

October 26, 1998

TAIPA Bulletin No. 74**To Member Companies:****Plan of Operation Amendments
Sections 6.E. & 16.B.**

At its meeting of September 17, 1998, the Texas Auto Insurance Plan Association (TAIPA) Governing Committee adopted amendments to Sections 6.E. and 16.B. 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. 98-1202 dated October 19, 1998. Attached is a copy of the Board Order and the Plan of Operation amendments.

If you have any questions, please contact the undersigned at the above telephone number or by internet e-mail datamda@taipa.org.

Sincerely,

Margaret Alsobrook
Operations ManagerMDA;dr
enclosure

No. 98-1202

Official Order
of the
COMMISSIONER OF INSURANCE
of the
STATE OF TEXAS
AUSTIN, TEXAS

Date: OCT 19 1998

Subject Considered:

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
AMENDMENTS TO SECTIONS 6.E. AND 16.B.
OF THE PLAN OF OPERATION

General remarks and official action taken:

On this day, under reference number A-0998-26, came on for consideration by the Commissioner of Insurance, amendments to Sections 6.E., and 16.B., 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 Governing Committee of TAIPA seeks approval of amendments to Sections 6.E., "Applications Returned to the Association" and 16.B, "Other Than Private Passenger" by adding language allowing member insurers to return an assignment in a timely manner to TAIPA for reassignment when the member's surplus to policyholders is insufficient to cover the risk under Article 21.72. The purpose of these amendments is to authorize TAIPA to reassign an application when the insurer to which it was originally assigned, cannot legally issue a policy. It is anticipated that this can simplify the current procedure for reassignment of this type risk, which currently requires an appeal to the Governing Committee under Section 9 of the TAIPA Plan of Operation.

IT IS THEREFORE ORDERED that the amendments to Sections 6.E., and 16.B. of the TAIPA Plan of Operation described above and attached hereto are hereby adopted effective as of October 19, 1998.



Elton
Elton Bomer
Commissioner of Insurance

98-1202

Exhibit A

**TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
PLAN OF OPERATION
(Adopted at September 17, 1998 Meeting)**

Amend Subsection 6.E as follows:

E. Applications Returned to the Association

An assignment to any insurer contrary to either the provisions of this section or Section 16 shall be returned promptly to the Association for reassignment.

98-1202

Exhibit B

**TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
PLAN OF OPERATION
(Adopted at September 17, 1998 Meeting)**

Add a new paragraph to Subsection 16.B as follows:

B. Other Than Private Passenger. The Association shall assign eligible applicants other than private passenger ("OTPP") in a random manner so that each member will received the same portion of the OTPP premiums of the Association that its net direct "voluntary OTPP premiums" bear to the total of such "voluntary OTPP premiums" of all authorized insurers in the state.

No applicant in any of the following classifications is to be assigned to a member which did not, during the calendar year ending December 31 of the prior year, and currently does not, write as voluntary business in this state any automobile liability insurance in such classification:

1. public automobiles other than school or church buses;
2. motor vehicles of truckers operating beyond a radius of 200 miles from the limits of the city or town of principal garaging.

Assignment of buses, interstate and long haul truckers and public automobiles will be made with due regard to the state insurance licenses held by the member.

A member is entitled to a credit of two dollars of premium for every dollar of premium for an assignment which meets the description in 1. or 2. above.

A member which has received an assignment may return it to the Association if the member's surplus to policyholders, as determined by the latest financial statement filed with the Commissioner of Insurance, is insufficient to cover the risk. In this case the risk shall be reassigned.

"Net direct written premium means gross direct premiums, less return premiums and premiums on policies not taken, without including reinsurance assumed and without deducting reinsurance ceded but include premiums for OTPP excess of loss policies except in the case of a member which writes no basic limits automobile liability insurance. Policyholder dividends are not deemed to be return premiums.