

# TAIPA NEWSLINE

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## ESP REQUIRES CLOSE ATTENTION TO APPLICATION PROCEDURES

Response to the electronic submission program (ESP), which enables certified producers to bind coverage immediately has been strong. Over 60 percent of applications processed by TAIPA are now being submitted through ESP. As with any new program, there is always a learning curve. Now is the time for producers to identify and correct their processing to prevent delays and prevent accumulation of producer deficiency points.

**Deficiency Notification Procedures:** To protect your ESP privileges, the Association asks producers to pay close attention to all deficiency code notifications.

Producers who exceed the "norm" for three of six consecutive months may have their ESP privileges suspended for a minimum of 30 days. The "norm" is based upon the producer's monthly application volume. Up to 11 deficiency points can be assigned for a violation, depending upon the severity of the infraction. TAIPA sends producers an advisory letter anytime they exceed their "norm" in a given month.

However, egregious producer conduct can result in immediate suspension of ESP privileges without appearance before the review panel if in the judgment of the Association such action is necessary to protect the consumer.

TAIPA also assigns deficiency points associated with other TAIPA, insurer or consumer complaints against the producer. TAIPA notifies the producer of deficiencies through:

- \* deficiency codes enumerated on the face of the assignment notification card which is sent to the producer after TAIPA has processed the application and assigned it to an insurance company.
- \* return of an incomplete application to the producer.
- \* Producer Certification Program "Insurer/Consumer Advisory" letters or Electronic Submission Procedure "ESP Advisory" letters issued by TAIPA to notify producers of an insurer or consumer complaint. The complaint results in assessment of four deficiency points if the producer does not provide a valid response to the letter within 20 days.

**Policy Cancellation:** Producers should also be aware that the insurance company may cancel the policy within the first 60 days after two written notices for pertinent underwriting information necessary for rating purposes. **Any one of the contacts from TAIPA listed above may serve as the first written notice.**

**Loss of Commission:** Assigned insurers will not pay commissions on TAIPA applications submitted by producers who:

- \* are not certified by TAIPA.
- \* have not notified TAIPA of an address change or additional new location.
- \* have not furnished TAIPA a copy of their renewal license.
- \* submit applications under DBAs and

trade style names that are not an exact match with the name on TAIPA's Letter of Acknowledgement for Certification. Producers who wish to use a DBA or trade style name should register them with the Texas Department of Insurance and notify TAIPA.

on the ESP call. Consistent violation of this procedure will result in suspension or revocation of producer certification and loss of commission.

### SPANISH LANGUAGE ADDED TO MANDATORY TAKE-OUT LETTER

**Correct ESP Procedures:** Due to the high error rate since ESP has come on line, producers should review the following to verify that proper submission procedures are used.

- \* Only one TAIPA binder form may be issued per ESP phone call, with a maximum of five vehicles listed on an application.
- \* Producers must submit the application for insurance in duplicate within one working day of the ESP phone call.
- \* Producers must order binders and have them on hand before using ESP. A TAIPA binder must be issued each time an ESP submission is made. Producers must have placed a separate binder form order for each location in which they will be using ESP.
- \* The green insurer binder copy is to be submitted with the application within one working day of the ESP call. Producers are to retain the blue Association copy until submitting a new binder form order. At that time, the blue copies are to be attached to the binder form log and order form and forwarded to TAIPA.
- \* TAIPA cannot process an applicant's SR-22 until the day following the ESP phone call.
- \* Future effective dates must be entered during the ESP phone call and on the binder form on the "effective date" line. Producers must also enter 12:01 a.m. on the "effective time" line.
- \* The check number on the application must match the check number entered

TAIPA has revised the prescribed take-out letter to include a Spanish version and add a Spanish language notice in the English version. The revised letter has been distributed to insurance companies for use beginning Dec. 1.

Under the mandatory take-out program, if the insured and all other persons who usually operate the vehicle have been licensed to drive for three consecutive years and have maintained coverage through TAIPA for three consecutive years with no accidents or surchargeable traffic convictions, the assigned insurer must offer to provide coverage for one year at voluntary, rate-regulated rates, regardless of whether the insured otherwise meets the company's underwriting guidelines.

The offer can be from the assigned insurer or another voluntary, rate-regulated insurer within the company group (not through a county mutual) at a premium lower than that which would be charged through TAIPA. Coverage offered may not be less than what the insured purchased through TAIPA.

Under the voluntary take-out program, an offer to write a TAIPA insured for one year may be extended by any rate-regulated company if the assigned insured has maintained coverage for at least a year immediately prior to issuing a voluntary policy.

In both programs, the insurer must simultaneously notify the producer of record of the take-out offer and has the option to service the policy through the producer of record.

For each voluntary take-out policy which remains in effect at least 60 days, the insurer receives two credits against its assignment quota for four quarters.

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