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July 22, 1997

TAIPA Bulletin No. 59**To All Member Companies:****Plan of Operation Amendments
Sections 13.B.7, 13.C & 16.D.**

The Texas Auto Insurance Plan Association (TAIPA) Governing Committee has adopted amendments to Section 13.B.7., 13.C. and 16.D. 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. 97-0673 dated July 9, 1997. Attached is a copy of the Board Order and amendments.

If you have any questions, please contact the undersigned.

Sincerely,



Margaret Alsobrook
Operations Manager

MDA;dr
enclosure -06

No. 97-0673

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

Date: JUL 09 1997

Subject Considered:

**TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
AMENDMENTS TO SECTION 13.B.7., 13.C., AND 16.D. OF
THE PLAN OF OPERATION**

General remarks and official action taken:

On this day, under reference numbers A-0397-08, A-0697-17, and A-0697-20, came on for consideration by the Commissioner of Insurance, amendments to Sections 13.B.7., 13.C., and 16.D. of the Plan of Operation of the Texas Automobile Insurance Plan Association (TAIPA) pursuant to the authority and jurisdiction granted to the Commissioner by the Insurance Code, Article 21.81. The amendments are attached hereto and incorporated by reference.

The Plan of Operation's Section 13.B.7. "Producer Compensation" is amended by adding language allowing only insurers who issue producer compensation statements on personal auto policies to file producer complaints concerning repayment of unearned compensation. The purpose of this amendment is to encourage companies to use an accounting system that will generate monthly statements accounting for all policies on which the producer is producer of record. It is anticipated that this can simplify the procedure for return compensation which arises when a policy is terminated prior to expiration.

Section 13.C. of the Plan of Operation is amended by adding a new subsection 7 and numbering a part of the current subsection 6 as subsection 8. The purpose of this amendment is to establish a threshold number of valid complaints that will warrant follow-up by TAIPA where service problems have arisen with an insurer.

Section 16 of the Plan of Operation is amended to restore some language which was inadvertently omitted when Section 16 was rewritten in its entirety. This language concerns a maximum limitation on the number of motor vehicles included in an assignment. This language was formerly in Section 16.D.3.

97-0673

COMMISSIONER'S ORDER

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

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IT IS THEREFORE ORDERED that the amendments to Sections 13.B.7., 13.C., and 16.D. of the TAIPA Plan of Operation described above and attached hereto are hereby adopted effective as of August 1, 1997.


ELTON BOMER
COMMISSIONER OF INSURANCE

97-0673

Amendment to
TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
PLAN OF OPERATION
(Adopted at May 22, 1997 meeting)

Amend Subsection 13.B.7. to read as follows:

7. Producer Compensation

Within 40 days of receipt of the gross premium, the insurer must issue the proper compensation check except if the producer fails to provide his/her proper identification number. Compensation shall be paid by the insurer on the full annual premium. A producer accounting system may be utilized by an insurer in its payment of producer compensation. Compensation will not be paid on installment charges. Final compensation adjustment will be in accordance with Section 10. Only an insurer which issues producer compensation statements on personal auto policies reporting all activity for that producer for no more than the preceding 31 days may file producer complaints concerning repayment of unearned compensation.

97-0673

Amendment to
TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
PLAN OF OPERATION
(Adopted at March 13, 1997 meeting)

Amend Section 13.C. by adding a new Subsection 7. and numbering a part of the current Subsection 6. as Subsection 8., to read as follows:

C. Procedures For Compliance With Performance Standards

1. A copy of the complaint mailed to the insurer is to be sent to the Association. Such complaint is to be based upon non-compliance with Insurer Performance Standards.

The insurer must give a written response to the producer and the Association within 20 days of receipt of the complaint.

2. Upon receipt by the Association of the producer complaint:

a. the type of complaint for each insurer is logged;

b. the Association copy is to be filed.

3. If the complaint is determined to be invalid, the Association shall so record it and advise the insurer and the producer.

4. In the absence of an acknowledgment from the insurer stating resolution of the complaint within 20 days, a follow-up letter will be sent to the insurer giving ten days to respond.

5. If after ten days the insurer does not respond, the Association will contact an executive of the insurer and notify the producer.

6. If after an executive of the insurer is contacted, the matter is not resolved, the files will be turned over to the Governing Committee for further action and the producer will be advised of such action.

7. If, in a single month, the number of valid complaints against an insurer exceeds the greater of two or 1/10 of 1% of the most recent three month total of assignments of the insurer, then the Association will send a letter to the insurer asking for an explanation as to why these monthly limits were exceeded. The insurer must respond in writing within 20 days. The response must include its intended plans to resolve any problems.

If an insurer fails to timely or adequately respond, or exceeds the prescribed limits in three consecutive months, it will be referred to the Governing Committee for further action.

8. If the Governing Committee finds that any insurer without good cause is not complying with the provisions of this section, it shall notify the Commissioner of Insurance.

97-0673

Amendment to
TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
PLAN OF OPERATION
(Adopted at May 22, 1997 meeting)

Amends Section 16.D. to read as follows:

- D. Except as provided in sub-sections B and K, distribution will be made on the basis that any applicant may be assigned to any member. ~~An insurer is required to accept assignment to insure up to five motor vehicles.~~ The assignment of applicants with more than five motor vehicles is subject to the following restrictions:
1. due consideration will be given to the ability of the respective member to provide service to the applicant;
 2. no applicant will be assigned to more than one member unless it is inequitable to assign it to one member by reason of the unusual hazard or unusual accident record of the applicant;
 3. if the unusual hazard or unusual accident record of an applicant requires assignment to more than one member, no member is obligated to accept an assignment of more than five motor vehicles of that applicant.