

May 29, 1996

TAIPA Bulletin No. 37**To: Member Companies:****Offers to Renew**

At its meeting on March 21, 1996, the Governing Committee adopted amendments to Sections 13.B.2., 16.K.4., and 17.A.3. all having to do with the timing of offers to renew assigned policies. Prior to these amendments, a company had an obligation to make the offer to renew at least 60 days in advance of expiration. That period has been reduced to 30 days, except for risks written on a Business Auto Coverage form.

In accordance with the Plan of Operation, these amendments were submitted to the Commissioner for his approval. That approval has now been given in Board Order No. 96-0590, dated May 29, 1996.

These changes relate to policies expiring August 1, 1996 and afterward.

The text of these changes is attached to this bulletin.

It is expected that new rates will become effective August 1, 1996. A company unable to quote new rates may notify the insured of that fact when offering to renew (See amended Section 13.B.2.). That notice may be in the form approved by the Association which is also included with this bulletin.

Also attached please find revised take-out reporting instructions consistent with the changes in the Plan of Operation. The instructions also clarify the reporting of written premium on accepted offers.

Sincerely,



Margaret Alsobrook
Operations Manager

a.) Section 13.B.2. of the Plan of Operation is amended to read as follows:

2. At least 30 [~~60~~] calendar days (60 calendar days for risks written on a Business Auto Coverage form) prior to the inception date of renewals the designated insurer shall notify the insured that:

a. a renewal will be issued, provided the premium is received on or before the inception date, except for insureds subject to certified filings on Business Auto Coverage forms which may [~~shall~~] be due 30 days prior to renewal;

b. if the renewal is to be written on the Installment Premium Payment Option, such renewal will be written provided the deposit premium (20% of the total annual premium subject to a minimum of \$40.00 per policy) stipulated by the insurer is received on or before the inception date of such renewal;

c. a renewal will not be issued for the reason that the insured is not entitled to insurance under the Plan of Operation.

If an insurer is unable to quote rates to be effective on renewal, it must notify the insured of a possible rate change. Using language authorized by the Association shall be deemed sufficient notice.

A copy of such notice shall be filed with the producer.

Renewal policies must be mailed within 30 calendar days of the insurer's receipt of the renewal premium specified under a. or b. of sub-section B.2. above.

b.) Section 16.K.4. of the Plan of Operation is amended to read as follows:

4. The Servicing Carrier must assume each policy of the Excused Member at the renewal date. At least 30 [~~sixty~~] days prior to the renewal date of each policy, the Excused Company 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 13.B.2.

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 appropriate assignment period provided in Section 7.

c.) Section 17.A.3. of the Plan of Operation is amended to read as follows:

3. On a prescribed form, the assigned insurer shall provide the insured with a notice of intent to offer coverage at expiration of the assigned policy. A copy of the notice shall be simultaneously provided to the producer of record. The offer to write must be mailed to the insured at least 30 [~~60~~] days prior to the expiration of the assigned policy.

The prescribed form will be adopted and amended by the Governing Committee. The prescribed form and any changes are to be filed with the Commissioner prior to use. The Commissioner may disapprove the use of the form if it contains a prohibited mandatory take-out eligibility standard.

AUTHORIZED LANGUAGE FOR NOTICE OF PENDING RATE CHANGE
(Adopted at March 21, 1996 Meeting)

NOTICE OF PENDING RATE CHANGE: The premium shown on this (the attached) Renewal Notice may differ from the premium you will be charged on the effective date of your new policy. The premium stated in this offer of renewal reflects the rates that are currently in place. The Commissioner of Insurance has made a ruling to change rates to be effective (date) , but those changes have not been implemented by us. By law, we must charge the rates set by the Commissioner for all coverages written through the Texas Automobile Insurance Plan Association. If your policy is issued after the effective date of the ruling, your actual cost will reflect the new rate. Required premium adjustments will be reflected in our first billing to you after the policy is issued.

Texas Automobile Insurance Plan Association

Reporting Requirements for Mandatory Take-Out Program Activity

The reporting requirements have been revised, effective July 1, 1996. Please read these revised reporting requirements carefully. The first report utilizing the revised reporting requirements will be for third quarter 1996 experience, due October 30, 1996. Second quarter 1996 experience only should be reported according to previously-distributed requirements.

Each member of TAIPA shall quarterly submit a report of mandatory take-out activity to the Texas Department of Insurance. The report shall include the following elements, reported for each of four months -- the three months in the reporting quarter plus one month following the end of the reporting quarter.

1. Number of Policies Reaching Three Years with Assigned Insurer
2. Vehicles on Policies Reaching Three Years with Assigned Insurer
3. Mandatory Take-Out Offers
4. Vehicles on Mandatory Take-Out Offers
5. Offers Accepted
6. Vehicles on Offers Accepted
7. Written Premium on Policies Issued for Accepted Offers

8. Does the TAIPA member allow its agents or representatives to offer excess liability limits or physical damage coverages with the voluntary policy? Report 1 = Yes or 0 (zero) = No for each item a - f.
 - a. Excess Limits same as other voluntary policies
 - b. Excess Limits different from other voluntary policies
 - c. Collision same as other voluntary policies
 - d. Collision different from other voluntary policies
 - e. Comprehensive same as other voluntary policies
 - f. Comprehensive different from other voluntary policies

Instructions

1. All data elements will be reported in the month of the effective date of the voluntary policy.

Examples

The expiration of the third year of a policy obtained through TAIPA is December 31, 1996. If the consumer were eligible for the mandatory take-out offer, the TAIPA member would send the offer to the insured and producer of record on December 2, 1996. If the consumer accepted the offer, the voluntary policy would become effective January 1, 1997. In the fourth quarter 1996 report, the TAIPA member would report this activity in Lines 1 through 4 in the fourth column entitled "1st Month Following Reporting Quarter" and write "Jan 97" in the top of that column. In the first quarter 1997 report, the TAIPA member would report this activity on all lines in the first column entitled "1st Month in Reporting Quarter" and write "Jan 96" in the top of that column. Lines 8a through 8f should be reported for all four months in each reporting quarter.

An offering insurer sends the mandatory take-out offer to both the consumer and the producer of record on January 15, 1996, 30 days prior to the effective date of the voluntary policy of February 15, 1996. The consumer accepts the offer. The TAIPA member would report all this activity in the second column ("2nd Month in Reporting Quarter") of the first quarter 1996 report.

2. The reporting insurer must fill in the appropriate months at the top of each column on the Mandatory Take-Out Reporting Form. An examples of a reporting form with months entered for 3rd Quarter 1996 is attached.
3. Report actual numbers for items -7. For item 8, report 1 if yes and 0 (zero) if no.
4. On line 7, report the annual premium for the bodily injury and property damage liability coverages only. If the take-out policy was for a 6-month term, report two times the bodily injury premium plus two times the property damage premium on that 6-month policy.
5. Submit the Mandatory Take-Out Reporting Form and the Certification Form together, no later than 30 days after the end of the reporting quarter. Report first quarter by April 30, second quarter by July 30, third quarter by October 30 and fourth quarter by January 30. Submit reports to the Texas Department of Insurance:

Mandatory Take-Out Credit Reporting
Texas Department of Insurance
Mail Code 105-5G
P.O. Box 149104
Austin, TX 78714-9104
(512) 475-1878 phone
(512) 463-6122 facsimile

6. The Certification of Mandatory Take-Out Reporting Form must be submitted with the Mandatory Voluntary Take-Out Reporting Form and must be signed by a representative of the company authorized to certify the accuracy of the report.

Data Retention

Reporting insurers must retain records for the Texas Department of Insurance to verify that offers were sent all eligible consumers and producers of record and any other records necessary for the Department to verify the accuracy of reported data for a period of 12 month following the effective date of the voluntary policies. Records of offers made, whether accepted or not, must be maintained for 14 months following the date of the offer. The Department will periodically request detailed information about the mandatory take-out offers and acceptances and will provide reporting insurers with four weeks notice prior to the required submission date.

Texas Automobile Insurance Plan Association
Certification of Mandatory Take-Out Report

Date Submitted:

TAIPA Member Number: _____

NAIC Group or Company Number: _____

We hereby certify that the information reported for the Texas Automobile Insurance Plan Association Mandatory Take-Out Activities has been reviewed and certified as being in a true and accurate description of the those activities. Upon request, we will furnish detailed data, other information or submit to a physical audit of our records in support of this report to the Texas Department of Insurance.

(Authorized Signature)

(Print Name and Title)

(Company Name)

(Company Address)

Questions regarding our report should be directed to:

(Print Name and Title)

(Phone Number)

**Texas Automobile Insurance Plan Association
Mandatory Take-Out Reporting**

TAIPA Member Name: _____

TAIPA Member Number: _____

NAIC Group or Company Number: _____

1st Month
in Reporting
Quarter:

2nd Month
in Reporting
Quarter:

3rd Month
in Reporting
Quarter:

1st Month
Following
Reporting
Quarter:

Enter the Month and Year for Each Column ---->

1	Number of Policies Reaching Three Years with Assigned Insurer				
2	Vehicles on Policies Reaching Three Years with Assigned Insurer				
3	Mandatory Take-Out Offers				
4	Vehicles on Mandatory Take-Out Offers				
5	Offers Accepted				
6	Vehicles on Offers Accepted				
7	Written Premium on Policies Issued for Accepted Offers				
8	Does the TAIPA member allow its agents or representatives to offer excess liability limits or physical damage coverages with the voluntary policy?				
a	Excess Limits same as other voluntary policies				
b	Excess Limits different from other voluntary policies				
c	Collision same as other voluntary policies				
d	Collision different from other voluntary policies				
e	Comprehensive same as other voluntary policies				
f	Comprehensive different from other voluntary policies				

Name and Phone Number of Contact Person for this Report: _____

First Revision, Effective July 1, 1996

**Texas Automobile Insurance Plan Association
Mandatory Take-Out Reporting**

Example

TAIPA Member Name: _____
 TAIPA Member Number: _____
 NAIC Group or Company Number: _____

1st Month
in Reporting
Quarter:
Jul-96

2nd Month
in Reporting
Quarter:
Aug-96

3rd Month
in Reporting
Quarter:
Sep-96

1st Month
Following
Reporting
Quarter:
Oct-96

Enter the Month and Year for Each Column ---->

1	Number of Policies Reaching Three Years with Assigned Insurer				
2	Vehicles on Policies Reaching Three Years with Assigned Insurer				
3	Mandatory Take-Out Offers				
4	Vehicles on Mandatory Take-Out Offers				
5	Offers Accepted				
6	Vehicles on Offers Accepted				
7	Written Premium on Policies Issued for Accepted Offers				
8	Does the TAIPA member allow its agents or representatives to offer excess liability limits or physical damage coverages with the voluntary policy?				
a	Excess Limits same as other voluntary policies				
b	Excess Limits different from other voluntary policies				
c	Collision same as other voluntary policies				
d	Collision different from other voluntary policies				
e	Comprehensive same as other voluntary policies				
f	Comprehensive different from other voluntary policies				

Name and Phone Number of Contact Person for this Report: _____

First Revision, Effective July 1, 1996

Texas Automobile Insurance Plan Association

Reporting Requirements for Voluntary Take-Out Program Activity

The reporting requirements have been revised, effective July 1, 1996. Please read these revised reporting requirements carefully. The first report utilizing the revised reporting requirements will be for third quarter 1996 experience, due October 30, 1996. Second quarter 1996 experience only should be reported according to previously-distributed requirements.

Each member of TAIPA seeking credits for voluntary take-out policies written shall quarterly submit a report of such activity to AIPSO and the Texas Department of Insurance. The report shall include the following elements, reported for each of four months -- the three months in the reporting quarter plus one month following the end of the reporting quarter.

1. Voluntary Take-Out Offers
2. Vehicles on Voluntary Take-Out Offers
3. Offers Accepted
4. Vehicles on Offers Accepted
5. Written Premium on Policies Issued for Accepted Offers
6. Accepted Offers In-Force 60 Days After Effective Date of Take-Out Policy
7. Vehicles on Accepted Offers In-Force 60 Days After Effective Date of Take-Out Policy

8. Does the TAIPA member allow its agents or representatives to offer excess liability limits or physical damage coverages with the voluntary policy? Report 1 = Yes or 0 (zero) = No for each item a - f.
 - a. Excess Limits same as other voluntary policies
 - b. Excess Limits different from other voluntary policies
 - c. Collision same as other voluntary policies
 - d. Collision different from other voluntary policies
 - e. Comprehensive same as other voluntary policies
 - f. Comprehensive different from other voluntary policies

Instructions

- 1 All data elements will be reported in the month of the effective date of the voluntary policy with the exception of lines 6 and 7 ("Accepted Offers In-Force 60 Days After Effective Date of Take-Out Policy" and "Vehicles on Accepted Offers In-Force 60 Days After Effective Date of Take-Out Policy"). For lines 6 & 7, report the information in the month occurring 60 days after the effective date of the voluntary policy.

Examples

An offering insurer sends an offer to voluntarily insure to both the consumer and the producer of record on November 15, 1995, 30 days prior to the effective date of the voluntary policy of December 15, 1995. The consumer accepts the offer and the policy remains in force for more than 60 days. The TAIPA member would report all data elements except lines 6 & 7 in the third column (3rd Month in Reporting Quarter) of the fourth quarter 1995 report and enter "Dec 95" in the top of that column. The TAIPA member would report Lines 6 & 7 (Accepted Offers In-Force 60 days After Effective Date of Take-Out Policy and Vehicles on those policies) for these policies in the second column (2nd Month in Reporting Quarter) of the first quarter 1996 report and enter "Feb 96" in the top of that column. Lines 8a through 8f should be reported for all four months in each reporting quarter. Generally, the only entries in the fourth column ("1st Month Following Reporting Quarter:") will be for Lines 1, 2 and 8a through 8f.

An offering insurer sends an offer to voluntarily insure to both the consumer and the producer of record on January 15, 1996, 30 days prior to the effective date of the voluntary policy of February 14, 1996. The insurer would report this offer in the first quarter 1996 report in the column entitled "2nd Month in Reporting Quarter" and enter "Feb 96" in the top of that column. The first quarter 1996 report would note this activity on lines 1 through 5 and 8a through 8f. If the policies remained in force for 60 days, these policies would also then be reported on lines 6 & 7 of the second quarter 1996 report in the April 1996 column.

2. The reporting insurer must fill in the appropriate months at the top of each column on the Voluntary Take-Out Reporting Form. An examples of a reporting form with months entered for 3rd Quarter 1996 reporting is attached.
3. Report actual numbers for items 1 -7. For item 8, report 1 if yes and 0 (zero) if no.
4. Report the annual premium for the bodily injury and property damage liability coverages only in row 5. If the take-out policy was for a 6-month term, report two times the bodily injury plus two times the property damage premium on that 6-month policy.
5. Submit the Voluntary Take-Out Reporting Form and the Certification Form together, no later than 30 days after the end of the reporting quarter. Report first quarter by April 30, second quarter by July 30, third quarter by October 30 and fourth quarter by January 30. Submit reports to both the Texas Department of Insurance and AIPSO:

Texas Department of Insurance
TAIPA Take-Out Credit Reporting
Texas Department of Insurance
Mail Code 105-5G
P.O. Box 149104
Austin, TX 78714-9104
(512) 475-1878 phone
(512) 463-6122 facsimile

AIPSO
Anthony Ruscito
AIPSO Data Services Department
302 Central Avenue
Johnston, RI 02919

5. The Certification of Voluntary Take-Out Reporting Form and Request for Credits must be submitted with the Voluntary Take-Out Reporting Form and must be signed by a representative of the company authorized to certify the accuracy of the report.
6. The reporting insurer may optionally provide a submission number on the Certification Form. The submission number will be assigned by the carrier and should be numbered in a logical sequence.
7. The number of vehicles for which credits are requested on the Certification Form must equal the sum of Line 7 entries for the first three columns (months) of the Voluntary Take-Out Reporting Form.

Data Retention

Reporting insurers must retain records for the Texas Department of Insurance to verify that offers were sent all eligible consumers and producers of record and any other records necessary for the Department to verify the accuracy of reported data for a period of 12 month following the effective date of the voluntary policies. In particular, reporting insurers must be able to demonstrate any claim that voluntary policies remained in force for at least 60 days. Records of offers made, whether accepted or not, must be maintained for 14 months following the date of the offer. The Department will periodically request detailed information about voluntary take-out offers and will provide reporting insurers with four weeks notice prior to the required submission date.

Texas Automobile Insurance Plan Association

Certification of Voluntary Take-Out Report and Request for Credits

Date Submitted:

TAIPA Member Number: _____

NAIC Group or Company Number:

We hereby certify that the information reported for the Texas Automobile Insurance Plan Association Mandatory Take-Out Activities has been reviewed and certified as being in a true and accurate description of the those activities. Upon request, we will furnish detailed data, other information or submit to a physical audit of our records in support of this report to AIPSO or the Texas Department of Insurance.

We hereby attest that the following number of vehicles were insured for at least 60 days on policies written pursuant to a voluntary take-out offer during the reporting quarter and request credits for these vehicles:

(Authorized Signature)

(Print Name and Title)

(Company Name)

(Company Address)

Questions regarding our report should be directed to:

(Print Name and Title)

(Phone Number)

**Texas Automobile Insurance Plan Association
Voluntary Take-Out Reporting**

TAIPA Member Name: _____
 TAIPA Member Number: _____
 NAIC Group or Company Number: _____

1st Month
in Reporting
Quarter:

2nd Month
in Reporting
Quarter:

3rd Month
in Reporting
Quarter:

1st Month
Following
Reporting
Quarter:

Enter the Month and Year for Each Column ---->

1	Voluntary Take-Out Offers				
2	Vehicles on Voluntary Take-Out Offers				
3	Offers Accepted				
4	Vehicles on Offers Accepted				
5	Written Premium on Policies Issued for Accepted Offers				
6	Accepted Offers In-Force 60 Days After Effective Date of Take-Out Policy				
7	Vehicles on Accepted Offers In-Force 60 Days After Effective Date of Take-Out Policy				
8	Does the TAIPA member allow its agents or representatives to offer excess liability limits or physical damage coverages with the voluntary policy?				
a	Excess Limits same as other voluntary policies				
b	Excess Limits different from other voluntary policies				
c	Collision same as other voluntary policies				
d	Collision different from other voluntary policies				
e	Comprehensive same as other voluntary policies				
f	Comprehensive different from other voluntary policies				

Name and Phone Number of Contact Person for this Report: _____

First Revision, Effective July 1, 1996

**Texas Automobile Insurance Plan Association
Voluntary Take-Out Reporting**

Example

TAIPA Member Name: _____
 TAIPA Member Number: _____
 NAIC Group or Company Number: _____

1st Month
in Reporting
Quarter:

2nd Month
in Reporting
Quarter:

3rd Month
in Reporting
Quarter:

1st Month
Following
Reporting
Quarter:

Jul-96

Aug-96

Sep-96

Oct-96

Enter the Month and Year for Each Column ---->

1	Voluntary Take-Out Offers				
2	Vehicles on Voluntary Take-Out Offers				
3	Offers Accepted				
4	Vehicles on Offers Accepted				
5	Written Premium on Policies Issued for Accepted Offers				
6	Accepted Offers In-Force 60 Days After Effective Date of Take-Out Policy				
7	Vehicles on Accepted Offers In-Force 60 Days After Effective Date of Take-Out Policy				
8	Does the TAIPA member allow its agents or representatives to offer excess liability limits or physical damage coverages with the voluntary policy?				
a	Excess Limits same as other voluntary policies				
b	Excess Limits different from other voluntary policies				
c	Collision same as other voluntary policies				
d	Collision different from other voluntary policies				
e	Comprehensive same as other voluntary policies				
f	Comprehensive different from other voluntary policies				

Name and Phone Number of Contact Person for this Report: _____

First Revision, Effective July 1, 1996