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October 11, 2002

TAIPA Bulletin No. 108

To: Member Companies

Plan of Operation Amendments
Sections 11, 12 and 14

At its meeting of May 30, 2002, the Texas Automobile Insurance Plan Association (TAIPA) Governing Committee adopted amendments to Sections 11, 12.A and 14.A of the TAIPA Plan of Operation.

In accordance with the Plan of Operation, these amendments were submitted to the Commissioner of Insurance for his approval. That approval has been given under Board Order No. 02 - 1054 dated October 9, 2002. Attached please find a copy of the Board Order and the Plan of Operation amendments. A copy of the updated Plan of Operation is available on our web site www.taipa.org.

The amendments to Section 11, and Subsections 12.A.1.b and 14.A.3 change the agents' license types to comply with September 1, 2001 legislation.

Subsections 14.A.3 and 14.E.5 are amended to change the name of the Texas Association of Independent Insurance Agents of Texas to its current name of Independent Insurance Agents of Texas.

Subsection 14.F.1 amends the definition of a quorum as required to hold Governing Committee meetings. The requirement that at least one of the attending members must be a public member is included.

If you have any questions, please feel free to contact me at the above telephone number or email address.

Sincerely,



Margaret Alsobrook
Operations Manager

enclosures

Proposed Amended Rules to the
TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
PLAN OF OPERATION

Amended Section 11

Section 11. PRODUCER CERTIFICATION PROGRAM

The Governing Committee of the Association shall certify qualifying insurance producers licensed to transact property and casualty insurance in Texas to submit applications to the Association on behalf of their clients. All producers requesting certification must certify in writing that they hold a valid Texas property and casualty license, must agree that they will abide by the Performance Standards for Producers and the rules and procedures of the Association, and must certify that they have on premises a current Texas Auto Manual. The producer must include a copy of his/her Texas General Lines – Property and Casualty License, Limited Lines – Property and Casualty License, or County Mutual Agent License with the Application for Certification.

The Governing Committee shall be responsible for creating and maintaining the Producers Procedures Course. All decertified producers who make an application for recertification following the termination of decertification period are required to attend this course.

All changes of address and copies of all subsequent renewal licenses must also be submitted to the Association.

Amended Subsection 12.A.1.b.

Section 12. PERFORMANCE STANDARDS FOR PRODUCERS

A. Performance Standards

1. Original applications shall be fully completed and must include:

- a. necessary information to rate and write the policy, prepare a bill, and make any required filings;
- b. name, address, Texas license number, and tax identification number of producer;
- c. signature of applicant and producer; and
- d. premium payment submitted gross with the application in accordance with the Association rules. The premium payment or deposit shall be either by producer's check, applicant's check, certified check, cashier's check, premium finance company check, or money order payable to the Texas Automobile Insurance Plan Association.

Amended Subsection 14.A.3.

Section 14. ADMINISTRATION

A. Governing Committee

3. Two members shall be licensed General Lines – Property and Casualty Agents, or Limited Lines – Property and Casualty Agents, one of whom is selected by the Independent Insurance Agents of Texas and the other by the Commissioner of Insurance. The producer representatives to the Governing Committee serve a one year term.

The Independent Insurance Agents of Texas may appoint an alternate, subject to the approval of the Commissioner of Insurance. If either producer member is unable to attend a meeting of the Governing Committee, that person may designate the alternate to attend the meeting and act for the absent member.

Amended Subsection 14.E.5.

Section 14. ADMINISTRATION

E. Vacant Seats

5. The Independent Insurance Agents of Texas will select an Independent Insurance Agents of Texas replacement if a vacancy occurs.

Amended Subsection 14.F.1.

Section 14. ADMINISTRATION

F. Duties of the Governing Committee

1. The Governing Committee shall meet as often as may be required to perform the general duties of administration of the Association. The presence of nine members of the Governing Committee, which includes at least one public member, constitutes a quorum.

No. **02-1054**

Official Order
of the
Commissioner of Insurance
of the
State of Texas
Austin, Texas

Date: **OCT 09 2002**

Subject Considered:

**TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
AMENDMENTS TO SECTIONS 11, 12, and 14
OF THE PLAN OF OPERATION**

General remarks and official action taken:

On this day, under reference number A-0702-29, came on for consideration by the Commissioner of Insurance, amendments to Sections 11, 12, and 14 of the Plan of Operation of the Texas Automobile Insurance Plan Association (TAIPA) as proposed by TAIPA's governing committee. Pursuant to the Insurance Code, Article 21.81, Sec. 3, the governing committee may make and amend the Plan of Operation, subject to the approval of the Commissioner. Notice of the proposed amendments was published in the Texas Register on September 20, 2002 (27 TexReg 8993).

One proposal is to amend the TAIPA Plan of Operation, Section 11 and Sections 12.A.1.b and 14.A.3 to conform the agents' license types to be consistent with current statutory agents' license types. References to agents' licenses will be changed from Local Recording Agents and Group 2.2 (county mutual) agents' licenses to General Lines - Property and Casualty, Limited Lines - Property and Casualty, and County Mutual Agent licenses.

Another proposal is to amend Sections 14.A.3 and 14.E.5 to change "Texas Association of Independent Insurance Agents" to its current name, "Independent Insurance Agents of Texas."

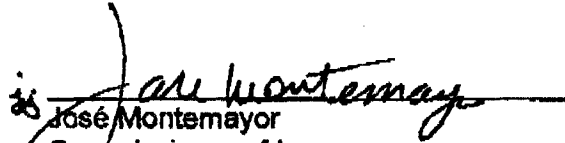
The remaining proposal is to amend Section 14.F.1 to change the definition of a quorum for holding a Governing Committee meeting. The fifteen-member Governing Committee and the Manager administer TAIPA pursuant to its Plan of Operation. The current rule states that ten members must be present and does not require the presence of a public member. The proposed amendment provides that the presence of nine members, including at least one public member, constitutes a quorum. A survey was conducted of the other states to determine their quorum requirements for similar automobile insurance plans. The proposed amendment is supported by information from this survey.

02-1054

Official Order of the Commissioner of Insurance
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These amendments are found to be acceptable.

IT IS, THEREFORE, ORDERED that the amendments to Sections 11, 12, and 14, TAIPA Plan of Operation, described above and attached hereto are hereby adopted, effective immediately.


José Montemayor
Commissioner of Insurance