

April 10, 1995

TAIPA Bulletin No. 18**To All Member Companies:****A-Affordable Insurance Agency, Dallas**

In Bulletin Number 8 dated January 25, 1995, all member companies were notified that the A-Affordable agency had been placed in Chapter 7 Bankruptcy for termination and liquidation.

Recently, member companies were notified of a claim that Illinois Vehicle Insurance Agency had purchased from the bankruptcy trustee the right to be producer of record on all policies where Jeffrey M. Sacks d/b/a A-Affordable Insurance had been producer of record. Many companies have contacted the Association office raising questions about this claim.

The companies are directed to Section 10.A of the Plan of Operation. It provides in part:

Compensation shall be paid to the licensed producer designated by the insured in the application...

Proceedings have been instituted by the Texas Department of Insurance to revoke the agent's license of Mr. Jeffrey Sacks. To our knowledge this proceeding is not contested by Mr. Sacks. At present there are no rules governing procedures to be followed by companies in these circumstances. However, on May 1, 1995, the Producer Certification Program and its Rules of Operation become effective and will certainly govern policies renewing on and after May 1. Section N entitled "In Force Policies of Uncertified Producers" sets out the procedures for companies to follow. These procedures will become mandatory on May 1 and the companies may choose to follow them prior to that date in this matter.

Very truly yours,



(Ms.) Margaret Alsobrook
Operations Manager

MDA:rg

(Date)

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Margaret Alsbrook
Operations Manager

THOMPSON, COE, COUSINS & IRONS, L.L.P.

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