

No. 2018- 5717

**Official Order
of the
Texas Commissioner of Insurance**

Date: NOV 09 2018

Petition and Filing Numbers:

Private Passenger, A-0918-13; S658858
Commercial Automobile, A-0918-14; S658872

Subject Considered:

Rate Changes for Private Passenger and Commercial Automobile Insurance
Provided through the Texas Automobile Insurance Plan Association

General remarks and official action taken:

The subject of this order is the Texas Automobile Insurance Plan Association's (TAIPA's) rate filing with the Texas Department of Insurance (TDI) for private passenger and commercial automobile insurance, as required by Insurance Code Chapter 2151.

Background

TAIPA is a nonprofit corporate body composed of all Texas-authorized insurers. It provides automobile liability insurance for applicants who have been rejected by at least two insurers authorized to write automobile insurance in Texas. TAIPA must file rates to be charged for insurance provided through the association for approval by the commissioner. It may not file rates more than once in any 12-month period.

The following findings of fact and conclusions of law are adopted:

Findings of Fact

1. On September 10, 2018, TAIPA filed rates for private passenger and commercial automobile insurance. TDI assigned filing numbers S658858 and S658872 to the private passenger and commercial automobile filings, respectively.
2. TDI filed notice of the TAIPA rate filing with the secretary of state on September 12, 2018, and the notice appeared in the September 21, 2018, issue of the *Texas Register* (43 TexReg 6395).
3. During the review period, TAIPA provided corrections to several pages in its filing.
4. TDI filed notice of the revised TAIPA rate filing with the secretary of state on October 17, 2018, and the notice appeared in the October 26, 2018, issue of the *Texas Register* (43 TexReg 7259).
5. TDI did not receive any comments on either the original filing or the revised filing.
6. TAIPA requested that the new rates for private passenger automobile insurance and commercial automobile insurance become effective on March 1, 2019.

Private Passenger Automobile Insurance Rates

7. In developing proposed rate changes by coverage for private passenger insurance, TAIPA used Texas data collected under TDI's statistical plans to calculate and consider:
 - a. the change in the three-year average loss cost for the voluntary market, which uses the latest available incurred losses for three consecutive accident-years, for the three-year periods 2013-2015 and 2014-2016;
 - b. the change in the average paid loss cost for the voluntary market from 2015 to 2016; and
 - c. the three-year linear trend in the paid loss cost for the voluntary market from 2014 through 2016.

8. The changes to the base rates by coverage are:
 - a. 5.0 percent for bodily injury liability;
 - b. 4.8 percent for property damage liability;
 - c. 2.4 percent for personal injury protection;
 - d. 4.5 percent for underinsured/uninsured motorists bodily injury liability; and
 - e. 4.5 percent for underinsured/uninsured motorists property damage liability.

9. TAIPA's proposed private passenger automobile rates result in an overall average increase of 4.8 percent.

Commercial Automobile Insurance Rates

10. TAIPA indexed its current rates by type of vehicle to the three-year average loss cost for the voluntary market for commercial vehicles.

11. TAIPA proposed no rate change for types of vehicles for which loss costs have decreased, to avoid competing with the voluntary market.

12. The changes to the rates by coverage are:
 - a. 4.3 percent for bodily injury liability;
 - b. 3.3 percent for property damage liability; and
 - c. 3.5 percent for personal injury protection.

13. TAIPA proposed no changes to commercial automobile uninsured/underinsured motorist bodily injury liability or uninsured/underinsured motorist property damage liability rates.

14. TAIPA's proposed commercial automobile rates result in an overall average increase of 3.9 percent.

Conclusions of Law

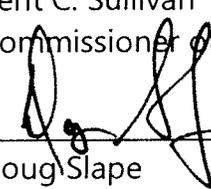
1. The Commissioner has jurisdiction over this matter under Insurance Code § 2151.2022.
2. Notice of the filing was given as required by Insurance Code § 2151.204.
3. The proposed changes addressed in finding of fact numbers 8, 9, 12, and 14 are consistent with the applicable requirements of the Insurance Code and are approved.

Order

It is ordered that the proposed rates in filings S658858 and S658872 are approved, to be effective March 1, 2019.

Kent C. Sullivan
Commissioner of Insurance

By: _____

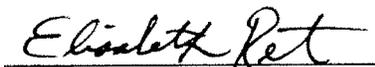

Doug Slape
Chief Deputy Commissioner
Commissioner's Order No. 2018-5528

Recommended by:



Mark Worman, Deputy Commissioner

Reviewed by:



Elisabeth Ret, Staff Attorney