

MARGARET ALSOBROOK  
OPERATIONS MANAGER

2028 E. BEN WHITE BLVD. • SUITE 400 • AUSTIN, TX 78741-7197  
P.O. BOX 149144 • AUSTIN, TX 78714-9144  
TELEPHONE 512/444-5999  
FAX 512/444-4562

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TAIPA Bulletin No. 66

To: Members of the Association  
From: Margaret Alsobrook *MA*  
Operations Manager  
Re: March 1, 1998 Rate Changes

The Commissioner of Insurance has made his final decision for TAIPA rate changes effective March 1, 1998. For your information, the following items are enclosed:

1. Commissioner's Order #97-1272 (including all addenda);
2. The private passenger machine letter showing the changes by coverage and by class and territory for "Private Passenger" risks assigned through TAIPA;
3. The voluntary commercial machine letter showing the changes by coverage, class and territory for "Other Than Private Passenger" risks assigned through TAIPA.

Attorneys for TAIPA have called attention to a possible error in the application of tort reform rate reduction factors for TAIPA risks. We have been advised the Texas Department of Insurance will issue an amended order. The private passenger machine letter will be revised and a copy of the revised machine letter will be provided to all companies as soon as available.

As has always been the case, the Commissioner adopted the benchmark rates for commercial risks as the rates for Other Than Private Passenger risks assigned through TAIPA. However, this year, for the first time, rate changes for the benchmark rates and for TAIPA rates have been ordered on different dates. The benchmark rates become effective January 20, 1998 and the TAIPA rates become effective March 1, 1998.

This date difference creates this situation:

1. Current commercial rates have to be adjusted as of January 20 to implement the new Tort Reform Rate Reduction Factor for commercial bodily injury liability.
2. Benchmark rates for commercial liability coverages were reduced on an overall basis by 12.8%. Only the property damage liability rates for Zone Rated and Other Than Zone Rated were increased. When combined with the reductions for bodily injury liability, the Zone Rated were up 0.4% and the Other Than Zone Rated were down 7.0%.
3. It is estimated that there are fewer than 50 Zone Rated risks assigned through TAIPA.
4. Bulletin No. 63 was issued by TAIPA to give guidance to member companies at a time when the effective date for TAIPA rates was not known.