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November 21, 2000

TAIPA Bulletin No. 93A

To: Member Companies

Personal Injury Protection Rating

In follow-up to our TAIPA Bulletin No. 93, the Commissioner of Insurance has now adopted amendments to the Texas Automobile Rules and Rating Manual concerning Personal Injury Protection coverage.

For your information, attached please find a copy of the Commissioner's Bulletin No. B-0061-00, which includes these amendments.

If you have any questions on this matter, please contact me at the above address.

Sincerely,



Margaret Alsobrook
Operations Manager

COMMISSIONER'S BULLETIN NO. B-0061-00

November 17, 2000

TO ALL INSURANCE COMPANIES, CORPORATIONS, EXCHANGES, MUTUALS, RECIPICALS, ASSOCIATIONS, LLOYDS OR OTHER INSURERS WRITING AUTOMOBILE INSURANCE IN THE STATE OF TEXAS

RE: ADOPTION OF AMENDMENTS TO THE TEXAS AUTOMOBILE RULES AND RATING MANUAL BY COMMISSIONER'S ORDER NO. 00-1248 CONCERNING PERSONAL INJURY PROTECTION AND MEDICAL PAYMENTS AUTOMOBILE COVERAGES

On November 15, 2000, the Commissioner of Insurance signed Order 00-1248 adopting amendments to the Texas Automobile Rules and Rating Manual (Manual) to conform the rules to the changes adopted in Commissioner's Order 00-0909 in regard to the Private Passenger Personal Injury Protection (PIP) and Medical Payments (MP) coverages. The amendments to the Manual adopted by Order 00-1248 include amendments to Rule Section IV, Rule 80; Rate Section IV, Rule 77; and Rate Section VII, Rules 120, 123, 129, 132, and 136. Order 00-1248 provides for an effective date to be the later of a) December 16, 2000, or b) the effective date that applies to an insurer's required November 1, 2000 rate filing under the Insurance Code, Article 5.101, Section 3(e), and to be applicable to all policies that become effective on or after such date.

Background: The rating structure for private passenger PIP and MP was changed by Commissioner's Order 00-0909 dated August 10, 2000. Under the previous rating structure, premiums were not individually calculated; instead, they were determined by the placement of an associated Bodily Injury liability premium into one of six ranges. Pursuant to Commissioner's Order No. 00-0909, premiums for PIP / MP are now independently calculated by applying a driver class differential and an increased limits factor to a territorial base rate, an approach similar to that currently used for the Bodily Injury and Property Damage liability coverages. Because several rules in the Manual relied on the previous PIP / MP rating structure, it was necessary to amend those rules to conform to the rating structure implemented by Order 00-0909. The amendments clarify the rating methodology insurers should use when calculating PIP and MP insurance rates for the following vehicle classes: named non-owner; motor homes; all-terrain vehicles; antique, collectible and special interest automobiles; dune buggies; golfmobiles; golf carts; and motorcycles. The amended rules are to be used in conjunction with the new rating system that went into effect with the November 1, 2000 benchmark rates.

The amendments to the Manual rules are available for downloading at the Department's website: www.tdi.state.tx.us. Look for Commissioner's Bulletin No. B-0061-00 under "Bulletins" in the "Latest News" section of TDI's website home page.

If you are unable to download the adopted amendments to these rules, a copy can be requested by contacting Lisa Garza at (512) 475-3017 or by email LISA.GARZA@TDI.STATE.TX.US. Questions regarding this Bulletin should be directed to Tammy Rowland, Property and Casualty Actuarial Division, at (512) 475-3021, or by email tammy.rowland@tdi.state.tx.us.

Sincerely,

Philip O. Presley
Chief Actuary
Property & Casualty

Attachments to Commissioner's Bulletin B-0061-00

Adoption of Amendments to the Texas Automobile Rules and Rating Manual by
Commissioner's Order No. 00-1248
Concerning Personal Injury Protection and Medical Payments Automobile Coverages

Rule Section IV, Rule 80
Rate Section IV, Rule 77
Rate Section VII, Rules 120, 123, 129, 132, and 136

Rule Section IV

80. NAMED NON-OWNER COVERAGE

I. Named Non-Owner Coverage

(Applicable to Personal Auto Policies Only) Permanent coverage for owned autos must be afforded under a separate policy.

Liability, Medical Payments and Personal Injury Protection Coverages Only (Class Code 7000)

- E.** Medical payments and personal injury protection rates for named non-owner coverage are determined in accordance with table A in the medical payments and personal injury protection Rate Section II using class 3 rates.

Rate Section IV

77. MISCELLANEOUS TYPE VEHICLES

A. Motorhome

1. b. Pleasure use motorhomes

(1) Liability. Charge .50 of the 1A rates for private passenger autos.

(2) Medical payments and personal injury protection. Charge the class 1A private passenger rate from Table B, Rate Section II.

Motorcycles and any other similar motor vehicles.

1. Liability. Apply the following factors to the class 1A rate:

<u>Engine Size cc</u>	<u>Operator Under Age 25</u>	<u>Code</u>	<u>All Other Operators</u>	<u>Code</u>
0 - 100	.60	9221	.45	9231
101 - 200	.75	9222	.60	9232
201 - 360	1.05	9223	.90	9233
361 - 500	1.20	9224	1.05	9234
501 - 800	1.35	9225	1.20	9235
801 - 1000	1.45	9226	1.30	9236
Over 1000	+.10 for each 200 cc or fraction over 1000 cc		+.10 for each 200 cc or fraction over 1000 cc	

Medical payments and personal injury protection. Multiply the class 1A private passenger rate from Table A, Rate Section II by 2.00.

Rate Section IV
(Continued)

77. MISCELLANEOUS TYPE VEHICLES (continued)
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All-terrain vehicles

1. Liability. Charge .50 of class 1A private passenger rates.

Medical payments. Multiply the class 1A private passenger rate from Table A, Rate Section II by 2.00.

Personal injury protection. Multiply the class 1A private passenger rate from Table A, Rate Section II by 2.00.

D. Dune buggies – non-registered

2. a. Liability. Charge .90 of class 1A private passenger rates.

Medical payments and personal injury protection. Charge the class 1A private passenger rate from Table A, Rate Section II.

E. Golf carts

1. Liability. Charge .25 of class 1A private passenger rates. The premiums are subject to the following minimum premium.

\$8 – Bodily injury

\$8 – Property damage

\$19 – Combined limit liability

Medical payments and personal injury protection. Charge the class 1A private passenger rate from Table A, Rate Section II.

Rate Section VII

120. ALL-TERRAIN VEHICLES

A. Not used for commercial purposes:

1. **Liability** – Multiply the Class 3 private passenger rates by .50. Refer to Rate Section IV.

Medical payments and personal injury protection – Multiply the class 3 private passenger rate from Table A, Rate Section II by 2.00.

B. Used for commercial purposes:

1. **Liability** – Multiply the Class 3 private passenger rates shown in Rate Section IV by the following factors:

<u>Engine Size cc</u>	<u>Factors applied to Class 3</u>
0 – 100	.29
101 – 200	.38
201 – 360	.59
361 – 500	.65
501 – 800	.76
801 – 1000	.85
Over 1000	+ .10 for each 200 cc or fraction over 1000 cc

Medical payments and personal injury protection – Multiply the class 3 private passenger rate from Table A, Rate Section II by 2.00.

Rate Section VII
(continued)

**123. ANTIQUE, COLLECTIBLE AND SPECIAL INTEREST AUTOMOBILES (CLASS
CODE 9620)**

- B. 1. Liability.** Multiply the Class 3 private passenger rate by .25. Refer to Rate Section IV.
- 2. Medical payments and personal injury protection.** Charge the class 3 private passenger rate from the appropriate table in Rate Section II.

Rate Section VII
(continued)

129. DUNE BUGGIES

B. Non-registered dune buggies (Class Code 9432)

1. Not used for commercial purposes:

a. Liability – Multiply the Class 3 private passenger rates by .90. Refer to Rate Section IV.

Medical payments and personal injury protection – Charge the class 3 private passenger rate from Table A, Rate Section II.

2. Used for commercial purposes:

a. Liability – Charge Class 3 private passenger rates. Refer to Rate Section IV.

Medical payments and personal injury protection – Charge the class 3 private passenger rate from Table A, Rate Section II.

Rate Section VII
(continued)

132. GOLFMOBILES (Class Code 9460)

B. Premium Computation

1. Not used for commercial purposes.

- a. Liability** – Multiply the Class 3 private passenger rates by .25. The premiums are subject to the following minimum premiums:

\$16 – Bodily injury
\$ 6 – Property damage
\$27 – Combined single limit

- b. Medical payments and personal injury protection.** Charge the class 3 private passenger premium from Table A, Rate Section II.

2. Used for commercial purposes.

- a. Liability** – Multiply the fleet or non-fleet commercial base rates by .50. Refer to Rate Section III.

- b. Medical payments and personal injury protection.** Charge the class 3 private passenger rate from Table A, Rate Section II.

Rate Section VII
(continued)

136. MOTORCYCLES

I. Liability coverage only

A. Not used for commercial purposes

1. **Liability.** Apply the appropriate factor from the table below to Class 3 private passenger rates. Refer to Rate Section IV.

Factor applied to Private Passenger Rate

<u>Engine Size (cc)</u>	<u>Operator Under Age 25</u>	<u>Code</u>	<u>All Other Operators</u>	<u>Code</u>
0 - 100	.60	9221	.45	9231
101 - 200	.75	9222	.60	9232
201 - 360	1.05	9223	.90	9233
361 - 500	1.20	9224	1.05	9234
501 - 800	1.35	9225	1.20	9235
801 - 1000	1.45	9226	1.30	9236
Over 1000	+.10 for each 200 cc or fraction over 1000 cc		+.10 for each 200 cc or fraction over 1000 cc	

2. **Medical payments.** Multiply the class 1A private passenger medical payments premium shown in Rate Section II, Table A by 2.00.
3. **Personal injury protection.** Multiply the class 1A private passenger personal injury protection premium shown in Rate Section II, Table A by 2.00.