

TAIPA

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

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OPERATIONS MANAGER

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June 12, 1996

TAIPA Bulletin No. 38

To: Member Companies

August 1, 1996 Rates

The Commissioner of Insurance has adopted new private passenger and commercial rates for insurance written through the Texas Automobile Insurance Plan Association (TAIPA) which will become effective August 1, 1996.

Enclosed with this bulletin is Commissioner's Bulletin No. B.0039-96 which includes the "machine letter" and rate pages.

Attached to this TAIPA bulletin is an amendment to page 37 of the Commissioner's Bulletin B0039-96 and the Commissioner's revisions dated June 9, 1996.

Sincerely,



Margaret Alsobrook
Operations Manager

MDA:dr
enclosure

THE NEW RETROSPECTIVE RATING PLAN - TEXAS

TABLE B.
TEXAS

TABLE OF AUTOMOBILE LIABILITY EXPENSE RATIOS
(EXCLUDING THE PROVISIONS FOR THE TAX MULTIPLIER)

Public (Excl. School Buses) and Zone Rated Automobiles

(1) Subject Premium	(2) Expense Ratio
\$5,000	0.276
5,034	0.275
5,103	0.274
5,173	0.273
5,245	0.273
5,320	0.272
5,396	0.271
5,475	0.270
5,556	0.269
5,640	0.268
5,726	0.267
5,814	0.266
5,906	0.265
6,000	0.264
6,098	0.263
6,199	0.262
6,303	0.261
6,411	0.260
6,522	0.259
6,638	0.258
6,757	0.257
6,881	0.256
7,010	0.255
7,143	0.254
7,282	0.253
7,426	0.252
7,576	0.251
7,732	0.250
7,895	0.249
8,065	0.248
8,242	0.247
8,427	0.246
8,621	0.245
8,824	0.244
9,037	0.243
9,260	0.242
9,494	0.241

(1) Subject Premium	(2) Expense Ratio
\$9,471	0.240
10,000	0.239
10,274	0.238
10,564	0.237
10,870	0.236
11,195	0.235
11,539	0.234
11,905	0.233
12,296	0.232
12,712	0.231
13,158	0.230
13,637	0.229
14,151	0.228
14,706	0.227
15,307	0.226
15,958	0.226
16,667	0.225
17,442	0.224
18,293	0.223
19,231	0.222
20,271	0.221
21,429	0.220
22,728	0.219
24,194	0.218
25,863	0.217
27,778	0.216
30,000	0.215
30,646	0.214
31,319	0.213
32,023	0.212
32,759	0.211
33,530	0.210
34,338	0.209
35,186	0.208
36,076	0.207
37,013	0.206
38,000	0.205

(1) Subject Premium	(2) Expense Ratio
\$39,042	0.204
40,141	0.203
41,305	0.202
42,538	0.201
43,847	0.200
45,239	0.199
46,722	0.198
48,306	0.197
50,000	0.196
51,819	0.195
53,774	0.194
55,883	0.193
58,164	0.192
60,639	0.191
63,334	0.190
66,280	0.189
69,513	0.188
73,077	0.187
77,028	0.186
81,429	0.185
86,364	0.184
91,936	0.183
98,276	0.182
105,556	0.181
114,000	0.180
123,914	0.179
135,715	0.178
150,000	0.178
167,648	0.177
190,000	0.176
219,231	0.175
259,091	0.174
316,667	0.173
407,143	0.172
570,000	0.171
950,000	0.170
2,850,000	0.169



Texas Department of Insurance

333 Guadalupe Street P. O. Box 149104 Austin, Texas 78714-9104
512/463-6169

June 9, 1996

TO: All Companies Writing Private Passenger Automobile and Commercial Automobile Insurance in Texas

RE: Revisions to the 1996 Commercial Auto Machine Letter and Rate Bulletin

A revision to the machine letter and rate bulletin for commercial auto was needed after the final drafts were sent to the press. Please make the following revisions to the 1996 Commercial Auto Machine Letter and Rate Bulletin:

- Replace pages 32 ("Dealer's Collision Rates") and 33 ("Dealer's Drive-Away Collision") of the Commercial Auto Machine Letter with the attached pages 32 ("Dealer's Collision Rates") and 33 ("Dealer's Drive-Away Collision").
2. Replace pages 25 ("Physical Damage for Dealers") and 26 ("Dealer's Blanket Collision Rates per \$100 of Insurance") of the Commercial Auto Rate Bulletin with the attached pages 25 ("Physical Damage for Dealers") and 26 ("Dealer's Blanket Collision Rates per \$100 of Insurance").
3. Add new pages 40 ("Trucks, Tractors and Trailers -- Non-Fleet Primary Classifications") and 41 ("Trucks, Tractors and Trailers -- Fleet Primary Classifications") to the back of the Commercial Auto Rate Bulletin.

We apologize for any confusion this may cause.

Sincerely,

A handwritten signature in black ink, appearing to read "Mah", written over a horizontal line.

C.H. Mah, Associate Commissioner
Texas Department of Insurance

H. 3. Physical damage - Premium development
a., b. and c.

**PHYSICAL DAMAGE
DEALERS' RATES
ALL RATES PER \$100 OF INSURANCE**

Territory				
Refer to Rule 94 for definition of Miscellaneous Types.	01,05,14,23, 39,40,41,57, 59,60	02,03,04,06 10,22,32,34, 37,38,46,47, 48,49,51,52, 53,54,55,56, 58,63 64,66	07,11,13,20 21,24,27,28, 31,42,43,44, 45	12,16,61 62,65
Dealers' Fire Rate	\$0.17	\$0.17	\$0.17	\$0.17
* Dealers' Theft Rates				
Storage in Bldg. & Std. Open Lots	.96	.94	.94	1.05
Storage in Non-Std. Open Lots	1.02	.97	.97	1.10
Miscellaneous Types	0.21	0.21	0.21	0.21
* Dealers' Specified Causes of Loss Rates				
Buildings	1.91	1.84	1.84	2.03
Open Lots and Mobilehome Dealers				
Standard Open Lots	3.25	3.00	3.02	3.72
Non-Standard Open Lots	3.52	3.25	3.26	4.03
Miscellaneous Types				
Buildings	1.12	1.10	1.10	1.18
Open Lots	2.59	2.38	2.38	3.00
** Dealers' Limited Specified Causes of Loss Rate				
Buildings	1.85	1.79	1.79	1.97
Open Lots and Mobilehome Dealers				
Standard Open Lots	3.20	2.95	2.97	3.67
Non-Standard Open Lots	3.47	3.20	3.23	3.98
Miscellaneous Types				
Buildings	1.09	1.05	1.05	1.12
Open Lots	2.53	2.32	2.35	2.97
* Comprehensive Coverage				
Storage in Bldg.	2.27	2.21	2.21	2.41
Storage in Std. Open Lots	3.75	3.47	3.51	4.25
Storage in Non-Std. Open Lots	3.81	3.53	3.55	4.31
Miscellaneous Types	2.97	2.76	2.78	3.43

Rates shown are for \$100 per car/\$500 per occurrence deductible applicable to Theft and M & V.
Rates shown are for \$100 per car/\$500 per occurrence deductible applicable to Theft.

Optional deductibles are \$250/\$1,000 at 0.90 of the above rates and
\$500/\$2,500 at 0.75 of the above rates.

(c) DEALERS BLANKET COLLISION RATES PER \$100 OF INSURANCE

Form of Collision Coverage	Reporting Form Total of Values Reported Each Month or Quarter	or	Non-Reporting Form Total of Limits of Liability	Entire State
\$25 Deductible	First \$50,000 and under			4.80
	From \$50,001 to \$100,000			1.90
	Over \$100,000			0.95
\$50 Deductible	First \$50,000 and under			2.80
	From \$50,001 to \$100,000			1.10
	Over \$100,000			0.55
\$100 Deductible	First \$50,000 and under			2.00
	From \$50,001 to \$100,000			0.80
	Over \$100,000			0.40
\$250 Deductible	First \$50,000 and under			1.30
	From \$50,001 to \$100,000			0.50
	Over \$100,000			0.25
\$500 Deductible	First \$50,000 and under			1.00
	From \$50,001 to \$100,000			0.40
	Over \$100,000			0.20
\$1,000 Deductible	First \$50,000 and under			0.90
	From \$50,001 to \$100,000			0.35
	Over \$100,000			0.20

TEXAS COMMERCIAL AUTOMOBILE PHYSICAL DAMAGE INSURANCE

**DEALERS' COLLISION RATES
(TEXAS AUTOMOBILE RULES AND RATING MANUAL PAGE 195)**

DEALERS' ANNUAL BLANKET COLLISION RATES PER \$100 OF INSURANCE	
<i>Revised Base Rates</i>	
\$25 Deductible	\$4.80
50 Deductible	2.80
100 Deductible	2.00
250 Deductible	1.30
500 Deductible	1.00
1,000 Deductible	0.90
<i>Value Differentials</i>	
First \$50,000	1.00
\$50,001 - \$100,000	0.40
Over \$100,000	0.20

METHOD OF CALCULATION

Multiply the Base Rate for the desired Deductible by the Value Differential.
Round to nearest 5 cents.

EXAMPLE

Total of Values Reported, \$75,000; \$500 Deductible.

$$\$1.00 \times 0.40 = \$0.40$$

TEXAS COMMERCIAL AUTOMOBILE PHYSICAL DAMAGE INSURANCE

**DEALERS' COLLISION RATES
(TEXAS AUTOMOBILE RULES AND RATING MANUAL PAGE 195)**

DEALERS' "DRIVE-AWAY" COLLISION PREMIUMS

<i>Revised Base Premium:</i>	\$27.84
<i>Price Differentials:</i>	
\$0 - \$7,500	0.235
7,501 - 15,000	0.339
15,001 - 25,000	0.457
25,001 - 40,000	0.572
40,001 - 65,000	0.800
Over \$65,000	1.000
<i>Mileage Differentials:</i>	
0 - 500	0.362
501 - 1,000	0.602
1,001 - 1,500	0.800
Over 1,500	1.000
<i>Deductible Differentials:</i>	
\$100	1.667
\$250	1.000
\$500	0.813
<i>Coverage Differentials:</i>	
Individual	1.000
Blanket	0.500

METHOD OF CALCULATION

- (1) Multiply Price Differential by Mileage Differential by Deductible Differential by Coverage Differential. Round result to three decimals
- (2) Multiply result in (1) by base premium. Round to nearest cent.

EXAMPLE

Price new \$25,001 - \$40,000; Mileage 1,001 - 1,500; \$500 Deductible; Blanket Coverage

- (1) $0.572 \times 0.800 \times 0.813 \times 0.500 = 0.186$
- (2) $0.186 \times \$27.84 = \5.18

57. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS

B. Primary Classifications

5.a. NON-FLEET PRIMARY CLASSIFICATIONS - RATING FACTORS AND STATISTICAL CODES

Size Class	Business Use Class	Factor Code	Radius Class								
			Local Up to 50 Miles		Intermediate 51 to 200 Miles			Long Distance Over 200 Miles			
			Liability	Coll. & OTC	Liability	Coll.	OTC	Liability	Coll.	OTC	
Light Trucks (0 - 10,000 lbs. G.V.W)	Service	Factor Code	1.00 011...	1.00 011...	1.10 012...	1.90 012...	1.35	1.47 013...	3.00 013...	1.85	
	Retail	Factor Code	1.43 021...	1.20 021...	2.08 022...	2.10 022...	1.55	1.89 023...	3.20 023...	2.05	
	Commercial	Factor Code	1.31 031...	1.15 031...	1.35 032...	2.05 032...	1.50	2.07 033...	3.15 033...	2.05	
ZONE RATED											
Medium Trucks (10,001 - 20,000 lbs. G.V.W)	Service	Factor Code	0.93 211...	0.90 211...	1.23 212...	1.69 212...	1.21	0.95 213...	0.95 213...		
	Retail	Factor Code	1.19 221...	1.07 221...	1.58 222...	1.87 222...	1.38	0.95 223...	0.95 223...		
	Commercial	Factor Code	1.10 231...	1.16 231...	1.67 232...	1.96 232...	1.47	0.95 233...	0.95 233...		
Heavy Trucks (20,001 - 45,000 lbs. G.V.W)	Service	Factor Code	0.83 311...	0.82 311...	1.40 312...	1.47 312...	1.07	1.00 313...	1.00 313...		
	Retail	Factor Code	1.59 321...	1.04 321...	2.69 322...	1.69 322...	1.29	1.00 323...	1.00 323...		
	Commercial	Factor Code	1.34 331...	1.08 331...	3.24 332...	1.73 332...	1.33	1.00 333...	1.00 333...		
Extra-Heavy Trucks (Over 45,000 lbs. G.V.W.)	Factor Code	1.72 401...	1.03 401...	2.50 402...	1.63 402...	1.26	1.10 403...	1.10 403...			
Heavy Truck-Tractors (0 - 45,000 lbs. G.C.W)	Service	Factor Code	1.45 341...	0.82 341...	1.87 342...	1.47 342...	1.07	1.00 343...	1.00 343...		
	Retail	Factor Code	2.01 351...	1.04 351...	2.83 352...	1.69 352...	1.29	1.00 353...	1.00 353...		
	Commercial	Factor Code	1.43 361...	1.08 361...	2.12 362...	1.73 362...	1.33	1.00 363...	1.00 363...		
Extra-Heavy Truck Tractors (Over 45,000 lbs. G.C.W.)	Factor Code	2.00 501...	1.03 501...	2.76 502...	1.63 502...	1.26	1.10 503...	1.10 503...			
TRAILER TYPES											
Semi-trailers	Factor Code	0.14 671...	1.03 671...	0.25 672...	1.44 672...		0.15 673...	1.00 673...			
Trailers	Factor Code	0.14 681...	1.03 681...	0.22 682...	1.44 682...		0.15 683...	1.00 683...			
Service or Utility Trailer (0 - 2,000 lbs. load capacity)	Factor Code	0.00 691...	1.03 691...	0.00 692...	1.44 692...		0.00 693...	1.00 693...			

5.b. FLEET PRIMARY CLASSIFICATIONS - RATING FACTORS AND STATISTICAL CODES

Size Class	Business Use Class	Factor Code	Radius Class								
			Local Up to 50 Miles		Intermediate 51 to 200 Miles			Long Distance Over 200 Miles			
			Liability	Coll. & OTC	Liability	Coll.	OTC	Liability	Coll.	OTC	
Light Trucks (0 - 10,000 lbs. G.V.W)	Service	Factor Code	1.00 014...	1.00 014...	1.10 015...	1.90 015...	1.35	1.47 016...	3.00 016...	1.85	
	Retail	Factor Code	1.43 024...	1.20 024...	2.08 025...	2.10 025...	1.55	1.89 026...	3.20 026...	2.05	
	Commercial	Factor Code	1.31 034...	1.15 034...	1.35 035...	2.05 035...	1.50	2.07 036...	3.15 036...	2.05	
ZONE RATED											
Medium Trucks (10,001 - 20,000 lbs. G.V.W)	Service	Factor Code	0.93 214...	0.90 214...	1.23 215...	1.69 215...	1.21	0.95 216...	0.95 216...		
	Retail	Factor Code	1.19 224...	1.07 224...	1.58 225...	1.87 225...	1.38	0.95 226...	0.95 226...		
	Commercial	Factor Code	1.10 234...	1.16 234...	1.67 235...	1.96 235...	1.47	0.95 236...	0.95 236...		
Heavy Trucks (20,001 - 45,000 lbs. G.V.W)	Service	Factor Code	0.83 314...	0.82 314...	1.40 315...	1.47 315...	1.07	1.00 316...	1.00 316...		
	Retail	Factor Code	1.59 324...	1.04 324...	2.69 325...	1.69 325...	1.29	1.00 326...	1.00 326...		
	Commercial	Factor Code	1.34 334...	1.08 334...	3.24 335...	1.73 335...	1.33	1.00 336...	1.00 336...		
Extra-Heavy Trucks (Over 45,000 lbs. G.V.W.)	Factor Code	1.72 404...	1.03 404...	2.50 405...	1.63 405...	1.26	1.10 406...	1.10 406...			
Heavy Truck- Tractors (0 - 45,000 lbs. G.C.W)	Service	Factor Code	1.45 344...	0.82 344...	1.87 345...	1.47 345...	1.07	1.00 346...	1.00 346...		
	Retail	Factor Code	2.01 354...	1.04 354...	2.83 355...	1.69 355...	1.29	1.00 356...	1.00 356...		
	Commercial	Factor Code	1.43 364...	1.08 364...	2.12 365...	1.73 365...	1.33	1.00 366...	1.00 366...		
Extra-Heavy Truck Tractors (Over 45,000 lbs. G.C.W.)	Factor Code	2.00 504...	1.03 504...	2.76 505...	1.63 505...	1.26	1.10 506...	1.10 506...			
TRAILER TYPES											
Semi-trailers	Factor Code	0.14 674...	1.03 674...	0.25 675...	1.44 675...		0.15 676...	1.00 676...			
Trailers	Factor Code	0.14 684...	1.03 684...	0.22 685...	1.44 685...		0.15 686...	1.00 686...			
Service or Utility Trailer (0 - 2,000 lbs. load capacity)	Factor Code	0.00 694...	1.03 694...	0.00 695...	1.44 695...		0.00 696...	1.00 696...			