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TAIP NEWSLINE

A QUARTERLY PUBLICATION OF THE TEXAS AUTOMOBILE INSURANCE PLAN
First Quarter, 1993

EDITOR'S NOTE: This is the first edition of TAIP Newsline, a quarterly publication to advise producers and TAIP member companies of pertinent auto insurance issues and to clarify technical aspects of the application and assignment process. Because this newsletter is intended to serve your needs, TAIP encourages your feedback and suggestions.

1992 A RECORD YEAR FOR PLAN BUSINESS

TAIP processed a record 836,810 new applications and renewals in 1992, with a premium volume of almost \$418 million. Plan volume has more than doubled in each of the last two years, due in part to an influx of motorists seeking to comply with a more stringently enforced compulsory liability insurance law.

Inadequate TAIP rates have also contributed to the increase in Plan business. In early 1992, TAIP requested a 47% rate hike, but was granted only 4% by the State Board of Insurance.

PLAN STREAMLINES OPERATING PROCEDURES, RELOCATES

Responding to the challenges that explosive growth placed on operations, the TAIP governing committee authorized an audit of staff functions and work flow, installation of a voice response system to respond to the tremendous increase in phone inquiries, reprogramming of computers to generate routine correspondence automatically, and establishment of a new customer service department.

These new efficiencies and space planning considerations have been incorporated into the buildout of new office space which TAIP will occupy on March 8 — with minimal interruption in service. The phone number (512-444-4441) and voice response number (800-580-TAIP; 447-9993 in Austin) remain the same. The new street address and

post office box are: 2028 East Ben White Blvd., Suite 400, Austin, TX 78741 or P.O. Box 149144, Austin, TX 78714-9144. The new offices are on the fourth floor of the First Interstate Bank Building at the northeast corner of Ben White Blvd. and Woodward St., just east of the intersection of Ben White and Interstate Highway 35.

AGENT WORKSHOPS SLATED THROUGHOUT TEXAS

To ensure that agents and their customer support staff have the necessary knowledge of TAIP to offer the highest level of service to their customers, TAIP has instituted a series of producer training seminars at locations across the state. The class covers such topics as:

- eligibility requirements, limits of coverage and rating
- proper completion of the application
- step-by-step application processing procedures: required information, acceptable forms of payment, payment plans, effective date of coverage, SR-22s, binder cards

Classes, which are certified for three hours of continuing education credit, have already been held in Austin. Others are scheduled for:

San Antonio — March 2	El Paso — April 20
Houston — March 23	McAllen — May 11
Dallas — April 6	Tyler — May 18
Fort Worth — April 7	Amarillo — June 8

Registration is \$39 per person (\$35 per person for two or more) and includes continental breakfast and class materials, including the TAIP Agent's Guide. Because seating is limited, contact TAIP's Customer Service Department as soon as possible to register or to receive additional information.

TAIP, OPIC TO FACE OFF AT 1993 RATE HEARING

As TAIP Newsline went to press, prefiled testimony had been submitted for a scheduled Feb. 11 hearing before the State Board of Insurance on TAIP rates to be effective April 1, 1993. TAIP consulting actuary Charles Bryan calculated a rate need of 52.04 percent. However, Office of Public Insurance Counsel (OPIC) consulting actuary Robert Hunter contends that no rate increase should be granted at this time.

TAIP FACES LEGISLATIVE, REGULATORY CHALLENGES

Explosive Plan growth has placed TAIP in the forefront of public policy debate. TAIP faced a frontal assault last year when the State Board of Insurance (SBI) ordered insurers to accept a minority status on the Plan governing committee. In so doing, the SBI rejected TAIP's proposal to expand the current committee of 10 insurance company representatives by adding six public members, two of whom would be agents.

Although the matter was successfully litigated in favor of TAIP, the issue of the SBI's regulatory authority over TAIP is now before the Texas Legislature. Ancillary proposals likely to be the subject of debate in the current legislative session are consumer proposals to make physical damage and higher limits of liability coverage available through TAIP.

Unresolved regulatory issues awaiting final SBI action are a proposed rule which would require insurers in the voluntary market to accept applicants with no prior auto insurance coverage and a proposed "TAIP disclosure" rule which would require county mutual insurance companies to quote TAIP rates before selling a higher-priced policy. Plan representatives testified against the disclosure rule, stating that it would be poor public policy to force TAIP to compete with the voluntary market.

1993 OFFICERS, GOVERNING COMMITTEE MEMBERS ELECTED

Governing committee members for the 1992-1993 term are: Edward Held, Allstate Insurance Co.; Synott L. McNeel, American Indemnity Co.; Dale W. Abbott, Amica Mutual Insurance Co.; Eugene E. Flynn, CPCU, The Hartford; Michael Mott, Liberty Mutual; Richard N. Shellito, State Farm Mutual; Clint Gardner, Texas Farmers Insurance Co.; Frank

DiRenzo, The Travelers; Eldon Farek, Trinity Universal Insurance Co.; and Stuart Awbrey, United Services Automobile Association.

Ed Held, director of auto shared markets, Allstate Insurance Co., was elected chairman. Eugene E. Flynn, director, involuntary auto market, The Hartford, will serve as vice chairman. And Clint Gardner, regional manager, Farmers Insurance Group of Companies, was elected secretary.

NEW APPLICATION FORM APPROVED

The TAIP governing committee approved for use beginning March 1, 1993, new TAIP 1000 application forms for up to two personal autos, TAIP 1001A attachment for the third through fifth personal autos, and a green TAIP 1001 application for up to five commercial vehicles. **Effective May 1, 1993, TAIP will not accept applications submitted on obsolete forms.**

Several changes are incorporated into the new forms, and reformatting the information onto legal size paper will allow for more efficient keying by TAIP and company data entry personnel. TAIP now requires that the applicant initial acceptance or rejection of each coverage in section five of the application.

Additionally, agents certify that they have offered and explained the installment payment plans, and applicants certify that they do not owe earned premium for a policy canceled within the last 12 months. Applicants who were assigned through the Plan during the last year but had their policies canceled will be reassigned to the same carrier.

New applications are available in single sheets from any of the following four vendors:

Hart Forms & Services, 800-223-4278

Professional Insurance Agents of Texas,
800-880-7428

Insurance Publishing House, 512-476-6281

Texas Automobile Insurance Service Office,
512-458-63471

The TAIP 1000 is also available in four-part carbonized form from Hart Forms & Services and the Professional Insurance Agents of Texas at the phone numbers indicated above.