

TAIPA Bulletin No. 45

TO ALL COMPANIES RECEIVING ASSIGNMENTS

Rate Adjustment Retroactive to August 1, 1996

October 7, 1996

An error was discovered in Commissioner's Order 96-0591 which established rates for TAIPA policies effective August 1, 1996. The error was in the rates for BI liability and PD liability.

On behalf of its members, TAIPA has joined the other parties to the rate hearing in a Consent Order which has been entered by Commissioner Bomer. The order sets out the procedures to be followed by any company which has issued a policy for a new assignment or for a renewal where the policy effective date is August 1 or later.

The Commissioner has approved these procedures:

- a. for renewal quotes made for policies renewable in the months of August through November, 1996, no re-offer is required;
- b. for policies issued for new assignments or for renewal offers accepted, but where the policies have lapsed for non-payment of premium, no re-rating and no policy reinstatement is required;
- c. for currently in-force policies
 - where full annual premium has been paid at renewal or assignment, policies are to be re-rated and the insurer is to pay the return premium to the named insured or to the premium finance company.
 - where the installment payment option has been used for renewal or assignment, policies are to be re-rated and the return premium is to be credited to any remaining balance owed by the insured; and
- d. for policies voluntarily canceled by the insured or under power of attorney, policies are to be re-rated and the insurer is to refund any additional return premium to the named insured or to the premium finance company.

IT IS IMPORTANT TO NOTE: ALL POLICY RERATINGS AND PREMIUM REFUNDS OR CREDITS MUST BE COMPLETED BY NOVEMBER 30, 1996.

(more)

MARGARET ALSOBROOK
OPERATIONS MANAGER


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Enclosed with this bulletin are:

- 1 The revised pages of the 1996 Machine Letter.
- 2 An explanatory letter from the Commissioner of Insurance.
- 3 A copy of the Consent Order.
- 4 A copy of Commissioner's Bulletin No. B-0064-96.

A company may use Item 2 by photocopying or quotation as a means of explaining to the insured the basis for the refund or the credit. Use of the letter is at the discretion of each company.

If you have any questions on this matter, you may call me at 512/444-5999.


Margaret Alsobrook
Operations Manager

IT IS IMPORTANT TO NOTE: ALL POLICY RERATINGS AND PREMIUM REFUNDS OR CREDITS MUST BE COMPLETED BY NOVEMBER 30, 1996.

Texas Department of Insurance

333 Guadalupe Street P.O. Box 149104 Austin, Texas 78714-9104
512/463-6169

COMMISSIONER'S BULLETIN B-0069-96

DATE: October 7, 1996

TO: ALL INSURANCE COMPANIES, CORPORATIONS, EXCHANGES,
MUTUALS, RECIPROCALLS, ASSOCIATIONS, LLOYDS OR
OTHER INSURERS WRITING AUTOMOBILE INSURANCE IN
THE STATE OF TEXAS AND THE PUBLIC AT LARGE.

RE: TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
(TAIPA) RATE REVISIONS

The purpose of this bulletin is to address the recent revisions to the rates for insureds of the Texas Automobile Insurance Plan Association (TAIPA). The TAIPA rates originally distributed to insurance companies were slightly higher than intended due to an oversight in the rate determination. When this situation came to light, the insurance companies, Insurance Department and public advocates worked together to quickly determine the appropriate action to be taken to make sure that no TAIPA policyholders would be charged more than intended. Revised rates have been calculated and will be used going forward. However, through no fault of the insurance companies, many policies were issued with the incorrect rates. The insurance companies have agreed to go back through their records and identify policies to refund the overcharged amount or make a credit to the policyholders outstanding balance. The Insurance Department recognizes that much effort will be required on the part of insurance companies to make these revisions. It will be through their timely implementation of these revisions that we can ensure that TAIPA policyholders will be charged the proper rates and that any inadvertent overcharge to this point will be corrected. It was never the intent of insurance companies to overcharge anyone and they are to be commended for their cooperation and assistance in this matter.

Sincerely,



Elton Bomer
Commissioner

No. 96-1180

OFFICIAL ORDER
of the
COMMISSIONER OF INSURANCE
of the
STATE OF TEXAS
AUSTIN, TEXAS

Date: OCT 07 1996

Subject considered:

IN THE MATTER OF RATES FOR
PRIVATE PASSENGER AND COMMERCIAL AUTOMOBILE
INSURANCE PROVIDED THROUGH THE
TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

CONSENT ORDER SUPERSEDING A
PORTION OF COMMISSIONER'S ORDER NO. 96-0591
ISSUED IN DOCKET NO. 454-95-0966.G

General remarks and official action taken:

On this day came on for consideration by the Commissioner of Insurance (the Commissioner) a new order superseding a portion of the Commissioner's Order No. 96-0591, entitled IN THE MATTER OF RATES FOR PRIVATE PASSENGER AND COMMERCIAL AUTOMOBILE INSURANCE PROVIDED THROUGH THE TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION.

The Texas Department of Insurance (TDI) and the parties to the above-referenced Texas Automobile Insurance Plan Association (TAIPA) rate hearing, through their respective attorneys who are signatories hereto, have resolved the issue of certain errors in the Finding of Fact No. 105 and Appendix 4 of the Commissioner's Order No. 96-0591 by agreeing to a new order which supersedes Finding of Fact No. 105 and Appendix 4 with language which accurately reflects the adjustment of the TAIPA rate relativities to the private passenger automobile benchmark rates necessary to offset the effect of the multi-car discount off-balance factor included in the private passenger automobile benchmark rates and have agreed pursuant to the Tex. Gov't. Code Ann. §2001.056 to the entry of this order.

This Consent Order Superseding a Portion of Commissioner's Order No. 96-0591 supersedes Commissioner's Order No. 96-0591 only in regard to Finding of Fact No. 105 and Appendix 4. All other portions of the Commissioner's Order No. 96-0591

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COMMISSIONER'S ORDER
IN THE MATTER OF RATES FOR PRIVATE PASSENGER
AND COMMERCIAL AUTOMOBILE INSURANCE PROVIDED
THROUGH THE TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
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including all Findings of Fact and Conclusions of Law shall remain in effect pursuant to that order. The rates resulting from the increases described in the replacement Finding of Fact No. 105 are effective 12:01 a.m. August 1, 1996.

The original Appendix 4, which is referred to in the original Finding of Fact No. 105 of the Commissioner's Order No. 96-0591 contained errors in calculating the TAIPA rates relative to the August 1, 1996 private passenger automobile benchmark rates which are corrected in the revised Appendix 4 of this Consent Order Superseding a Portion of the Commissioner's Order No. 96-0591. The Finding of Fact No. 105 is corrected by replacing the original Finding of Fact No. 105 with following:

105. The rate changes for TAIPA by statewide coverage and their relationship to the August 1, 1996 benchmark rates (Appendices 3 and 4) are:

	Approved Rate Change After Tort Reform	TAIPA Rates Relative to August 1, 1996 Benchmarks
BI	+24.1%	+92.3%
PD	+11.0%	+92.3%
PIP	+85.6%	+256.5%
UMBI	+31.6%	+268.3%
UMPD	+38.7%	+218.3%

The TDI and the parties have agreed to actions to be taken by insurers with respect to policies which have been issued utilizing the rates derived from Commissioner's Order No. 96-0591 and that these actions are the exclusive means of adjusting for the rating errors resulting from Finding of Fact No. 105 and Appendix 4. These actions are:

- a. for renewal offers made for policies renewable in the months of August through November, 1996, no re-offers are required;
- b. for policies issued for new assignments or for renewal offers accepted, but where the policies have lapsed for non-payment of premium, no re-rating and no policy reinstatement is required;
- c. for currently in force policies

where full annual premium has been paid at renewal or assignment, policies are to be re-rated and the insurer

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- COMMISSIONER'S ORDER
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is to pay the return premium to the named insured or to the premium finance company.

where the installment payment option has been used for renewal or assignment, policies are to be re-rated and the return premium is to be credited to any remaining balance owed by the insured; and

- d. for policies voluntarily canceled by the insured or under power of attorney, policies are to be re-rated and the insurer is to refund any additional return premium to the named insured or to the premium finance company.

IT IS THEREFORE ORDERED by the Commissioner of Insurance that the rates resulting from the increase factors of +92.3% BI, +92.3% PD, +256.5% PIP, +268.3% UMBI and +218.3% UMPD as described in the replacement Finding of Fact No. 105 are hereby adopted as amendments to the August 1, 1996 benchmark rates to produce the TAIPA rates which are set out in the Texas Automobile Rules and Rating Manual as the premium rates to be charged by insurance companies writing private passenger automobile insurance through TAIPA in the State of Texas, effective 12:01 a.m. August 1, 1996.

IT IS FURTHER ORDERED by the Commissioner of Insurance that the actions agreed to by TDI and the parties are approved as the exclusive manner of implementing this order and that such actions are to be completed not later than November 30, 1996.

SIGNED AND ENTERED _____, 1996, at Austin, Texas.



Elton Bomer
Commissioner of Insurance

96-1180

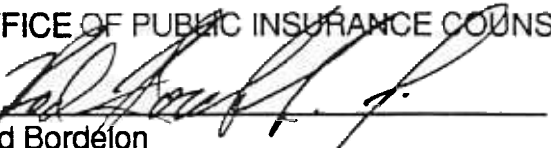
COMMISSIONER'S ORDER
IN THE MATTER OF RATES FOR PRIVATE PASSENGER
AND COMMERCIAL AUTOMOBILE INSURANCE PROVIDED
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AGREED TO BY:

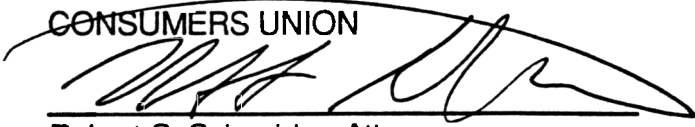
TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION


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COMMISSIONER'S ORDER
IN THE MATTER OF RATES FOR PRIVATE PASSENGER
AND COMMERCIAL AUTOMOBILE INSURANCE PROVIDED
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*Part of
Bulletin 45*

COMMISSIONER'S BULLETIN NO. B-0064-96

DATE: October 7, 1996

ALL INSURANCE COMPANIES, CORPORATIONS, EXCHANGES,
MUTUALS, RECIPROCALLS, ASSOCIATIONS, LLOYDS OR
OTHER INSURERS WRITING AUTOMOBILE INSURANCE IN
THE STATE OF TEXAS AND THE PUBLIC AT LARGE.

TEXAS PRIVATE PASSENGER AUTO BENCHMARK RATES

The private passenger automobile benchmark decision increased the liability multi-car discount this year. The voluntary benchmark liability base rates were adjusted up to offset the decrease in premium caused by the larger discount. The Texas Automobile Insurance Plan Association (TAIPA) rates are calculated by applying a factor to the voluntary benchmark rates. Consequently, the adjustment made to the voluntary benchmark rates was, in effect, made to the TAIPA rates as well. The multi-car discount is not available to TAIPA insureds, however, and therefore this adjustment should not be applied to the TAIPA rates. Therefore the factors used to calculate TAIPA rates from voluntary benchmark rates have been reduced to reflect this. The new factors produce lower TAIPA rates. These revised bodily injury, property damage and personal injury protection rates for TAIPA are to be effective 8-1-96. The Insurance Department and the parties to the TAIPA rate hearing have agreed to the actions to be taken by insurers with respect to policies which have been issued with the original incorrect TAIPA rates. In the Consent Order Superseding a Portion of Commissioner's Order No. 96-0591 the explicit instructions regarding actions to be taken are spelled out as follows:

- a. for renewal offers made for policies renewable in the months of August through November, 1996, no re-offers are required;
- b. for policies issued for new assignments or for renewal offers accepted, but where the policies have lapsed for non-payment of premium, no re-rating and no policy reinstatement is required;
- c. for policies currently in force:
 - where full annual premium has been paid at renewal or assignment, policies are to be re-rated and the insurer is to pay the return premium to the named insured or the premium finance company;

- where the installment payment option has been used for renewal or assignment, policies are to be re-rated and the premium is to be credited to any remaining balance owed by the insured; and
- d. for policies voluntarily canceled by the insured or under power of attorney, policies are to be re-rated and the insurer is to refund any additional return premium to the named insured or to the premium finance company.

These actions are to be completed no later than November 30, 1996 as agreed by all parties.

The revised TAIPA BI, PD and PIP rates are attached. Additional revisions to the voluntary benchmark rates are also included. Please follow the instructions outlined below to update your machine letter and rate bulletin:

1. Replace pages 1 through 4 and 9 through 12 of the private passenger machine letter with the attached pages 1 through 4 and 9 through 12.
2. Replace pages 3 through 6, 17 through 22, 25, 26, and 29 through 32 of the private passenger rate bulletin with the attached pages 3 through 6, 17 through 22, 25, 26, and 29 through 32.

We regret the inconvenience.

Sincerely,



C.H. Mah
Associate Commissioner
Technical Analysis