

September 23, 1996

TAIPA Bulletin No. 43**To All Member Companies:****Plan of Operation Amendments**

At its meeting on July 25, 1996, the Governing Committee adopted amendments to Sections 13.B.3. and 15 of the TAIPA Plan of Operation. Copies of the amendments are attached.

In accordance with the Plan of Operation these amendments were submitted to the Commissioner for his approval. That approval has now been given in Board Order No. 961098 dated 9/19/96.

The amendment to Section 13.B.3 amends this section to correspond to the amendments made to Section 13. B.2., Section 16.K.4 and Section 17.A.3 of the Plan of Operation.

The amendment to Section 15 does two things: first it corrects the description of the membership fee to delete the modifier "a minimum" secondly it conforms the language of the Plan of Operation to that of the statute by deleting "net direct written premiums" and substituting "writings."

Also attached is a revised Company Performance Complaint Form which corresponds to the amendments to Sections 13.B.2 and 13.B.3.

Sincerely,



Margaret Alsobrook
Operations Manager

MDA:dr
enclosure

Amendment to the
TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
PLAN OF OPERATION
(Adopted at July 25, 1996 Meeting)

Amend Section 13.B.3 of the Plan of Operation to read as follows:

3. End of Assignment Period

At least 30 ~~[60]~~ calendar days (~~60 calendar days for risks written on a Business Auto Coverage form~~) prior to the expiration date of the final renewal of the assignment period, the insurer shall notify the insured that the period of assignment under the Plan of Operation will terminate on said expiration date. A copy of such notice shall be sent to the producer.

Amendment to the
TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
PLAN OF OPERATION
(Adopted at July 25, 1996 Meeting)

Amend Section 15 of the Plan of Operation to read as follows:

Section 15. COST OF ADMINISTRATION

A. Membership Fee

Each member of the Association shall pay an [~~a minimum~~] annual membership fee, the amount of which is determined by the Governing Committee.

B. Assessment

Each member's ratio of voluntary private passenger liability writings [~~net direct written premiums~~] and voluntary all other automobile liability writings [~~net direct written premiums~~] to the statewide industry respective totals is the basis of apportionment of all Association expense incurred in excess of the membership [~~minimum~~] fees.

If at the time of assessment for any calendar year, data for the second prior year is not available, the assessment shall be based upon the latest available year's data. In such event, the assessment shall be adjusted subsequently using the data for the second prior year.

If an assessment made upon a member insurer is not paid within a reasonable time, the Association may bring an action to collect the same. In addition, the Association may report such fact to the Commissioner for the institution of disciplinary action as provided in Article 1.10 of the Insurance Code.

C. Insurers Not Writing

No assessment other than the [~~minimum~~] annual fee may be levied against an insurer which has written no automobile liability insurance other than for Association insureds during the period for which the quotas are based.

TÉXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION - COMPANY PERFORMANCE COMPLAINT FORM

Re: _____
INSURED

POLICY NUMBER

T.A.I.P.A. BINDER NUMBER

INSTRUCTIONS TO PRODUCER: When company has failed to perform in accordance with Association Performance Standards, complete this form. Attach documentation, give specifics in REMARKS section and send original to insurance company. Send duplicate to T.A.I.P.A.

MAIL ORIGINAL TO INSURANCE COMPANY

INSURANCE COMPANY

ADDRESS

CITY, STATE ZIP

PRODUCERS NAME

ADDRESS

CITY, STATE, ZIP

THE ABOVE COMPANY HAS BEEN IN VIOLATION OF THE PERFORMANCE STANDARDS AS ADOPTED BY T.A.I.P.A.

- ISSUANCE OF ORIGINAL POLICY** -The insurer must mail an appropriate policy within 30 calendar days of receipt of the completed application for new business.
- FILINGS** - Any filings shall be issued within 2 working days following the receipt of the assignment.
- SURCHARGES** - On initial application the insurer shall furnish to the insured and producer a listing of undisclosed accidents/convictions which determined the surcharge.
- ENDORSEMENTS** - Any endorsement requested by the insured shall be issued and mailed within 30 days.
- RETURN PREMIUM** - Within 30 days of receipt of a request for cancellation or an endorsement resulting in a return premium, the insurer shall mail the return premium. Return premiums from changes to the policy may be used to reduce the outstanding balance.
- RENEWAL QUOTE** - At least 30 calendar days (60 calendar days for risks written on a Business Auto Coverage form) prior to inception, notify the insured of a renewal premium.
- RENEWAL POLICY** - Within 30 Calendar days of the insurer's receipt of renewal premium or deposit a renewal policy shall be mailed.
- PRODUCER COMPENSATION** - Within 40 days of receipt of the gross premium the insurer shall refund compensation
- NON RENEWAL** - At least 30 days (60 calendar days for risks written on a Business Auto Coverage form) prior to the expiration, the insurer shall notify the insured of non renewal.
- CLAIMS** - Insurers shall provide policyholders and producers with information on how and where to file claims

REMARKS: _____

Company Must Respond To TAIPA and Producer within 20 Days.

SEND DUPLICATE TO -
TÉXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
CUSTOMER SERVICE UNIT
PO BOX 18447
AUSTIN, TEXAS 78760-8447

PRODUCERS SIGNATURE

14-4031

COMPANY COPY