

Case 7234

A-0614-04



TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

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COMMISSIONER
OF INSURANCE

June 9, 2014

Julia Rathgeber, Commissioner
Texas Department of Insurance
P O Box 149104
Austin, TX 78714-9104

RE: Change to the Texas Automobile Insurance Plan Association (TAIPA) Plan of Operation

Commissioner Rathgeber:

Under Chapter 2151 of the Insurance Code, the Governing Committee of the Texas Automobile Insurance Plan Association (TAIPA) has the responsibility for the administration of the Association through its Plan of Operation. The Governing Committee is empowered to adopt and amend the rules of the Plan of Operation subject to the approval of the Commissioner.

At its March 21, 2014 meeting, the Governing Committee approved ammendments to the TAIPA Plan of Operation to implement Mandatory EASI when its new application processing system is implemented effective January 1, 2015.

The changes to the Plan of Operation are set forth in the attached pages.

Sincerely,

James Langford, CPCU, AIM, ARP, ARE
Association Manager

copy: Mark Worman, Texas Department of Insurance
Mike Jones, Thompson, Coe, Cousins and Irons

“Mandatory EASi”: Transition Procedure

TAIPA staff recommends the following “transition procedure” for making the EASi system mandatory and eliminating paper applications.

PRIOR TO IMPLEMENTATION OF “MANDATORY EASi”

A notice of the impending implementation will be posted on the TAIPA website, a newsletter will be sent out to all producers/companies on the TAIPA email list, and a flyer will be included in any correspondence sent to producers. (Note: there are over 4,000 certified/active producers, so a mailed bulletin does not seem cost-effective.)

AFTER IMPLEMENTATION OF “MANDATORY EASi”

If a producer submits a non-EASi application after the “Mandatory EASi” implementation date, the application will be returned to the producer along with a cover letter explaining that they must utilize the EASi program to submit the application. The producer will be given a violation.

“Mandatory EASi”: Changes to Plan of Operation

TAIPA staff has reviewed the Plan of Operation and recommends the following changes in order to make the EASi system mandatory and eliminate paper applications.

INTRODUCTION

HOW TO SUBMIT AN APPLICATION TO THE ASSOCIATION HOW, WHEN, AND WHERE

Producers who hold a general property and casualty agent license, a personal lines property and casualty, a limited property and casualty license, or a county mutual agent license in Texas may apply for producer certification. A producer must be certified prior to submitting applications to the Association. For further information on Association producer certification requirements, see Administrative Provisions, Section 54 – Producer Certification Program.

A producer of record can assist the assigned insurer in providing better service to insureds by making every effort to facilitate the insurer’s handling of assignments made under the Association.

Incomplete applications, application supplements, or requests for changes in the policy that are not readily identifiable to the assigned insurer only delay the processing of Association assignments and endorsements. An ~~original application form or the original~~ application produced by the Electronic Application Submission interface (EASi) must be used for each submission. ~~Copies and~~ Facsimiles are not acceptable. Before an application is mailed to the Association, it should be reviewed to ensure it contains all the information necessary for issuance of the policy or completion of the transaction.

HOW TO APPLY TO THE ASSOCIATION

Producers should refer to the rules and rates in the Manual when making premium quotations. However, producers may contact the Association if further assistance is required.

The producer should advise the applicant that the policy is being issued as part of the Texas Automobile Insurance Plan Association.

In completing the application, the producer must be certain that

- the application is completed in the name of the individual or entity requesting coverage;
- the application is signed by the applicant and the producer of record;
- if the application requires an effective date in the future for coverage, the future date must be shown on the application;
- ~~if using the Electronic Application Interface (EASi),~~ the producer and applicant must certify the date and time of coverage are correct

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- all applicable questions are answered fully. Blank or incomplete answers will necessitate that the Association return the application before an assignment can be made.
- any and all attachments pertinent to the application are attached;
- the deposit accompanying the application must be correctly drafted and be correct for the method of payment chosen in accordance with the payment option selected from Sections 6 or 22 of this Plan. All deposits must be in the form of an applicant’s check, producer’s check, certified check, cashier’s check, or money order payable to the Texas Automobile Insurance Plan Association;
- the applicant has read the application and concurs that all answers are correct and complete;
- the ~~original~~ application produced by Electronic Application Submission interface (EASi) is mailed to the Association no later than the first working day after the application is completed. The effective date of EASi applications will be determined in accordance with subsections 7.A.2 and 23.A.2.
- ~~for application forms not subject to EASi, mail the original application and one copy of the application to the Association. The effective date of coverage will be the date following the date of receipt in the Association office, unless a later date is requested in accordance with subsections 7.A.3, 7.A.4, 23.A.3, or 23.A.4.~~
- the name and address of the producer of record are included correct.
- an administrative or other service charge may not be charged to an applicant for completion of an application for insurance.

Specific questions on the TAIPA Rules and Rating Manual, or any portion thereof, should be directed to the Texas Automobile Insurance Plan Association, P.O. Box 149144, Austin, TX 78714, by telephone at (512) 444-4441, by fax at (512) 444-7639, or by e-mail at customer.service@taipa.org. E-mail inquiries must include detailed information and the sender’s telephone number to facilitate Association response.

WHAT TO SEND TO THE ASSOCIATION

~~Non-EASi applications – The original application and one copy must be forwarded to the Association office.~~

EASi applications – forward the ~~original~~ submitted application with signatures. Private passenger applications should be accompanied by the following documents:

- Deposit check
- Driver Improvement Course Certificate, if a credit has been applied
- Check payable to the Texas Department of Public Safety, if TAIPA is to file an SR-22 requiring a fee, directly with TDPS. Refer to subsection 7.A.6.

Commercial applications should be accompanied by the following documents:

- Deposit check

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- Supplemental operator schedule, if applicable

AVAILABILITY OF FORMS, MANUALS, ETC.

~~HARD COPIES~~

~~Association forms, such as policy change request forms, insurer performance complaint forms, producer performance complaint forms, computer generated applications, and rating disks are available at a charge from vendors approved by the Association. For complete information access the Association website at <http://www.taipa.org>.~~

~~The Texas Automobile Insurance Plan Association Plan of Operation and the TAIPA Rules and Rating Manual are available from the Association website at <http://www.taipa.org>.~~

~~ELECTRONIC FORMAT~~

~~The following Plan materials are available in electronic format by accessing <http://www.taipa.org>.~~

- The Texas Automobile Insurance Plan Association Plan of Operation and the TAIPA Rules and Rating Manual.
- ~~• Application Forms~~
- ~~• Private Passenger Application~~
- ~~• Commercial Application~~
- Producer Certification Application Form
- Policy Change Request Form
- ~~• Supplemental Application~~
- Company Complaint Form
- Producer Complaint Form
- Electronic Application Submission Interface (EASi) Brochure
- Electronic Application Submission Interface Retraction Form
- Producer Certification Program—Rules of Operation
- ~~• Vendor information for the purchase of Association forms other than applications~~

Note: EASi offers electronic private passenger and Commercial application forms that are transmitted to the Association office. A link to EASi can be found on the TAIPA website.

PERSONAL AUTOMOBILE SECTION

Sec. 6. PREMIUM DEPOSIT REQUIREMENTS AND PAYMENT OPTIONS

~~The application for assignment, other than EASi applications, must be submitted to the Association on a prescribed form in duplicate accompanied by the full gross annual premium or a deposit on a gross basis as indicated below.~~

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~~If the application for assignment is submitted through EASi, the EASi original application with signatures, must be submitted to the Association on a prescribed form accompanied by the full gross annual premium or a deposit on a gross basis as indicated below.~~

Sec. 7. APPLICATION FOR ASSIGNMENT, DESIGNATION OF INSURER, EVIDENCE OF INSURANCE, AND EFFECTIVE DATE OF COVERAGE

A. 2. Electronic Application Submission Procedure

~~Producers who are certified as provided in Section 54 of this Plan have the option to~~ must use the electronic submission procedure to establish the effective date of coverage if such date is earlier than that established by sub-sections 7.A.3 and 4. The electronic submission procedure is the Electronic Application Submission interface (EASi). Coverage will be effective only when procedures established by the Association are followed.

Sec. 15. PERFORMANCE STANDARDS FOR PRODUCERS WRITING ASSOCIATION PRIVATE PASSENGER ASSIGNMENTS

A. 1. Original Applications

Original applications shall be submitted through EASi. Applications not submitted through EASi will be returned to the producer. Original applications shall be fully completed and must include:

COMMERCIAL AUTOMOBILE SECTION

Sec. 22. PREMIUM DEPOSIT REQUIREMENTS AND PAYMENT OPTIONS

~~The application for assignment, other than EASi applications, must be submitted to the Association on a prescribed form in duplicate accompanied by the full gross annual premium or a deposit on a gross basis as indicated below.~~

~~If the application for assignment is submitted through EASi, the EASi original application with signatures, must be submitted to the Association on a prescribed form accompanied by the full gross annual premium or a deposit on a gross basis as indicated below.~~

Sec. 23. APPLICATION FOR ASSIGNMENT, DESIGNATION OF INSURER, EVIDENCE OF INSURANCE, AND EFFECTIVE DATE OF COVERAGE

A. 2. Electronic Application Submission Procedure

~~Producers who are certified as provided in Section 54 of this Plan have the option to~~ must use the electronic submission procedure to establish the effective date of coverage if such date is earlier than that established by sub-sections 23.A.3 and 4. The electronic submission procedure is the

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Electronic Application Submission interface (EASi). Coverage will be effective only when procedures established by the Association are followed.

Sec. 33. PERFORMANCE STANDARDS FOR PRODUCERS WRITING ASSOCIATION OTHER THAN PRIVATE PASSENGER ASSIGNMENTS

A. 1. Original Applications

a. Original applications shall be submitted through EASi. Applications not submitted through EASi will be returned to the producer. Original applications shall be fully completed and must include:

“Mandatory EASi”: Changes to Producer Certification Manual

TAIPA staff has reviewed the Producer Certification Program Rules of Operation and recommends the following changes in order to make the EASi system mandatory and eliminate paper applications.

B. APPLICATION FOR CERTIFICATION

Any General Lines-Property and Casualty License, Personal Lines-Property and Casualty License, Limited Lines-Property and Casualty License, or County Mutual Agent who becomes licensed in Texas after the effective date of this program, who wishes to submit applications to the Association, must first complete the Application for Certification and be certified by the Association Manager on behalf of the Governing Committee. A producer who has not submitted an Application for Certification may not ~~submit applications to the Association, or~~ utilize the Electronic Application Submission interface (EASi).

H. PERFORMANCE STANDARDS FOR PRODUCERS

Certified producers shall comply with the following Performance Standards:

1. Original applications shall be submitted through EASi. Applications not submitted through EASi will be returned to the producer. Original applications shall be fully completed and must include:

J. PROCEDURES FOR SUSPENSION, REVOCATION OR CONDITIONING CERTIFICATION

4. Definition of Revoked, Suspended or Conditioned Producer

- a. A producer whose certification is revoked may not ~~submit new applications to the Association or~~ utilize the Electronic Application Submission interface (EASi) procedure, service any existing policies, or be entitled to compensation for either new business applications, in force policies, or renewals during such period of revocation.
- b. A producer whose certification has been suspended may not ~~submit new applications to the Association,~~ utilize the Electronic Application Submission interface (EASi) procedure, or receive compensation for new business.

L. UNCERTIFIED PRODUCER

1. Currently Licensed Producer

Any producer licensed to transact property and casualty insurance in the State of Texas who fails to submit an Application for Certification, after having been given opportunity to do so, or who fails to maintain producer certification through renewal re-certification, shall not be authorized to ~~submit applications to the Association or~~ utilize the Electronic Application Submission interface (EASi).

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~~M. NEW APPLICATIONS FROM REVOKED/SUSPENDED/UNCERTIFIED PRODUCER~~

~~Should a producer whose certification has been revoked or suspended continue to submit new business applications to the Association, such applications will be assigned to an insurer as required by the Plan of Operation. In such event, the revoked/suspended/uncertified producer will not be recognized as the producer of record under any such assignment and shall not be entitled to any compensation under policies written for such assignments. The assignment notice advising such shall be forwarded to the producer.~~

~~The assigned insurer shall furnish the applicant with the following information:~~

- ~~a. An explanation of the Producer Certification Program;~~
- ~~b. Instructions to seek the services of a certified producer and to notify the insurer of the new producer of record; and~~
- ~~c. Include a toll free number to enable the insured to contact the assigned insurer for temporary service on their policy until he/she has designated a certified producer as the producer of record.~~

~~The assigned insurer shall issue the policy indicating no designated producer with a reminder to the insured to provide the assigned insurer with the name of a newly designated certified producer of record. During this time, the assigned insurer will be entitled to all compensation since the insurer will be responsible for servicing the insured's policy. Once a new certified producer has been designated, any future compensation will be paid to the newly designated producer.~~

~~The Association will report to the Commissioner of Insurance any producer who continues to submit applications to the Association after certification has been revoked or suspended or who does so without certification.~~

EXHIBIT 1

Exhibit 1 will be replaced with an updated Action Code Listing (printed directly from the Application Processing System). A new violation will be created:

NON-EASi SUBMITTED

Producers must use the EASi program for all TAIPA applications. Please submit the application through the EASi website.