

TAIPA NEWSLINE

A QUARTERLY PUBLICATION OF THE TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
Second Quarter 1995

TAIPA RULES GOVERNING EFFECTIVE DATE OF COVERAGE AMENDED

Section 6 of the TAIPA Plan of Operation, which outlines rules governing effective date of coverage, has been amended. As of June 1, in all cases other than the electronic submission method or when the applicant desires a delayed effective date, coverage will commence at 12:01 a.m. on the day after receipt of the application in the Association office.

The electronic submission procedure (ESP) provides for binding at the time of application completion, using the TAIPA ESP line.

The carrier receipt date on the envelope will no longer determine the effective date. This amendment applies to **any** method of delivery -- be it by hand delivery, regular, certified, express mail or overnight delivery. However, applications mailed prior to June 1 by certified mail, express or delivery service showing the carrier receipt date will become effective at 12:01 a.m. on the day following the date of the carrier receipt date.

Also bear in mind that **in no circumstances** will assignment be made unless the application includes the applicant's name, address, drivers license information, vehicle information, VIN, completed coverage section, signature of applicant and producer, and is submitted with the required deposit premium.

CLARIFICATION OF BINDER FORM SUBMISSION PROCEDURES

Certified producers using new electronic binding procedures are reminded that only the

company copy of the binder form is to be submitted to TAIPA with the application. Do not send the Association copy of the binder form with the completed application, but retain it in your office.

The Association copy of the binder form should be sent with the binder log when you are reordering a new supply of binder forms from TAIPA.

CORRECT PRODUCER INFORMATION ON APP PROTECTS COMMISSIONS

Producer information on item 1 of applications being submitted to TAIPA must match the producer's name as reflected on the agent's license and TAIPA producer certification form.

Producers who wish to use a dba ("doing business as") must first fill in the producer name as reflected on the agent license, followed by the dba.

If the producer information does not conform with TAIPA's producer certification records, the application will be processed, but the discrepancy will generate a letter from TAIPA stating that the producer is uncertified or that the information on the app does not match TAIPA records for certification.

TDI ADOPTS PREMIUM FINANCE RULES, DISCLOSURE FORMS

Effective May 17, before an insurance premium finance company may finance a TAIPA policy, it must provide a comparison between terms offered by the premium finance company and the payment plans available through TAIPA.

The comparison is to be provided to the insured or prospective applicant using the attached Premium Finance Comparison Disclosure Form, which may be reproduced.

Please contact the Texas Department of Insurance (TDI) or your premium finance association if you need further copies of the Premium Finance Disclosure form.

It is the responsibility of the premium finance company to retain the form in its office and have it available the event of an audit by TDI. Do not forward completed copies of the disclosure form to TAIPA.

TDI, which promulgated the form, is also in the process of developing a Spanish version.

ONGOING TAIPA PRODUCER TRAINING COURSES, VIDEOS

The Association will continue to offer TAIPA producer training monthly at the Association office (2028 E. Ben White Blvd., Austin).

Completion of the course is mandatory for Group 2.2 producers who wish to become certified by TAIPA to participate in the new electronic submission procedure and collect commission on TAIPA business. Local recording agents, solicitors and others may take the course at their option.

The three-hour course will be offered at 9 a.m. on May 17, June 14, July 19 and Aug. 16. Thereafter, classes will be scheduled on a Wednesday morning, approximately mid-month.

The registration fee is \$20 per person (to be paid by money order, cashier's or certified check) and must be submitted with the registration form to TAIPA, Box 18447, Austin, TX 78760-8447.

To accommodate Group 2.2 producers who find that coming to TAIPA offices is inconvenient, the Association is offering the course in videotape format as well. For \$30, TAIPA will

send the producer the videotape, handout material and test questions via UPS. The producer is allotted two weeks in which to view the video, successfully complete and return the test questions and videotape to TAIPA.

Or for \$50, TAIPA will sell the producer the videotape, handout material and test questions and send via UPS. The producer is allotted two weeks in which to view the video, successfully complete and return the test questions to TAIPA.

LRAs, solicitors and ISRs who wish to take the course and receive continuing education credits may purchase the video for \$50. After TAIPA receives the individual's letter stating the person's intent to take the course for credit, along with a \$50 money order, cashier's check or certified check, TAIP will send the course materials and "Request for CETIAA Credit" form via UPS.

NEW TAIPA RATES EFFECTIVE JUNE 1; VOLUME EXPECTED TO DROP

A 48.4% statewide average TAIPA rate increase recently granted by Commissioner Elton Bomer takes effect on June 1.

Producers are reminded that the 48.4% figure is a statewide average which includes optional personal injury protection and uninsured/underinsured motorist coverage. The actual rate adjustment will vary by rating territory and by the coverages the applicant selects.

Association officials expect to see a significant decrease in volume of applications, as consumers return to the voluntary market in search of lower premiums.

The 716,035 applications processed last year was down 1% from 1993's 723,165. From January through April 1995, TAIPA has processed 225,133 applications, a decrease of about 9 percent from the 247,665 applications processed during the same period in 1994.

PREMIUM FINANCE COMPARISON DISCLOSURE FORM

IMPORTANT NOTICE!

TO THE APPLICANT: By purchasing liability insurance through the Texas Automobile Insurance Plan Association (TAIPA), with the exceptions described below*, you are eligible to pay the premium for your insurance policy through a monthly installment plan. You will pay monthly service fees for this installment plan. You may also be offered the opportunity to pay your premium with a premium finance plan. With premium finance, you will pay interest charges on the amount borrowed. The chart below compares the total costs of the installment payment plan and the premium finance plan.

TOTAL PREMIUM (before service fees or interest charges): \$ _____

INSTALLMENT PLAN	PREMIUM FINANCE PLAN
You pay a Down Payment of: \$ _____	You pay a Down Payment of: \$ _____
Plus ____ Monthly Payments Of: \$ _____	Plus ____ Monthly Payments Of: \$ _____
For a Total Cost of Premium plus Service Fees of: \$ _____	For a Total Cost of Premium plus Interest Charges of: \$ _____

ATTENTION: You should not sign this form if the payment information has been left blank.

- I have read this form and choose to take a loan through a premium finance company.

.....
Signature

.....
Date

*The TAIPA installment payment plan is not available for commercial automobile insurance policies. You are not eligible for the TAIPA installment payment plan if you have defaulted in the payment of premiums to an insurer and caused a lapse in the policy within the last two years. In other words, if your policy was canceled because you did not pay your premium sometime in the last two years, you are not eligible for the TAIPA installment plan.

(THIS FORM IS REPRODUCIBLE)