

Texas Automobile Insurance Plan Association

2028 E. Ben White, Suite 400 Austin, TX 78741

P. O. Box 149144 Austin, TX 78714

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TAIPA Bulletin Number 1

Effective January 1, 1995, Texas Automobile Insurance Plan will officially become the Texas Automobile Insurance Plan Association, or TAIPA. The Texas Automobile Insurance Plan Association was created by the enactment of Article 21.81, Insurance Code as a part of House Bill 1461. That statute became effective on September 1, 1993. The Association is administered by a Governing Committee which consists of eight insurer members, five public members and two members that are licensed local recording agents.

The Plan of Operation for TAIPA will be included in your Texas Automobile Rules and Rating Manual revisions to be distributed in December 1994. If you do not receive these updates, or do not have the Manual, we suggest that you make arrangements to order one as soon as possible. For your information, we are enclosing copies of the application forms for TAIPA, a Producer's Guide, and a Complaint form. **All applications** received in the Association office **December 31, 1994**, or later, **must be submitted on the revised application forms**. After that time, any applications submitted on the obsolete forms will be returned to the producer for the correct submission.

In order to assist you when you receive the TAIPA Plan of Operation, we are referring you to the sections that include important revisions, and specifically listing below those amendments that will have the most immediate impact on submission of applications to the Association.

Changes appear in the following sections of the Plan of Operation:

Section 3. Eligibility

Applicant and producer must certify that within 60 days prior to date of application, the applicant has been rejected for automobile insurance by at least two insurers, including non-rate regulated companies.

Any applicant who meets the preceding eligibility requirement for assignment is eligible even though the applicant:

- has been offered insurance by an insurer;

- has obtained physical damage coverage through another insurer;
- has been denied coverage by only one company group if that group has more than one company licensed to do business in Texas; or
- has been offered coverage by a company in a company group if that company group has two additional companies licensed to do business in this state and actually writing auto insurance in Texas whose rates for the applicant would be less than the rates in the company offering coverage.

The applicant has not obtained excess private passenger auto liability insurance coverage over the minimum auto liability coverage required by law.

Non-residents of Texas are not eligible unless their motor vehicles are registered or will be registered in the state within fifteen (15) days.

Section 5. Premium Deposit Requirements and Payment Options

The application for assignment must be submitted to the Association accompanied by the **FULL GROSS ANNUAL** premium, or a **DEPOSIT** on a **GROSS** basis, **without reduction for producer's compensation.**

Payments shall be made by **ONE INSTRUMENT** only.

The Installment Premium Payment Option is **not available** if any portion of the annual premium is financed by a **premium finance company**

The installment payment plan is **not** available to an applicant who, within the last two years, has **defaulted in the payment** of premiums to an insurer and caused a lapse in the policy.

Deposit premium under the Installment Premium Payment Option is **NOW 20%.**

The deposit accompanying the application shall be either by producer's check, applicant's check, certified check, money order, or cashier's check payable to the Texas Automobile Insurance Plan Association.

Producers who have submitted dishonored checks, (issued by the agency or by the producer individually), on more than one occasion during a one-year period must submit future payments by applicant's check, premium finance company check, certified check, cashier's check or money order.

The Manager shall refuse to accept checks from a premium finance company if its checks have been dishonored on more than one occasion during a one year period.

Any **additional premium** resulting from changes to the policy, requested by the insured, **shall be spread over the remaining installments, if any.**

Section 6. Application for Assignment, Designation of Insurer, Effective date of Coverage and Evidence of Insurance

Certified mail or express mail or delivery service bearing no post office or delivery service receipt date or an illegible receipt date shall become effective the day following the date of receipt in the Association office.

In no event will an assignment be made: UNLESS THE APPLICATION INCLUDES: the name and address of the applicant, driver's license information, complete vehicle information including VIN, complete coverage section, and signatures of the applicant and producer.

If additional coverages or additional vehicles are to be added during the policy period, the completed policy change request must be submitted to the designated insurer no later than the first working day after completion.

Section 7. Assignment Period

Section 10. Producer Compensation

Compensation is paid by the insurer on the full annual premium.

Section 12. Performance Standards for Producers

Section 13. Performance Standards for Insurers

A renewal will be issued, provided the **premium** is received on or before the **inception** date, except for insureds subject to certified filings which shall be due 30 days prior to renewal.

The insurer will furnish to the insured and producer a listing of the undisclosed accidents/convictions at the time of the initial application of a surcharge to a policy.

Return compensation will be paid to the producer within **forty** (40) days from the effective date of endorsement, or receipt of gross premium on new and renewal policies.

Section 14. Administration

Section 16. Determination and Fulfillment of Quotas

Effective in May of 1995, we will issue another bulletin concerning additional services that the Association will provide to producers and insureds. We consider these of great importance and benefit to both. An electronic submission procedure will be implemented, a producer certification program will be on line, and producers properly certified will be able to issue identification forms for their Association insureds immediately. We know you are most eager to receive all the details, and we assure you, as soon as we have finalized all the plans of implementation, you will be notified. Please do not contact the Association for information at this time.

Very truly yours,

A handwritten signature in black ink that reads "Bobby W. White". The signature is written in a cursive style with a large, prominent initial "B".

Bobby W. White
Association Manager