

Texas Automobile Insurance Plan Association

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To All Subscriber Companies:

The Plan of Operation of the Texas Automobile Insurance Plan Association, approved by the Texas Commissioner of Insurance, significantly changes the calculation of quotas commencing in 1996. Quotas for 1995 will continue to be calculated as they were in prior years, but the determination and fulfillment of quotas for 1996 and subsequent years will be modified in the following two ways:

1. Credits for class 2 (Young Drivers) and class 6 (Senior Citizens) private passenger automobiles written in 1995 will not be considered in the determination and fulfillment of quotas for 1996. Determination and fulfillment of quotas commencing in 1996 will utilize the "eligible vehicles or policies in force" for the most recent four calendar quarters as reported in the Texas Private Passenger Automobile Statistical Plan Quarterly Market Report.
2. Underserved zip code credits will apply to companies' 1996 (and subsequent years) quotas based on voluntary business written for the most recent four calendar quarters as reported in the Texas Private Passenger Automobile Statistical Plan Quarterly Market Report. In the near future, the Texas Commissioner of Insurance will adopt a rule identifying "underserved" zip codes. Credits will be granted for writing eligible vehicles in these underserved zip code areas. The Texas Automobile Insurance Plan Association will forward a bulletin explaining the underserved zip code credits after adoption the rule.

Very truly yours

Bobby W. White
Association Manager