

September 20, 1995

## TAIPA Bulletin No. 29

**To All Member Companies and Producers:**

### **Section 5. Premium Deposit Requirements and Payment Options**

Amendments to Section 5 of the Texas Automobile Insurance Plan Association Plan of Operation are approved to become effective on November 1, 1995.

One of the amendments deletes a sentence from the wording in the current Section 5.C. under "NOTE."

~~"The Installment Premium Payment Option is not available if any portion of the annual premium is financed by a premium finance company. The installment payment plan is not available to an applicant who, within the last two years, has defaulted in the payment of premiums to an insurer and caused a lapse in the policy. If any portion of the annual premium is financed after the Installment Premium Payment Option is elected, the insurer may bill the insured immediately for the unpaid balance of the annual premium."~~

Another paragraph has been added to Section 5.D. that states:

"The insurer may deduct from the deposit premium any unpaid premium owed to the insurer by an applicant for a prior assigned policy issued by the insurer during the twelve months immediately preceding the effective date of the policy."

Simply stated, these amendments delete language stating that consumers are not eligible for the TAIPA installment payment plan if their policy has been canceled for nonpayment of premiums to an insurer during the last two years. However, if the insured has defaulted in payment of premiums to an insurer assigned through TAIPA within the last twelve (12) months, the insurer may deduct from the deposit premium, of a current assignment, any outstanding unpaid earned premium due.

New language has also been approved for Section 8 of the TAIPA 1000 application form, under Payment Plans. That revision will include the new wording from Section 5.D. as well as the notice advising, "If the deposit premium is 20% or more inadequate, the insurer may bill for the deficiency immediately."

The current TAIPA 1000 application form, revised January 1995 (1/95), will be accepted by the Association until January 31, 1996. Any applications received in the TAIPA office February 1, 1996 on the old application will be returned for the correct forms. Producers may begin submitting the November 1, 1995 (11-1-95) application revision as soon as they have received them.

TAIPA Plan Services