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**TAIPA Bulletin No. 120**

To: Member Companies

**TEXAS POLICY FORMS**

At its meeting of August 27, 2003 the Texas Automobile Insurance Plan Association (TAIPA) Governing Committee, by resolution, directed the Association Manager to advise the Commissioner of Insurance that insurers writing insurance through TAIPA would be required to continue to use the policy forms and endorsements promulgated, approved or adopted under 5.06, Insurance Code.

For your information, attached please find a copy of the Association Managers letter to the Commissioner regarding actions by the TAIPA Governing Committee..

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

Sincerely,

Margaret Alsobrook  
Operations Manager

September 11, 2003

The Honorable Jose Montemayor  
Commissioner of Insurance  
Mail Code 113-1C  
P.O. Box 149104  
Austin, TX 78714-9104

Re: Senate Bill 14: Changes for Texas Automobile Insurance Plan Association

Dear Commissioner Montemayor:

Texas Automobile Insurance Plan Association (TAIPA) was directly impacted by Senate Bill 14 by the addition of Section 13 to Art. 5.13-2, Insurance Code and the amendment of subdivision (2) Section 1, Art. 21.81, Insurance Code changing the definition of "authorized insurer". These changes bring county mutual insurance companies into the membership of TAIPA under the circumstances described in the statutes. These changes are effective December 1, 2004.

TAIPA is indirectly impacted by the provisions of Art. 5.145 which gives insurers the right to file their own policy forms for the writing of personal automobile insurance coverage in Texas. Similarly, because the regulation of commercial auto is moved to Art. 5.13-2, Insurance Code, companies can depart from the use of promulgated forms. TAIPA is specifically excluded from the definition of "insurer". Art. 5.145 allows insurers to continue to use the policy forms and endorsements promulgated, approved, or adopted under Article 5.06 on notification to the Commissioner in writing that the insurer will continue to use those forms. Article 21.81, Insurance Code is silent on the question of forms to be used in the writing of insurance written through TAIPA.

By resolution adopted at its meeting on August 27, 2003, the Governing Committee decided to require insurers writing insurance through TAIPA to continue to use the policy forms and endorsements promulgated, approved, or adopted under 5.06, Insurance Code. I was directed to notify you of this action as permitted by Art. 5.145.

Section 5, Article 21.81, Insurance Code provides for the manner of setting rates for insurance written through TAIPA. As you know, we presently have before you a rate filing for private passenger rates. In that filing, TAIPA proposed that rates for commercial automobile insurance written through TAIPA be written at benchmark rates. An effect of Senate Bill 14 was to eliminate benchmark rates as respects commercial automobile insurance.

By resolution of the Governing Committee of TAIPA adopted at its meeting on August 27, 2003, it was decided that rates for commercial automobile insurance written through TAIPA would continue to be written at the currently effective benchmark rates for those risks. TAIPA will continue to require the use of those rates until such time as it makes a filing for new rates and it has received your approval of that filing. The Governing Committee instructed me to give you notice of that action as well.

TAIPA will continue to require insurers writing insurance through TAIPA to use the current rating manual both for private passenger and commercial auto insurance. Prior to December 1, 2004, it is the intention of TAIPA to prepare and submit to you for approval a rating manual that applies only to the writing of private passenger and commercial auto insurance written through TAIPA.

We intend to work in close consultation with your staff as these issues are addressed.

Yours truly,

Bobby W. White  
Association Manager

cc: C H Mah  
Marilyn Hamilton  
Grover Corum  
Lesley Hurley  
Members of the Governing Committee of TAIPA