

TAIPA

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

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March 03, 1998

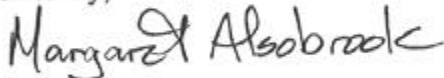
TAIPA Bulletin No. 72**To All Member Companies:****Plan of Operation Amendments
Sections 5.C., 6.A.7 & 13.B.1.a**

At its meeting of January 7, 1998, the Texas Auto Insurance Plan Association (TAIPA) Governing Committee has adopted amendments to Sections 5.C., 6.A.7 and 13. B.1.a of the TAIPA Plan of Operation.

In accordance with the Plan of Operation these amendments were submitted to the Commissioner of Insurance for his approval. That approval has been given under Board Order No. 98-0230 dated February 24, 1998. Attached is a copy of the Board Order and the Plan of Operation amendments.

If you have any questions, please contact the undersigned.

Sincerely,



Margaret Alsobrook
Operations Manager

MDA;dr

No. 98-0230

**Official Order
of the
Commissioner of Insurance
of the
State of Texas
Austin, Texas**

Date: FEB 24 1998

Subject Considered:

**TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
AMENDMENTS TO SECTIONS 5.C., 6.A.7., AND 13.B.1.a
OF THE PLAN OF OPERATION**

General remarks and official action taken:

On this day, under reference number A-0198-1, came on for consideration by the Commissioner of Insurance, amendments to Sections 5.C., 6.A.7., and 13.B.1.a, of the Plan of Operation of the Texas Automobile Insurance Plan Association (TAIPA) pursuant to the authority and jurisdiction granted to the Commissioner by the Insurance Code, Article 21.81. The amendments are attached hereto and incorporated by reference.

The 75th Texas Legislature adopted House Bill 627 that became effective on January 1, 1998. That bill amended the Transportation Code, Section 601.153, and affects how SR-22 forms are filed when an individual chooses to prevent a driver's license suspension following an accident, by filing a security deposit and providing evidence of financial responsibility.

The amendment to the Transportation Code requires that a liability insurance policy under those circumstances be for a policy period of at least six months and that the premiums for the entire policy period be paid in full. The Texas Department of Public Safety has developed an additional certification form identified as the "SR-22A." It will accompany the SR-22 form and is the means by which the company certifies that the policy at time of certification is effective beyond six months and that the premium for the entire policy period is paid in full. Because of this requirement, it is not possible to extend the installment premium payment option when the SR-22A is required.

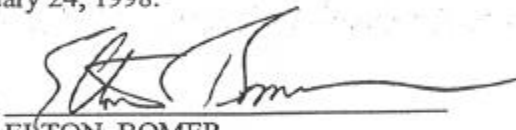
The amendment to Section 5 of the Plan of Operation (Exhibit 1) is to amend the title and Note to Section 5.C. The title change is to move the title language and make it a complete sentence in the note. The substantive change required by House Bill 627 is the provision that if an applicant requests an SR-22A with an SR-22, the full annual premium must accompany the application. Policies issued through TAIPA must be for a term of one year, pursuant to the requirements of the Texas Automobile Rules and Rating Manual, Rule 6, as well as the Plan of Operation, Section 4. E.

98-0230

Commissioner's Order
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The amendment to Section 6 of the Plan of Operation (Exhibit 2) makes a similar change in how the original application is to be handled. The amendment to Section 13 (Exhibit 3) is to establish a performance standard for an insurer when an SR-22A is requested.

IT IS THEREFORE ORDERED that the amendments to Sections 5.C., 6.A.7., and 13.B.1.a of the TAIPA Plan of Operation described above and attached hereto are hereby adopted effective as of February 24, 1998.



ELTON BOMER
COMMISSIONER OF INSURANCE

98-0230

Amendment to
TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
PLAN OF OPERATION
(adopted at January 7, 1998 meeting)

Amend the title and "Note" to Subsection 5.C. to read as follows:

5C. ~~Installment Premium Payment Option - [Available Only to Private Passenger Non-Fleet]~~

NOTE: This option is available only to risks written on a Texas Personal Auto Policy form.
~~[The Installment Premium Payment Option]~~ It is not available if any portion of the annual premium is financed by a premium finance company. If an applicant requests an SR-22A with an SR-22, the full annual premium must accompany the application. 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.

EXHIBIT 1

98-0230

Amendment to
TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
PLAN OF OPERATION
(adopted at January 7, 1998 meeting)

Amend Subsection 6.A.7 to read as follows:

**Section 6. APPLICATION FOR ASSIGNMENT, DESIGNATION OF INSURER,
EFFECTIVE DATE OF COVERAGE AND EVIDENCE OF INSURANCE**

A. Original Application Under the Assignment Mechanism

7. If the applicant is eligible for assignment through the Association and the applicant or spouse requires proof of financial responsibility for the future (SR-22), the Association, on behalf of the designated insurer, will issue the certificate required by the State of Texas. However, if the applicant or spouse is required to file a form SR-22A with the State of Texas, the SR-22 and SR-22A will be issued by the insurer. If a separate payment for the required SR-22 fee is enclosed with the application, and if a request is made to file the certificate with the Texas Department of Public Safety, the Association will deliver ~~[all copies of]~~ the certificate to that agency for filing. If no separate payment is made, or if there is no request for direct filing, the certificate will be sent to the producer. Such certificate shall become effective as of the effective date of the coverage. Any out of state or subsequent filings, such as SR-26 or amended SR-22, are to be issued by the designated insurer.

EXHIBIT 2

98-0230

Amendment to
TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
PLAN OF OPERATION
(adopted at January 7, 1998 meeting)

Include a new paragraph in Subsection 13.B.1.a to read as follows:

Section 13. PERFORMANCE STANDARDS FOR INSURERS

1. Issuance Of Original Policy

Upon receipt from the Association of the Notice of Designation and the premium deposit prescribed by Section 5 the designated insurer shall:

- a. within two working days following the effective date of coverage or receipt of Notice of Designation, whichever occurs last, make filings on policies and Financial Responsibility Certificates (for states other than Texas) as may be required, provided all information necessary is contained in the application form. Such filings will indicate the effective date specified by the Association in the Notice of Designation.

However, if the applicant or spouse is required to file a form SR-22A with the Texas Department of Public Safety, the insurer will issue the SR-22 and SR-22A only upon receipt of the full annual policy premium.

The day the Notice of Designation and premium or deposit are received from the Association shall be deemed the first working day, regardless of the time of such receipt. No Saturday, Sunday or legal holiday in the place of receipt, shall be deemed a working day.

EXHIBIT 3

SAFETY RESPONSIBILITY
5805 NORTH LAMAR BOULEVARD
P.O. BOX 15999
AUSTIN, TEXAS 78761-5999

In accordance with the Texas Transportation Code, Section 601.153, I hereby certify that the attached certificate of insurance, in the form of an SR-22, has a policy period of at least six months and the premium for the entire policy period is paid in full.

Furthermore, the policy is deemed to be effective beyond the six month period until canceled or terminated in accordance with the financial responsibility laws of this state. Cancellation shall be in the form of an SR-26.

The attached SR-22 is written for: _____
FULL NAME OF POLICY HOLDER
DRIVER LICENSE NUMBER: _____
POLICY NUMBER: _____
NAME OF INSURANCE COMPANY: _____
SIGNATURE OF AUTHORIZED REPRESENTATIVE: _____

Subscribed and sworn to me this _____ day of _____ 19 _____

Notary Public in and for _____ County, _____ State

PRINTED NAME OF ISSUING AGENT _____
SIGNATURE OF ISSUING AGENT _____

Subscribed and sworn to me this _____ day of _____ 19 _____

Notary Public in and for _____ County, _____ State

A \$50.00 REINSTATEMENT FEE IS REQUIRED WHEN THIS INSTRUMENT IS FILED WITH THE
DEPARTMENT OF PUBLIC SAFETY