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May 8, 2003

**TAIPA Bulletin No. 116**

To: Member Companies

**Plan of Operation Amendment**  
**Section 13.C.7**

At its meeting of February 27, 2003, the Texas Automobile Insurance Plan Association (TAIPA) Governing Committee adopted an amendment to Section 13.C, Subsection 7 of the TAIPA Plan of Operation.

In accordance with the Plan of Operation, this amendment was submitted to the Commissioner of Insurance for his approval. That approval has been given under Board Order No. 03 - 0358 dated May 6, 2003. Attached please find a copy of the Board Order and the Plan of Operation amendment. A copy of the updated Plan of Operation is available on our web site [www.taipa.org](http://www.taipa.org).

Under the Plan of Operation there is a provision to determine if an insurer has failed to meet the performance standards prescribed under Section 13.B for three consecutive months; however, there was no designated procedure for monitoring valid complaints following that three month period. This amendment to the rule provides for monitoring of valid complaints for an additional twelve month period following referral to the Governing Committee.

If you have any questions, please feel free to contact me at the above telephone number or email address.

Sincerely,



Margaret Alsobrook  
Operations Manager

Enclosures

No. **03-0358**

Official Order  
of the  
**Commissioner of Insurance**  
of the  
State of Texas  
Austin, Texas

Date: **MAY 06 2003**

Subject Considered:

**TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION  
AMENDMENTS TO SECTION 13.C.7.  
OF THE PLAN OF OPERATION**

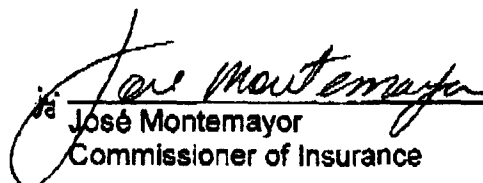
General remarks and official action taken:

On this day, under reference number A-0303-08, came on for consideration by the Commissioner of Insurance, amendments to Section 13.C.7. of the Plan of Operation of the Texas Automobile Insurance Plan Association (TAIPA) as proposed by TAIPA's governing committee. Pursuant to the Insurance Code, Article 21.81, Sec. 3, the governing committee may make and amend the Plan of Operation, subject to the approval of the Commissioner. Notice of the proposed amendments was published in the Texas Register on April 18, 2003 (28 TexReg 3391).

The proposal is to amend the TAIPA Plan of Operation, Section 13.C.7. regarding procedures for compliance with "Performance Standards for Insurers" set forth in Section 13.B. The current rule provides a procedure to determine if an insurer has failed to meet the performance standards for three consecutive months; however, it makes no provision for monitoring valid complaints at the end of that period. This amendment provides a procedure by which the TAIPA Governing Committee will monitor valid complaints for an additional twelve month period to verify compliance by the insurer.

This amendment is found to be acceptable.

IT IS, THEREFORE, ORDERED that the amendments to Section 13.C.7., TAIPA Plan of Operation, described above and attached hereto are hereby adopted, effective immediately.

  
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José Montemayor  
Commissioner of Insurance

**03-0358**

Amendment to

**TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION  
PLAN OF OPERATION**

Amended subsection 13.C.7. to read as follows:

**Section 13. PERFORMANCE STANDARDS FOR INSURERS****C. Procedures For Compliance With Performance Standards**

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 13.C.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.