

TAIP NEWSLINE

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CHANGES UNDER WAY AS TAIP PREPARES TO BECOME TAIPA

As mandated by HB 1461, the Texas Automobile Insurance Plan Association (TAIPA) governing committee will be comprised of eight insurance company representatives and seven public members.

On Oct. 18, the member companies adopted a plan for election of eight insurance companies to the 15-member TAIPA governing committee. Caucuses of companies which are members of four insurance trade associations will each elect one company; a caucus of nonaffiliated companies elects one company representative; and all members elect companies to fill three at-large slots. Elections followed adoption of the plan. Individuals who will be representing companies elected to the new TAIPA governing committee include:

- Eugene E. Flynn, CPCU, ITT Hartford (American Insurance Association)
- Michael Mott, Liberty Mutual Insurance Company (Alliance of American Insurers)
- Eldon L. Farek, Trinity Universal Insurance Company (Association of Fire and Casualty Companies in Texas)
- Edward Held, Allstate Insurance Company (National Association of Independent Insurers)
- Richard Shellito, State Farm Mutual Insurance Company (nonaffiliated companies)
- Jack Crisci, United Services Automobile Association (at-large)
- Clint Gardner, Texas Farmers Insurance Company (at-large)
- James Langford, Southern Farm Bureau Casualty Insurance Company (at-large)

The five public members who were nominated by the Office of Public Insurance Counsel and approved by the commissioner are:

- Jerry Hicks, an attorney with the law firm of Johnson & Gibbs, Dallas
- Enrique Valdivia, an attorney with Texas Rural Legal Aid, San Antonio

- L.L. "Mick" McBee, an attorney in private practice, Dallas
- Sandra Haverlah, executive director of the Texas Consumer Association, Austin
- Dr. Lynn Brink, professor of government, North Lake College, Dallas County Community College District

The Texas Association of Independent Agents (TAIA) selected Peter Hamel of Houston and William H. Smither to be its temporary ad hoc members on the governing committee. TAIA's final selection will be made in a manner to be specified in the TAIPA Plan of Operation which has not yet been drafted.

The current TAIP governing committee will continue to serve until a new Plan of Operation is adopted and approved by the commissioner.

GOVERNOR APPOINTS HUNTER TO BE INSURANCE COMMISSIONER

On Friday, Oct. 8, Gov. Ann Richards called a press conference to announce her selection of Robert Hunter, consulting actuary and president of the National Insurance Consumer Organization, to be the Texas insurance commissioner.

Hunter has testified frequently before state and federal agencies on public policy and actuarial matters. Hunter testified earlier this year before the State Board of Insurance during the TAIP rate hearings in his capacity as consulting actuary for the Office of Public Insurance Counsel.

AMENDMENT OF TERMINATION PROVISION FOR TAIP POLICIES

Endorsement 544A, which outlines termination provisions for policies issued through TAIP, was amended to include automatic termination provisions. The endorsement, which was renumbered as 544B, must be attached to all personal automobile policies issued on or after Nov. 1, 1993.

The automatic termination provision states that if an insured obtains similar coverage while a policy assigned through TAIP is in force, the TAIP policy will automatically terminate on the effective date of the newly-obtained policy.

The automatic termination section of 544B also provides that if the insured (or the insured's representative) does not accept the insurer's offer to renew or continue coverage, the policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall be interpreted as meaning that the policyholder has declined the insurer's offer to renew.

INSURANCE BOARD ADOPTS DISCOUNT FOR ALCOHOL, DRUG EDUCATION

On Sept. 16, the State Board of Insurance approved a mandatory 5% auto insurance discount effective Dec. 1, 1993, for individuals who complete an approved six-hour alcohol and drug awareness course. The discount applies to private passenger liability, medical payments, personal injury protection and collision coverages. It also applies to persons who are assigned through the Plan.

The education course and instructors must be certified by the Texas Commission on Alcohol and Drug Abuse. The three-year, 5% credit for completion of the alcohol/drug education course will be applied in addition to any credit an individual may receive for other driver improvement courses.

Drivers are not eligible for the discount within seven years of a DWI or DUI conviction.

INSURANCE BOARD ADOPTS CONSUMER BILLS OF RIGHTS

Effective Oct. 2, 1993, the "Consumer Bill of Rights for Personal Auto Insurance" adopted this summer by the insurance board must accompany each new personal auto insurance policy, including those policies which have been assigned through TAIP. The Bill of Rights must also be sent with each renewal notice unless the current version of the Bill of Rights has previously been provided to the policyholder.

COVERAGE MAY NOT DEPEND UPON NUMBER OF VEHICLES

The State Board of Insurance has adopted a rule, effective Sept. 13, prohibiting insurers or agents from conditioning the issuance, renewal, price, continuation or amount of coverage of personal auto in-

urance on the number of vehicles to be insured on the policy or on the purchase of any other policy or policies from the policyholder's personal auto insurer or any affiliate of that insurer.

For example, an insurance company may not refuse to insure an individual who has only one vehicle or because that person has no other supporting business, such as a homeowners policy, with the company or company group.

This rule does not preclude a carrier from offering multicar discounts. (Multicar discounts are not available on policies assigned through TAIP.) It also does not apply when an excess or umbrella policy is provided.

STRICTURE AGAINST DECLINATION BASED ON REJECTION BY ANOTHER

As of Sept. 30, 1993, insurers and agents may not refuse to write personal auto, residential property, life, accident or health insurance on the basis of the applicant's rejection, nonrenewal or cancellation by another company or because the applicant had previously been in a county mutual or surplus lines company.

However, the company may ask whether another carrier declined coverage and may use the same reasons to deny coverage, as long as it would have made the same decision otherwise.

LIMITATIONS ON NONRENEWAL OF FAMILY AUTO POLICY

Also effective Sept. 30, 1993, insurers may not refuse to renew a personal auto policy or require a named driver exclusion for any family member solely because the family's teenager reached driving age.

LAWMAKERS TIGHTEN STANDARDS FOR PROOF OF INSURANCE

Provisions of HB 1461 state that effective Sept. 1, 1993, a personal auto policy used as evidence of financial responsibility must be written for a term of 30 days or more. Before accepting any premium or fee for a personal automobile insurance policy or binder for a term of less than 30 days, an agent or insurer must make written disclosure to the applicant or insured that by law it may not be used to obtain an original or renewal driver's license, an automobile registration or license plates, or a motor vehicle inspection certificate.