

- a. the policy change request is not mailed within one working day after completion; or
- b. the request is not mailed U.S. mail, postage prepaid, or the request is received by fax or electronic mail.

If a, or b applies coverage will become effective at 12.01A.M the day following the date such request is received by the insurer, or the effective date specified in the request, whichever is later.

4. If such coverages are not available with the assigned insurer, a new application for such coverages shall be submitted to the Association at the address shown on the application and shall become effective in accordance with Section 23.A.

C. Elimination of Coverage

In the event an elimination of coverage is desired during the policy period, a completed policy change request must be signed by the insured and submitted to the insurer.

D. Incomplete Applications

Applications shall be accepted by the Association and assignments shall be processed by the assigned insurer if the requirements shown in Sections 22 and 23 are reasonably met. It is the responsibility of the Association and the assigned insurer to communicate clearly to the insured and producer in what respect an application is incomplete and requires correction.

The assigned insurer shall give at least 15 days to the insured and to the producer for remedying any defects in the application. No part of the deposit premium shall be returned to the insured or to the producer except upon proper cancellation in accordance with the provisions of Section 28 of this Plan of Operation.

E. Applications Returned to the Association

An assignment to any insurer contrary to either the provisions of this Section or Section 42 shall be returned promptly to the Association for reassignment.

Sec. 24. RESERVED FOR FUTURE USE

Sec. 25. THREE-YEAR ASSIGNMENT PERIOD

An applicant shall be assigned to a designated insurer for a period of three consecutive years, at which time proper notice of non-renewal shall be mailed. If an insured is unable to obtain insurance at the end of the three-year period, re-application for insurance may be made to the Association. Such re-application shall be considered as a new application.



In the case of non-resident military personnel, as described under Section 18.A.1.c of the Plan of Operation, the insurer is not required to renew, if at the time of renewal the insured is stationed in another state in which the insurer is not authorized to do business or if the insured is stationed in another state and the automobile is not registered in Texas.

Sec. 26. RESERVED FOR FUTURE USE

Sec. 27. RESERVED FOR FUTURE USE

Sec. 28. CANCELLATION/TERMINATION

- A. If the premium remittance which accompanies the application is dishonored, the insurer must resubmit the check to the institution before proceeding with termination of the policy.
- B. An insurer which has issued a policy or binder under this Plan of Operation has the right to cancel the insurance by following the terms of the policy.

Cancellation is effective on the date specified in the notice of cancellation and coverage ceases on that date.

- C. At the option of the insurer, the nonpayment cancellation date may be the date at which all collected premium is earned as computed pro rata.
- D. If default occurs in the payment of premium upon any policy subject to interim adjustment, the policy is subject to cancellation in accordance with the cancellation condition in the policy.

Sec. 29. RESERVED FOR FUTURE USE

Sec. 30. RESERVED FOR FUTURE USE

Sec. 31. COMPENSATION TO PRODUCER OF RECORD

- A. Compensation shall be paid to the licensed producer designated by the insured in the application as follows:
 1. For motor vehicles of a truck-type operating beyond a radius of 200 miles from the limits of the city or town of principal garaging and public passenger carrying vehicles, 5% of the policy premium.
 2. For other classes of risks, 10% of the policy premium.
- B. Compensation is to be paid by the insurer on the full annual premium.
- C. A producer accounting system may be utilized by an insurer in its payment of producer compensation.
- D. Compensation will not be paid on installment charges.

In the event of cancellation or a policy change involving return or additional premium, compensation will be adjusted directly with the producer. The producer is to refund unearned compensation within 40 days from policy adjustment or cancellation. The insurer shall pay the additional compensation on policy changes within 40 days of the effective date of the endorsement.

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- F. Should the producer fail to provide his or her tax identification number, the insurer may defer payment of compensation until the proper identification is provided.

**Sec. 32. PERFORMANCE STANDARDS FOR
INSURERS WRITING ASSOCIATION
COMMERCIAL ASSIGNMENTS**

A. Performance Standards

Insurers will provide insureds assigned under this Plan of Operation with the same level of service provided to customers in the voluntary market. The Performance Standards listed below set forth the specific time during which insurers must perform in accordance with the rules of this Plan of Operation.

1. Issuance Of Original Policy

Upon receipt from the Association of the Notice of Designation and the premium deposit prescribed by Section 22 the designated insurer shall:

- a. within two working days following the effective date of coverage or receipt of Notice of Designation, whichever occurs last, make filings on policies and Financial Responsibility Certificates (for states other than Texas) as may be required, provided all information necessary is contained in the application form. Such filings will indicate the effective date specified by the Association in the Notice of Designation.

However, if the applicant or spouse is required to file a form SR-22A with the Texas Department of Public Safety, the insurer will issue the SR-22 and SR-22A only upon receipt of the full annual policy premium.

The day the Notice of Designation and premium or deposit are received from the Association is deemed the first working day, regardless of the time of such receipt. No Saturday, Sunday or legal holiday in the place of receipt, shall be deemed a working day.

- b. within 30 days issue a policy if all information necessary for the insurer to fix the proper rate is contained on the application form. The policy will become effective in accordance with the provisions of Section 23.

2. Policy Term

Policies assigned through the Association shall be written for a 12-month period only.

If a policy is being issued to comply with Section 601.262, Texas Transportation Code, the insurer will issue a certificate by which it is bound to issue a renewal policy so that the current policy and the commitment for renewal together cover a period of at least two years.

3. Policy Fee

A policy fee may not be charged by an insurer.

4. Renewal Policies Or Certificates

At least 60 days prior to the inception date of renewals the designated insurer shall notify the insured that:

- a. a renewal will be issued, provided the premium as outlined in Section 22 is received on or before the inception date, except for insureds subject to certified filings on Business Auto Coverage forms which may be due 30 days prior to renewal;
- b. a renewal will not be issued for the reason that the insured is not entitled to insurance under the Plan of Operation.

If an insurer is unable to quote rates to be effective on renewal, it must notify the insured of a possible rate change. Using language authorized by the Association shall be deemed sufficient notice.

A copy of such notice shall be sent to the producer.

Renewal policies must be mailed within 30 days of the insurer's receipt of the renewal premium specified under subsection 32.A.4 above.

Note: Policies may be renewed by renewal certificates. When renewal certificates are used, they must conform in every respect with current rules, rates, and forms at the time of renewal.

5. End of Assignment Period

At least 60 days 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.

6. Endorsements

Any endorsement requested by the insured shall be issued and mailed within 30 days.

7. Return Premium

Within 30 days of receipt of a request for either cancellation or an endorsement resulting in return premium, the insurer must mail the return premium check.



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8. Collection of Premium
Insurers are to follow rules outlined in Section 22 of this Plan of Operation.

9. Producer Compensation
Within 40 days of receipt of the gross premium, the insurer must issue the proper compensation check unless the producer fails to provide his/her proper identification number. Compensation shall be paid 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 31. 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.

10. Claim Handling
Insurers shall provide policyholders and producers with information on how and where to report claims. Claim adjustment practices and procedures of each insurer shall correspond with those followed for voluntary business.

11. Additional Charges
At the time of the initial application of an additional charge based on a driving record, the insurer will furnish to the insured and producer a listing of the undisclosed accidents/convictions which determined the additional charge(s).

12. Miscellaneous
The Manager may evaluate a complaint not clearly within any of the preceding standards to determine whether the action complained of was reasonable within the purpose and intent of the Plan of Operation. If the action is deemed unreasonable, it may be considered as a valid complaint against the insurer.

B. 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; and

c. a copy shall be forwarded to the insurer with a request for a written response within 20 days.

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 10 days to respond.

5. If after 10 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.

Once an insurer is referred to the Governing Committee, the Manager will report any subsequent valid complaint during the 12-month period following referral. If any valid complaints are reported during this period, the Governing Committee may take further action, including action under Section 32.B.8 below.

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 of Insurance.

Sec. 33. PERFORMANCE STANDARDS FOR PRODUCERS WRITING ASSOCIATION OTHER THAN PRIVATE PASSENGER ASSIGNMENTS

A. Performance Standards

1. Original Applications
- a. Original applications shall be submitted through EASi. Applications not submitted through EASi will be returned to the producer. Original applications shall be fully completed and must include:
 - (1) necessary information to rate and write the policy, prepare a bill, and make any required filings;

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- (2) name, address and Texas license number of producer;
 - (3) signature of applicant and producer; and
 - (4) premium payment submitted gross with the application in accordance with Association rules. The premium payment or deposit shall be either by producer's check, applicant's check, certified check, cashier's check, premium finance company check, or money order payable to the Texas Automobile Insurance Plan Association.
- b. A producer may not charge an administrative or other service charge to an applicant for insurance under the Association.
- c. A producer may not submit an application for assignment for a person who has no Texas Driver's License and who was previously assigned but whose policy was either terminated or non-renewed for failure to obtain or to make a good faith effort to obtain a Texas driver's license. This provision applies only if the producer submitted the application that resulted in the previous assignment.
2. Renewals
- a. The renewal premium shall be submitted gross to the assigned insurer in accordance with Association rules.
 - b. The renewal premium must be in the form of a producer's check, insured's check, certified check, cashier's check, premium finance company check, or money order payable to the assigned insurer.
3. Return Compensation
- Return compensation shall be paid within 40 days from the date of notice to the producer.
4. Policy Change Request
- Producers must submit policy change requests in writing.
5. Claims
- When an insured reports an accident or claim to the producer, the producer shall report it to the insurer within one working day in accordance with the instructions of the insurer.
6. Payments
- a. Additional premium payments shall be submitted gross by producer's check, insured's check, certified check, cashier's check, premium finance company check, or money order payable to the assigned insurer.
 - b. Dishonored producer checks shall be reported to the Association.
7. Fraud or Misrepresentation

A producer shall not engage either in fraud or misrepresentation with regard to the contents of an application, the necessary information to rate and write a policy, a claim, or any other information material to underwriting a risk.

B. Procedures For Compliance With Performance Standards

The Association shall maintain a record of infractions of Performance Standards.

1. A copy of the complaint mailed to the producer is to be sent to the Association. Such complaint is to be based upon non-compliance with Producer Performance Standards.
2. Upon receipt by the Association of the complaint:
 - a. the type of complaint for each producer is logged.
 - b. the Association copy is to be filed.
 - c. a copy shall be forwarded to the producer with a request for a written response within 20 days.
3. If the complaint is determined to be invalid, the Association shall so record it and advise the producer and insurer.
4. In the absence of acknowledgment from the producer to the Association request, a follow-up letter will be sent to the producer giving 10 days to respond.
5. If after 10 days the producer does not respond to the Association request, the Association will refer the matter to the Governing Committee for further action in accordance with subsections 33.B.6.a. and b. below and shall so advise the producer.
6. Violations of Producer Performance Standards shall result in the following action:
 - a. The Governing Committee shall bring repeated violations to the producer's attention and offer to assist the producer with any education deemed necessary to avoid future violations. The Governing Committee may establish a probationary period for improvement.
 - b. If the producer fails to respond to the Association request within 10 days after the date of the follow-up letter, or if significant violations or continued repetition of violations under subsections 33.B.1–5 are alleged to have occurred, the Association Manager shall notify the producer in writing of a hearing before the Producer Review Panel to review the nature and extent of such violations. At such hearing the Producer Review Panel will hear evidence. Its findings and recommendations will be reported in writing to the Governing Committee.
 - c. If the Governing Committee determines that such violations have occurred, it may refer the matter, in writing, to the Commissioner of

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Insurance and may recommend appropriate action.

- d. The Producer Review Panel consists of three certified producers selected by approval of the Governing Committee, one insurer representative, and one public member of the Governing Committee. The insurer and public member will be selected by the Chair of the Governing Committee. Each of the five panel members shall have an alternate. Panel members serve for a term of two years. Each member of the panel is entitled to reimbursement of expenses and producer and public members are entitled to compensation all as provided in Section 36.A.4. A person who serves on the panel is entitled to immunity and indemnification as provided in Section 53.
- e. Meetings of the Producer Review Panel are to be held at a site determined by the Governing Committee. A quorum of the panel is three members at least two of whom are producers. Hearings before the panel will be conducted under the provisions of the Plan of Operation.

Sec. 34. RESERVED FOR FUTURE USE

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NOTES

Sec. 46. RESERVED FOR FUTURE USE

Sec. 47. GENERAL PROVISIONS

A. Assignments

1. Assignment Exceptions

There are no exceptions to the type or class of insurance assigned to a member other than as provided in Section 42.A. The Association may not agree with a member to refrain from making assignments in any territory or area of the state.

2. Assignment Suspensions

Assignments to a member may not be suspended for any period of time for any reason without approval by the Manager and notice to the Governing Committee.

B. Mergers and Consolidation of Insurers

If a member merges with another member or there is a consolidation of members, the continuing member is to receive the assignments and assessments of the member merged or consolidated until the uota of such merged or consolidated member as established by its writings prior to such merger or consolidation has been filled. The continuing member may be relieved from such obligations if another member agrees, in a manner satisfactory to the Governing Committee, to assume such obligations.

C. Insurer Groups

A group of members under the same ownership may elect to be treated as a single member to receive assignments and assessments.

D. Insurers Discontinuing Writing

If a member discontinues writing automobile liability insurance in this state but ~~ret~~ its license to write such business, it must continue to pay assessments and receive assignments until sit uota established by its writings prior to discontiance of business has been

filled. If the automobile liability business of a member discontinuing the writing of automobile liability insurance in this state is purchased by, transferred to, or assumed by another member, the latter is to receive the assignments and assessments of the former until the uota of the former as establis by its writings prior to such transfer has been filled, unless another member has agreed, in a manner satfatory to the Governing Committee, to assume such obligation.



Sec. 48. RULES AND RATE DETERMINATION

All insureds assigned under the Plan of Operation shall be subject to the classifications, rules, rates, rating plans, and minimum premiums filed with the Texas Department of Insurance by the Association and approved by the Commissioner of Insurance. A policy fee may not be charged by an insurer.

Sec. 49. CONSUMER BILL OF RIGHTS

All insurers writing personal automobile insurance policies must provide with each new policy of personal auto insurance a copy of the Consumer Bill of Rights for Personal Automobile Insurance promulgated by the Texas Department of Insurance. The Consumer Bill of Rights shall accompany each renewal notice for personal automobile insurance unless the current version of the Bill of Rights has been previously provided to the insured by the insurer. The Bill of Rights must appear in no less than 10-point type and be on separate pages with no othertext on those pages. The Spanish language version of the Consumer Bill of Rights promulgated by the Texas Department of Insurance must be provided to any consumer who re uests it from the company.

Sec. 50. AUTOMOBILE THEFT PREVENTION AUTHORITY PASS THROUGH FEE

Chapter 1006 of the Texas Transportation Code requires each insurer to pay a fee per motor vehicle year to the Motor Vehicle Crime Prevention Authority. An insurer may recoup this fee from the policyholder. Any insurer recouping the fee from the policyholder must provide a notice to the policyholder pursuant to applicable statute, administrative rule, or as may be approved by the Texas Department of Insurance.

Sec. 51. RESERVED FOR FUTURE USE

liable for any act performed in good faith within the scope of the person's authority as determined under that article or the Plan of Operation or for damages occasioned by his or her official acts or omissions except for an act or omission that is corrupt or malicious. The Association shall provide counsel to defend any action brought against a member of the Governing Committee or any employee by reason of the person's official act or omission whether or not at the time of the institution of the action the defendant has terminated service with the Association.

B. Indemnity

In addition to providing counsel as required by statute, the Association shall indemnify any present or former officer, member of the Governing Committee or any subcommittee, employee, agent, or member of the Association or its predecessor against judgments, penalties, fines, settlements, and reasonable expenses incurred by the person in connection with any proceeding in which the person was, is, or is threatened to be made a named defendant or respondent in litigation or other proceeding because a person is or was a member of the Governing Committee or any subcommittee, officer, employee or agent of the Association or its predecessor. Alternate public and producer members are also covered by this Section.

D. Procedures for Indemnification

1. Indemnification shall be provided upon the request of the person or member unless the Governing Committee finds that the person seeking indemnification is not legally entitled to be indemnified. The Governing Committee may withhold indemnity only if it believes that the act or omission of the person or member seeking indemnity, which forms the basis of the complaint against such person or member, was:
 - a. not in good faith;
 - b. not within the scope of the person's authority under law, from the Plan of Operation or from direction of the Association; or
 - c. corrupt or malicious.
2. The Association may elect to defend, pay, or otherwise dispose of any claim and will promptly advise the person or member seeking indemnification of its election. Any settlement of any claim must be made with the prior approval of the Governing Committee in order for the indemnification under this section to be available.
3. A person or member seeking to be indemnified under the provisions of this section shall promptly notify the Association of any demand or suit giving rise to a claim for indemnity.
4. The cost of fulfilling the obligations of the Association under this section shall be apportioned in the same manner as Cost of Administration under Section 37 among all members, including the member or members named in the claim which is the basis of the claim for indemnification.

Sec. 52. RIGHT OF APPEAL

- A. The Governing Committee may hear any appeal from an applicant, insured, producer or insurer on a matter pertaining to the administration of the Association. Each notice of cancellation or denial of insurance under the provisions of the Association shall contain or be accompanied by a statement that the insured or applicant has a right of appeal to the Governing Committee. The Association shall promptly notify the insured or applicant, and the insurer and producer of the disposition of the appeal. The action of the Governing Committee may be appealed to the Commissioner of Insurance.
- B. In no event shall an appeal operate as a stay of cancellation pending resolution of the appeal by the Governing Committee or Commissioner of Insurance. If the Governing Committee or Commissioner of Insurance refuses to sustain a cancellation or denial of coverage, the insurer shall either issue a new policy or reinstate the former policy, with an effective date as determined by the Governing Committee or Commissioner of Insurance.
 - C. If a new policy is to be issued, upon receipt of the proper premium deposit or outstanding premium balance from the applicant or insured within 30 days after the determination of the appeal, the insurer shall issue a policy or binder within two working days, reflecting no lapse in coverage.
- D. In the event of a reinstatement of a policy previously issued by the insurer, upon receipt of the outstanding premium balance due to date from the insured within 30 days after the determination of the appeal, the insurer shall issue a reinstatement of the policy within two working days using the cancellation date as the reinstatement effective date.
- E. The Governing Committee may form a subcommittee to review any appeal and to make recommendations to the Governing Committee with regard to such appeal.

Sec. 53. IMMUNITY AND INDEMNIFICATION

A. Immunity

Chapter 2151 Insurance Code, provides that the Association, a member of the Governing Committee, and any employee of the Association is not personally

Sec. 54. PRODUCER CERTIFICATION PROGRAM

The Governing Committee of the Association shall certify qualifying insurance producers licensed to transact property and casualty insurance in Texas to submit applications to the Association on behalf of their clients. A producer requesting certification must provide proof that he/she holds a valid Texas license as a general property and casualty agent, a personal lines property and casualty agent, a limited property and casualty agent, or a county mutual agent, and must agree to abide by the Performance Standards for Producers and the rules and procedures of the Association. A Personal Lines Property and Casualty licensed producer may only submit applications for Personal Automobile Policy coverage and may not submit applications for Business Automobile Policy coverage. The producer must include a copy of his/her General Lines or

Personal Lines Property and Casualty License, Limited Lines – Property and Casualty License, or County Mutual Agent License with the Application for Certification. All changes of address and renewal licenses must also be submitted to the Association. Producer information on an application for insurance that does not match the Association's Producer Certification records may result in the loss of commission on that application.

The Governing Committee, or its designated subcommittee, shall be responsible for creating and establishing a Producer Procedures Course and for developing an instructor's manual for use in presentation of such course. Attendance at such course is suggested but not required. Any subsequently revoked producer who makes an application for re-certification at the conclusion of his/her revocation period must complete the course.

Sec. 55. RESERVED FOR FUTURE USE

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EFFECTIVE DATE OF AMENDMENT

PERSONAL AUTOMOBILE PART

Sec. 1	December 1, 2004
Sec. 2	February 15, 2008
Sec. 3	Reserved for Future Use
Sec. 4	Reserved for Future Use
Sec. 5	January 3, 2011
Sec. 6	November 9, 2018
Sec. 7	August 1, 2015
Sec. 8	Reserved for Future Use
Sec. 9	November 21, 2016
Sec. 10	December 1, 2004
Sec. 11	December 1, 2004
Sec. 12	Reserved for Future Use
Sec. 13	December 1, 2004
Sec. 14	November 9, 2018
Sec. 15	August 1, 2015
Sec. 16	Reserved for Future Use

COMMERCIAL AUTOMOBILE PART

Sec. 17	December 1, 2004
Sec. 18	December 1, 2004
Sec. 19	Reserved for Future Use
Sec. 20	Reserved for Future Use
Sec. 21	January 3, 2011
Sec. 22	August 1, 2015
Sec. 23	August 1, 2015
Sec. 24	Reserved for Future Use
Sec. 25	November 21, 2016
Sec. 26	Reserved for Future Use
Sec. 27	Reserved for Future Use
Sec. 28	December 1, 2004
Sec. 29	Reserved for Future Use
Sec. 30	Reserved for Future Use
Sec. 31	December 1, 2004
Sec. 32	January 3, 2011
Sec. 33	August 1, 2015
Sec. 34	Reserved for Future Use

ADMINISTRATIVE PROVISIONS

Sec. 35	November 21, 2016
Sec. 36	February 26, 2009
Sec. 37	December 1, 2004
Sec. 38	December 2, 2005
Sec. 39	December 1, 2004
Sec. 40	Reserved for Future Use
Sec. 41	April 9, 2010
Sec. 42	April 9, 2010
Sec. 43	December 1, 2004
Sec. 44	December 1, 2004
Sec. 45	December 1, 2004
Sec. 46	Reserved for Future Use
Sec. 47	November 21, 2016
Sec. 48	December 1, 2004
Sec. 49	December 1, 2004
Sec. 50	January 9, 2015
Sec. 51	Reserved for Future Use
Sec. 52	December 1, 2004
Sec. 53	February 26, 2009
Sec. 54	February 15, 2008
Sec. 55	Reserved for Future Use