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April 21, 2010

TAIPA Bulletin 177

To: TAIPA Member Companies  
TAIPA Certified Producers

Plan of Operation Amendments

At its February and May meetings in 2009, the Texas Automobile Insurance Plan Association Governing Committee approved amendments to Sections 41 and 42 of the TAIPA Plan of Operation. These amended sections refer to the Eligibility and Maintenance Requirements for the Limited Assignment Distribution Procedure (LAD) and the Commercial Limited Assignment Distribution Procedure (CLAD) Servicing Carriers.

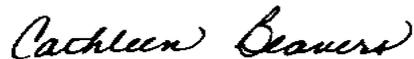
- Section 41. E.1.e. now requires the A.M. Best financial rating for a LAD servicing carrier to not be less than an A minus (A-).
- A new Section 41.E.2. sets forth guidelines that allow TAIPA to monitor the performance of all LAD servicing carriers to ensure it continues to meet all eligibility requirements.
- Section 42.E.1.f. and Section 42.E.2. have been amended consistent to the above to include these same provisions for CLAD servicing carriers.

In accordance with the Plan of Operation, these amendments were submitted to the Commissioner of Insurance May 12, 2009, for his approval. That approval has been granted under Board Order 10-0284 effective April 9, 2010.

Attached please find the pages that have been amended in the TAIPA Plan of Operation. A copy of the entire Plan of Operation including updates is available on our web site at [www.taipa.org](http://www.taipa.org).

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

Sincerely,



Cathleen Beavers, CPCU  
TAIPA Association Manager

## CHECKING SLIP – IMPORTANT

### TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION PLAN OF OPERATION

**Revision Number 5.  
Effective April 9, 2010.**

NEW PAGES ENCLOSED. A-4-11, a.

REMOVE PAGES. A-4-11, a.

AMENDMENTS. Stars (★) mark the amendment with the effective date shown on page. The latest amendment dates of Sections are listed on page (a) located at the back of this Plan of Operation.

ELECTRONIC VERSION. The Texas Automobile Insurance Plan Association, Plan of Operation is available in electronic format at [www.taipa.org](http://www.taipa.org). You may view and search the current and archived electronic, interactive versions of the Plan of Operation or you may download the paper version in Adobe Acrobat PDF file format.

#### SUMMARY OF CHANGES

Sections 41.E. and 42.E. Amended to raise the required A. M. Best financial rating for a Limited Assignment Distribution (LAD) and Commercial Limited Assignment Distribution (CLAD) servicing carriers from not less than a B plus (B+) to not less than A minus (A-) for continuous three year period. A new section was added requiring the Association Manager to review at least annually the eligibility of each LAD and CLAD servicing carrier. Other amendments for clarity and consistency were added.

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Each member will receive credits for all vehicles according to the following schedule:

Commissioner of Insurance's ZIP Code Designation	Number of Credits
Category 0	0
Category 1	1
Category 2	2
Category 3	3
Category 4	4

3. Determine the member's total credits for voluntary take-out activity for the most recent four quarters.
4. Determine the net total of credits bought or sold by the member for the previous four calendar quarters.
5. A member's credit-adjusted vehicle count may not go below zero for the purpose of calculating credit-adjusted quotas.
6. Calculate the credit-adjusted vehicle count for the most recent four calendar quarters. The member's credit-adjusted vehicle count is the average vehicles on policies in force minus territorial credits, take-out credits, and credits purchased from other members, plus credits sold to other members.
7. Repeat steps 1-6 for the aggregate of all members to obtain state-wide totals.
8. Calculate the credit-adjusted quota. The credit-adjusted quota is the ratio of the member's credit-adjusted vehicle count to the credit-adjusted vehicle count for all members.
9. Calculate the adjusted new business quota. Determine the member's new business quota by modifying the credit-adjusted quota to recognize the renewal premium a member is expected to write. Adjust this quota to reflect prior over or under assignments to determine the adjusted new business quota, which is the quota of state-wide new premium that is to be assigned to a member.

A member may earn credits in excess of total vehicles and may sell credits to any other member. The Association may not place restrictions on the sale of credits other than to require that the sale of such credits be within a period of time sufficient to allow the timely calculation of quarterly quotas. A member may sell any or all credits. The terms of the sale of credits sold are to be reported by members to the Texas Department of Insurance.

**C. Distribution of Private Passenger Quota Reports**

The Association will provide a quarterly report of private passenger quota calculation to members. The report to a member will list each member's credit adjusted quota, new business quota, adjustments for over/under assignments and adjusted new business quota. The Association will also make available to all members and producers upon request a list of all valid Texas ZIP

Codes separated by Category as determined by the Commissioner of Insurance.

**D. Data Corrections/Adjustments**

Insurers making corrections to data used for private passenger quota determination are to be guided by the following:

1. Corrections and adjustments to voluntary base data will be accepted for a period of 17 months from the close of the quarter.
2. Corrections for Association data will be accepted for 8 months following the close of the calendar year.

**Note:** For example, corrections for 2003 Association data will be accepted until August 31, 2004.

**E. Limited Assignment Distribution Procedure (LAD) ★**

This sub-section sets forth the Limited Assignment Distribution Program (LAD), which applies to private passenger automobile liability. A member which elects to be excused from assignments and thereby become an "excused member" must enter into a written agreement with an approved servicing carrier. The agreement must be approved by the Manager and will be subject to the provisions of that agreement and this program. Non-participating companies are not subject to this program and will continue to receive their normal assignments under the other provisions of this Section.

1. Any member which satisfies the requirements of Chapter 2151 Insurance Code may elect to be a servicing carrier and thereafter receive assignments in addition to its normal premium quota under the other provisions of the Plan of Operation.

To be eligible as a LAD servicing carrier, a member must:

- a. have been licensed in Texas to write automobile liability insurance for a minimum period of five years, or be currently engaged as a servicing carrier for automobile insurance plan business in at least one other state;
- b. demonstrate to the satisfaction of the Governing Committee its successful performance servicing automobile insurance plan business and ability to perform satisfactorily as a servicing carrier in this state;
- c. have at least \$15,000,000 Policyholder Surplus and a ratio of Net Premiums Written to Policyholder Surplus of no greater than 3 to 1 based on the most recent annual or quarterly financial statement;
- d. have applied for servicing carrier status and been approved by the Governing Committee for a specified maximum premium volume which may be assumed as a servicing carrier;

- e. have and maintain an A.M. Best financial rating not less than A- for a continuous three-year period;
- f. notify the Association Manager in writing within 30 days that the servicing carrier has fallen below the criteria in c. or e. above; and
- g. reapply every five years to continue as a servicing carrier.

The Governing Committee may prospectively modify the limit on the volume of assignments to be assumed by an approved servicing carrier in order to assure the ability to perform satisfactorily as a servicing carrier.

2. Monitoring Servicing Carrier Eligibility

The Association Manager will annually (or sooner as necessary) review the eligibility of each servicing carrier to ensure it continues to meet all eligibility requirements.

If the Association Manager determines that a servicing carrier does not continue to meet one or more of the eligibility requirements in this subsection, the Manager shall immediately notify the Governing Committee. The Governing Committee may take action as deemed necessary.

- 3. The terms of the LAD agreement, including the buy-out fee, shall be determined by negotiations between the excused member and the servicing carrier. The Governing Committee shall adopt reasonable standards for the agreement.
- 4. Upon receipt of a signed LAD agreement from the servicing carrier, the Association will transfer to the servicing carrier the assignment quota of the excused member covered under the agreement. Annually, the Association will indicate how much of the servicing carrier's contract business was needed to fulfill each excused member's quota. Any over/under assignment of the excused member will be attributed to the servicing carrier.
- 5. The servicing carrier must assume each policy of the excused member at the renewal date. At least 30 days prior to the renewal date of each policy, the excused member shall give notice to the insured that the servicing carrier will provide coverage at the renewal date for the balance of the three year assignment period. Such notice is to be given in the form prescribed by the Governing Committee. The servicing carrier shall provide a renewal offer in accordance with Section 14.A.4.

When there is a termination of participation by an excused member, each servicing carrier shall continue its policies in force under this program for the remainder of the assignment period provided in Section 9.

- 6. This program does not limit in any manner the authority of the Governing Committee to make assessments on an excused member or a servicing carrier for operations of the Association.

**Sec. 42. DETERMINATION AND FULFILLMENT OF OTHER THAN PRIVATE PASSENGER QUOTAS**

**A. Assignment of Commercial Applications**

The Association shall assign eligible applicants classified as commercial in a random manner so that each member will receive its assignment quota. For purposes of calculating other than private passenger assignment quota, the Association shall utilize statistical data provided by the statistical agent designated by the Texas Department of Insurance as the source of information for the "net direct written premium" and "voluntary OTPP premiums" and any other information necessary to calculate the assignment quota in accordance with this section.

No applicant with a public automobile classification, other than school or church bus is to be assigned to a member which did not, during the calendar year ending December 31 of the prior year, and currently does not, write as voluntary business in this state any automobile liability insurance in such classification.

Assignment of buses and public automobiles will be made with due regard to the state insurance licenses held by the member.

A member is entitled to a credit of two dollars of premium for every dollar of premium for an assignment which is classified as a public auto, other than school or church bus.

A member which has received an assignment may return it to the Association if the member's surplus to policyholders, as determined by the latest financial statement filed with the Commissioner of Insurance, is insufficient to cover the risk. In this case, the risk shall be reassigned.

**B. Quota Determination**

The Association shall assign eligible applicants other than private passenger ("OTPP") in a random manner so that each member will receive the same portion of the OTPP premiums of the Association that its net direct "voluntary OTPP premiums" bear to the total of such "voluntary OTPP premiums" of all authorized insurers in the state.

- 1. "Net direct written premium" means gross direct premiums, less return premiums and premiums on policies not taken, without including reinsurance assumed and without deducting reinsurance ceded, but include premiums for OTPP excess of loss policies except in the case of a member which writes no basic limits automobile liability insurance. Policyholder dividends are not deemed to be return premiums.
- 2. "Voluntary OTPP premiums" means the net direct written premiums for commercial automobile bodily injury and property damage liability, personal injury protection and uninsured/underinsured motorists coverages shown on the Exhibit of Premiums and Losses of the members' Annual Statement minus the OTPP direct written premiums for those

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coverages written by the member through the Association during the calendar year ending December 31 of the second prior year.

**C. Distribution of Other Than Private Passenger Quota Reports**

The Association will provide a quarterly report of other than private passenger quota calculation to members. The report will list each member's new business quota, adjustments for over/under assignments and adjusted new business quota.

**D. Data Corrections/Adjustments**

Insurers making corrections to data used for other than private passenger quota determination are to be guided by the following:

1. Corrections and adjustments to voluntary base data will be accepted for a period of 30 months from the close of the calendar year.

**Note:** For example, companies may submit corrections to calendar year 2003 voluntary base data until June 30, 2006.

2. Corrections for Association data will be accepted for 8 months following the close of the calendar year.

**Note:** For example corrections for 2003 Association data will be accepted until August 31, 2004.

★ **E. Commercial Limited Assignment Distribution Procedure (CLAD)**

This sub-section sets forth the Commercial Limited Assignment Distribution Program (CLAD) which applies to other than private passenger (OTPP) automobile liability insurance. A member which elects to be excused from assignments and thereby become an "excused member" must enter into a written agreement with an approved servicing carrier. The agreement must be approved by the Manager and will be subject to the provisions of that agreement and this program. Non-participating companies are not subject to this program and will continue to receive their normal assignments under the other provisions of this Section.

1. Any member which satisfies the requirements of Chapter 2151 Insurance Code may elect to be a servicing carrier and thereafter receive assignments in addition to its normal premium quota under the other provisions of the Plan of Operation.

To be eligible as a CLAD servicing carrier, a member must:

- a. have been licensed in Texas to write automobile liability insurance for a minimum period of five years, or be currently engaged as a servicing carrier for automobile insurance plan business in at least one other state;
- b. demonstrate to the satisfaction of the Governing Committee its successful performance servicing automobile insurance

plan business and ability to perform satisfactorily as a servicing carrier in this state;

- c. have at least \$15,000,000 Policyholder Surplus and a ratio of Net Premiums Written to Policyholder Surplus of no greater than 3 to 1 based on the most recent annual or quarterly financial statement;
- d. have applied for servicing carrier status and been approved by the Governing Committee for a specified maximum premium volume which may be assumed as a servicing carrier;
- e. write all classes of other than private passenger automobile liability business without restriction;
- f. have and maintain an A.M. Best financial rating not less than A- for a continuous three-year period;
- g. notify the Association Manager in writing within 30 days that the servicing carrier has fallen below the criteria in c. or f. above; and
- h. reapply every five years to continue as a servicing carrier.

The Governing Committee may prospectively modify the limit on the volume of assignments to be assumed by an approved servicing carrier in order to assure the ability to perform satisfactorily as a servicing carrier.

2. Monitoring Servicing Carrier Eligibility

The Association Manager will annually (or sooner as necessary) review the eligibility of each servicing carrier to ensure it continues to meet all eligibility requirements.

If the Association Manager determines that a servicing carrier does not continue to meet one or more of the eligibility requirements in this subsection, the Manager shall immediately notify the Governing Committee. The Governing Committee may take action as deemed necessary.

3. The terms of the CLAD agreement, including the buy-out fee, shall be determined by negotiations between the excused member and the servicing carrier. The Governing Committee shall adopt reasonable standards for the agreement.
4. Upon receipt of a signed CLAD agreement from the servicing carrier, the Association will transfer to the servicing carrier the assignment quota of the excused member covered under the agreement. Annually, the Association will indicate how much of the servicing carrier's contract business was needed to fulfill each excused member's quota. Any over/under assignment of the excused member will be attributed to the servicing carrier.
5. The servicing carrier must assume each policy of the excused member at the renewal date. At least 60 days prior to the renewal date of each policy, the excused member shall give notice to the

insured that the servicing carrier will provide coverage at the renewal date for the balance of the three-year assignment period. Such notice is to be given in the form prescribed by the Governing Committee. The servicing carrier shall provide a renewal offer in accordance with Section 32.A.4.

When there is a termination of participation by an excused member, each servicing carrier shall continue its policies in force under this program for the remainder of the assignment period provided in Section 25.

6. This program does not limit in any manner the authority of the Governing Committee to make assessments on an excused member or a servicing carrier for operations of the Association.

#### **Sec. 43. QUOTA DISTRIBUTION RESTRICTIONS**

Except as provided in Section 41.E and Section 42, distribution will be made on the basis that any applicant may be assigned to any member.

- A. An insurer is required to accept assignment to insure up to five motor vehicles. The assignment of applicants with more than five motor vehicles is subject to the following restrictions:
  1. due consideration will be given to the ability of the respective member to provide service to the applicant;
  2. no applicant will be assigned to more than one member unless it is inequitable to assign it to one member by reason of the unusual hazard or unusual accident record of the applicant;
  3. if the unusual hazard or unusual accident record of an applicant requires assignment to more than one member, no member is obligated to accept an assignment of more than five motor vehicles of that applicant.

#### **B. Reassignment to Prior Insurer**

Any eligible reapplicant to the Association is to be reassigned to the prior member in accordance with usual Association procedures.

#### **Sec. 44. QUOTA ADJUSTMENT**

The Association will adjust the current estimated assignment quota of each member quarterly to reflect the amount of Association premium which was less than or in excess of its proportionate share of the total Association premium for such quarter.

#### **Sec. 45. TAKE-OUT**

##### **A. Mandatory Offer to Write Private Passenger Risks**

Refer to Personal Automobile Part – Section 10.A. for provisions pertaining to risk eligibility, offer to write, notification, and company obligations to the insured and producer of record.

##### **B. Voluntary Offer to Write or the Writing of Private Passenger Risks**

Refer to Personal Automobile Part – Section 10. B for provisions applicable to voluntary offer to write by the assigned company or a company other than the assigned company.

##### **C. Take-Out Credits**

1. The amount of credit provided for policies written under the terms of Sections 45.A and B is as follows:
  - a. Mandatory Take-out: No credit given
  - b. Voluntary Take-out: 2.0 credits for each average vehicle on policies in-force written in accordance with Section 45.B. However, no credit shall be given to the assigned insurer which voluntarily writes its own assigned risk within 6 months of eligibility for mandatory takeout.

Credits are applied to the insurer's assignment quota by subtracting the insurer's total credits from the average vehicles for the most recent four quarters in accordance with Section 41.

The take-out credits allowed under this Section are cumulative with other credits provided under Section 41. The take-out credits shall be applied for four quarters.

An insurer may earn excess take-out credits and may sell take-out credits to any other insurer in accordance with Section 41.

2. All of the following requirements must be met:
  - a. The insurer must provide the proper notification to the producer of record as specified in Sections 10.A.3 and 10.B.3.
  - b. The voluntary policy must remain in effect for at least 60 days.
  - c. The take-out policy must be written at rates below the rates in effect for the Association at the time the take-out policy becomes effective.
  - d. To claim for voluntary take-out, the insurer must submit an approved reporting form to the Texas Department of Insurance and the Association or its designee quarterly for all policies qualifying during the calendar quarter. The report is due 30 days following the end of the quarter. An insurer is required to submit supporting data upon request to the Texas Department of Insurance or the Association.

##### **D. Failure to Comply with the Provisions of this Section**

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.

**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 quota 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 retains its license to write such business, it must continue to pay assessments and receive assignments until its quota established by its writings prior to discontinuance 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 quota of the former as established by its writings prior to such transfer has been filled, unless another member has agreed, in a manner satisfactory to the Governing Committee, to assume such obligation.

\* **E. Insurers Exempt under Section 35**

If a member qualifies for a calendar year exemption, the member shall continue to report all Association premiums until the end of the assignment period. These premiums for the year(s) of exemption shall be credited against the members quota.

**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 other text 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 requests it from the company.

**Sec. 50. AUTOMOBILE THEFT PREVENTION AUTHORITY PASS THROUGH FEE**

A. Texas Civil Statutes, Article 4413(37), § 10. requires each insurer to pay a fee of \$1 per motor vehicle year to the Automobile Theft Prevention Authority. Each insurer is authorized to recoup this fee from the policyholder.

B. Any insurer recouping the fee from the policyholder as authorized by subsection 50.A must include on or with each motor vehicle insurance policy providing primary liability coverage delivered, issued for delivery, or renewed in this state on or after October 3, 1992, a notice conforming with either subsection 50.B.1 or 2.

1. This notice shall be in no less than 10-point type and shall be attached to or stamped or printed on the Declarations page and shall become part of the policy. The notice shall read as follows:

NOTICE: A fee of \$\_\_\_\_\_ is payable in addition to the premium due under this policy. This fee reimburses the insurer, as permitted by 28 TAC §5.205, for the \$1 fee per motor vehicle year required to be paid to the Automobile Theft Prevention Fund under Texas Civil Statutes, Article 4413(37), §10, which became effective on June 6, 1991.

2. This notice shall be in no less than 10-point type and shall be included as part of the policy. The notice shall read as follows:

NOTICE: The Automobile Theft Prevention Authority Fee is payable in addition to the premium due under this policy. This fee reimburses the insurer, as permitted by 28 TAC §5.205, for the \$1 fee per motor vehicle year required to be paid to the Automobile Theft Prevention Fund under Texas Civil Statutes, Article 4413(37), §10, which became effective on June 6, 1991.

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If this notice is provided, the following shall be printed on the Declarations page, renewal certificate, or billing:

Automobile Theft Prevention Authority

Fee \$ \_\_\_\_\_ .

(See enclosed explanation)

- C. All automobile insurance policies providing primary liability coverages shall be assessed the \$1 fee per motor vehicle year. For purposes of this Section, the term "motor vehicle year" shall mean one motor vehicle insured for one year.

**Sec. 51. RESERVED FOR FUTURE USE**

**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 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.

C. 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.

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**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	February 15, 2008
Sec. 6	December 2, 2005
Sec. 7	February 26, 2009
Sec. 8	Reserved for Future Use
Sec. 9	February 9, 2006
Sec. 10	December 1, 2004
Sec. 11	December 1, 2004
Sec. 12	Reserved for Future Use
Sec. 13	December 1, 2004
Sec. 14	December 1, 2004
Sec. 15	February 26, 2009
Sec. 16	Reserved for Future Use

**ADMINISTRATIVE PROVISIONS**

Sec. 35	February 26, 2009
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	February 9, 2006
Sec. 48	December 1, 2004
Sec. 49	December 1, 2004
Sec. 50	December 1, 2004
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

**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	February 26, 2009
Sec. 22	December 2, 2005
Sec. 23	February 26, 2009
Sec. 24	Reserved for Future Use
Sec. 25	February 9, 2006
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	December 1, 2004
Sec. 33	December 1, 2004
Sec. 34	Reserved for Future Use