format via Starlink hookup from 8:30 a.m. to 11:30 a.m. in Austin, Brownsville, Dallas, El Paso, Fort Worth, Houston (three locations), Lubbock, San Antonio and Tyler.

If you have not received your registration packet, contact TAIPA (512-444-4441) or TAIA (512-476-0310). To register, mail the completed form with your \$20 check to TAIPA.

Future seminars will be held approximately once a month in Austin at dates to be announced at a later time.

INSURERS SELECT COMPANY REPS AT FIRST ANNUAL MEETING

On March 16 at the first annual meeting of TAIPA members, insurers selected eight insurers to serve one-year terms on the governing committee. The companies elected to serve and their present representatives on the governing committee are Eugene Flynn for ITT Hartford, Michael Mott for Liberty Mutual Insurance Co., Roger Parker for Allstate Insurance Co., Ray McLane for Trinity Universal Insurance Co., Jack Crisci for USAA, John Hageman for Farmers Insurance Group of Companies, Mike Gerik for Southern Farm Bureau Casualty Co., and Richard Shellito for State Farm Insurance Co.

The producer members are Pete Hamel, Hamel Insurance Agency, Houston (appointed by TAIA) and Herb Frison, Frison Insurance Agency, Dallas (appointed in January by former commissioner Rebecca Lightsey).

The five public members, also appointed by Lightsey in January, include: Enrique Valdivia, Texas Rural Legal Aid, San Antonio; Jim Mallett, Dallas; Victoria Benitez, Austin; Fred Lewis, attorney, Austin; Keryl Smith, NAACP, Houston.

Officers elected at the governing committee meeting following the annual meeting were: Eugene Flynn, chairman; Richard Shellito, vice chairman; and Jack Crisci, secretary.

REVISED POLICY CHANGE FORM EASES STAT REPORTING

The TAIPA policy change form, which producers must complete to reflect any policy changes or cancellations on a policy issued for a TAIPA assignment, has been revised to collect statistical information required by the Texas Department of Insurance. The revised form will streamline the process by which insurers process cancellations and endorsements.

The producer must sign all policy change forms, sending the original to the insurer. If the policy change form reflects additional coverage, the insured's signature is not required; however, if the policy change is to reduce or delete coverage, the insured must also sign the form. TAIPA has mailed the revised policy change form to producers with an explanatory bulletin. The form may be photocopied. Producers may continue to use existing supplies of the old policy change form by adding the required statistical information on the face of the form itself.

Vendors offering supplies of the form include:

Hart Information Services, Inc. 800-223-4278, fax 800-831-1485

TAISO Services, Inc. 512-458-6347, fax 512-459-9615
TAIA 800-880-7428, fax 512-469-9512

Technology Printing 800-777-9091, fax 214-351-4711

PERFORMANCE COMPLAINT FORMS DOCUMENT DEFICIENCIES

As part of its efforts to assure that consumers can expect a high level of service, the Association monitors producer and insurance company performance on TAIPA business and asks that deficiencies be noted on new producer and company performance complaint forms. Insurers should notify producers who are not in compliance with the Association's producer performance standards by completing the TAIPA producer performance complaint form, sending the original to the producer and a copy to TAIPA. Producers have 20 days to respond to the complaint by acknowledging the deficiency or explaining why the charge is not valid.

Examples of producer deficiencies include: incomplete application, failure to submit premium gross (without deduction for producer commission), dishonored pro-

ducer checks, improper form of payment, noncompliance with policy change request procedures, failure to report to the insurer within one day of being notified by the insured of an accident or claim, fraud or misrepresentation.

A producer with a record of performance deficiencies may be compelled to appear before a peer review panel which could lead to conditioning, suspension or revocation of the producer's certification by the governing committee.

Conversely, producers who wish to register a complaint against a company are asked to complete the new standardized TAIPA company performance complaint form, sending the original to the insurer with a copy to TAIPA. Companies also have 20 days within which to respond to a complaint.

Companies can be found to be in noncompliance if they fail to: mail the policy within 30 days after receiving a completed new application, issue filings within two working days of receipt of the assignment, furnish the producer and insured an explanation of any surcharges for undisclosed accidents or violations, mail return premium within 30 days unless it is used to reduce an outstanding balance, notify the insured within 60 days of intent to renew or nonrenew, compensate producers within 40 days of receipt of gross premium, provide information on claims procedures.

At this time, Hart Information Service, Inc. and TAISO Services, Inc. are the only outside vendors selling producer and company complaint forms.

ANSWERS TO QUESTIONS ABOUT RULE 42 SURCHARGES

- Q** What is the surcharge for an accident and a ticket for "failure to yield"?
- A** If the accident is surchargeable and the ticket results in a conviction, under Rule 42 there will be a 35% surcharge — 15% for the ticket and 20% for the accident.
- Q** What is the surcharge for my insured, who has two DWIs?
- A** A 60% surcharge is accumulated for each DWI conviction; however, the maximum surcharge under Rule 42 is 100%. If an SR-22 is required, Rule 41 specifies that there is an additional 10% premium charge based upon the total BI and PD premium on the policy.
- Q** The insurance company is charging my insured a 15% surcharge for an "overload" ticket received while my insured was operating a company truck. Is this correct?
- A** Yes, because it is a violation of the traffic code, a 15% surcharge applies.