

July 16, 2003

**TAIPA Bulletin No. 119**

To: Insurers Receiving Commercial Assignments

**OTHER THAN PRIVATE PASSENGER QUOTAS**

Under Article 21.81 of the Insurance Code, one of the responsibilities designated to the Texas Automobile Insurance Plan Association (TAIPA) is to assign applications to insurers in an equitable manner based on each insurers reported voluntary market writings. Section 16.B of the TAIPA Plan of Operation requires that the premiums utilized in determining the commercial quota be reported to TAIPA by the statistical agent designated by the Texas Department of Insurance.

Insurers report their writings to Insurance Services Office Inc. (ISO) as the designated statistical agent. ISO in turn reports these writings to TAIPA for the purpose of determining annual assignment quotas and assessments. Voluntary market writings for the second prior year are the basis for determining insurers annual assignment quotas and assessments. TAIPA writings reported to ISO, for the latest available quarters, are credited against the basic quota in order to determine the number of new assignments a company may receive.

TAIPA provides quarterly quota reports to all insurers. The quarterly quota reports display the latest premiums reported to TAIPA by ISO. It is important that insurers report their TAIPA premiums on a timely basis and verify that the premiums shown on the quota reports are correct. If the premiums shown on the quota reports are incorrect, an insurer should contact ISO immediately to file corrections.

An insurer that does not report their TAIPA premiums to ISO on a timely basis, may see a definite fluctuation in the volume of new assignments by quarter.

An insurer that does not correctly code the TAIPA premiums to separate them from the voluntary premiums will receive larger assessments and higher basic quota ratios. This will result in an increase in the number of new assignments.

An insurer may request a count of new assignments from the TAIPA office, by quarter, assigned to that insurer for the latest three year period. This will help in determining the accuracy of the reported TAIPA premiums shown in the quota reports. In determining the possible amount of premium for these assignments, allowance must be made for original policy premiums, cancellation, endorsement and renewal levels.

If you have any questions regarding applicable statistical codes, please contact ISO. If you have any other questions, please contact the undersigned.

Sincerely,

Margaret Alsobrook  
Operations Manager