



TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

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December 5, 1997

TAIPA Bulletin No. 63

To: Member Companies

Re: Revised Commercial Rates

As of this date, the Commissioner has not issued an order adjusting TAIPA rates. A Commissioner's Order was issued on November 3, 1997 adjusting *benchmark* rates effective January 20, 1998.

Rates for Other Than Private Passenger have always followed the commercial benchmark rates and no separate TAIPA rates for these classes and this line have ever been promulgated.

In Commissioner's Order No. 96-0591, the Commissioner ordered:

...the rates applicable to commercial automobile policies assigned through TAIPA are the commercial automobile benchmark rates established in docket No. 454-95-1218.G, with such rates to be effective 12:01 a.m. August 1, 1996.

A strict interpretation of this language suggest that it is not necessary to change TAIPA rates until the TAIPA order is issued. However, the Texas Department of Insurance has issued its commercial automobile machine letter for revised pages of August 1, 1996 rates. These revisions are to give effect to the change in the tort reform rate reduction factors, which become effective January 20, 1998. *All member companies must make these adjustments.*

The Department has also issued its machine letter covering commercial automobile rates effective January 20, 1998, which also take into account the tort reform rate reduction factors effective January 20, 1998. Because TAIPA rates for Other Than Private Passenger are always ordered to be the benchmark rates and because rates for TAIPA risks must be uniform, it is the belief of TAIPA that member companies should write any assignments or renewals which are effective on or after January 20 at the January 20, 1998 benchmark rates as modified by the tort reform rate reduction factors.

Any question on this bulletin should be directed to the Operations Manager at the number shown above.

Sincerely,


Margaret Alsobrook
Operations Manager