

January 6, 1997

TAIPA Bulletin No. 51

To All Member Companies:

In its continuing efforts to work with the Texas Department of Insurance for the benefit of Texas insureds, TAIPA has revised an internal method of application processing and amended a section of the Plan of Operation.

Effective January 1, 1997, TAIPA has amended its current **reassignment** procedures for private passenger vehicles. If a private passenger application is resubmitted to the Association for reassignment within a thirty-six(36) month period from the effective date of the original TAIPA assignment, it will automatically be reassigned to the same insurer. This reassignment procedure will permit reassignment for a thirty-six(36) months' period, in lieu of the prior period of thirty-five(35) months. It is our intent that this one month extension will allow companies to recognize those TAIPA insureds to whom the company has provided mandatory take-out offers, in keeping with Section 17 of the TAIPA Plan of Operation.

We are requesting that you submit a written complaint to TAIPA should your company receive a new application for reassignment on an insured to whom you have provided a mandatory take-out offer. TAIPA intends to review this type of situation thoroughly to determine whether the producer may have failed to inform the insured adequately, or perhaps misrepresented, the take-out offer provisions.

Section 12.A. of the TAIPA Plan of Operation has also been amended by the addition of a new section 8 referring to take-out offers. This amendment addresses the producer's responsibility to adequately inform the insured of his or her options in the take-out process. Should the producer fail to do so, he or she will be in violation of the Producer Performance Standards.

We appreciate your assistance and cooperation in this matter. If you have any questions, please contact the undersigned.

Very truly yours,

(Ms.) Margaret Alsobrook
Operations Manager

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