



TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

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October 20, 2008

The Honorable Mike Geeslin
Commissioner of Insurance
Texas Department of Insurance – MC-113-1C
P.O. Box 149104
Austin, TX. 78714-9104

Re: TAIPA Plan of Operation Amendments Eliminating the Electronic Submission Procedure (ESP)
TDI Reference Number A-0508-09

Dear Commissioner Geeslin:

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 TAIPA 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 meeting of May 16, 2008, the Governing Committee approved amendments to Sections 7 and 23 of the TAIPA Plan of Operation. The rule amendments delete the provision for immediate binding of automobile liability insurance by telephone, referred to as the Electronic Submission Procedure (ESP), which was approved effective June 1, 1995. All references to ESP are deleted and replaced with references to the Electronic Application Submission interface (EASi), a computer based program which will supersede ESP. The option to bind insurance by use of the telephone will no longer be available. The Governing Committee of TAIPA has discussed this change at length, and believes that the new method will be more efficient, less likely to create liability exposure for TAIPA without the payment of a premium, and less prone to error. Amendments reflecting this change were filed with the Department of Insurance on May 22, 2008.

Discussion with TDI staff since the original filing was made suggested that further clarification is needed in Sections 7 and 23 of the TAIPA Plan of Operation.

When ESP is totally eliminated, liability insurance may only be bound immediately through one method, EASi. The requested amendments to Sections 7 and 23 in this amended filing advises producers that all original EASi applications must be fully completed with required signatures in order to complete the binding procedure. The address to which the signed application and payment are to be mailed for processing is clearly stated.

TAIPA respectfully requests that the attached rule amendments be approved on an expedited basis in order for TAIPA to provide a sixty (60) day advance notice to producers of discontinuance of the telephone binding procedure.

If you or your staff require further information regarding these amendments, please contact Cathleen Beavers at 512-531-7250 or e-mail address cbeavers@taipa.org.

Sincerely,

Cathleen Beavers, CPCU
TAIPA Association Manager

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

INTRODUCTION

The Texas Automobile Insurance Plan Association (“the Association” or “TAIPA”) was created to provide automobile insurance coverage to eligible risks who seek coverage and are unable to obtain such coverage through the voluntary market. The coverage is provided at limits as required by the Texas Motor Vehicle Safety-Responsibility Act (Chapter 601, Texas Transportation Code). For complete eligibility requirements, see Sections 2 and 18. Eligible risks are shared among insurance companies writing automobile insurance in the state of Texas.

The Plan of Operation is divided into three parts as follows:

Part I Personal Automobile Part

- Eligibility
- Coverages
- Take-Out Programs
- Other applicable provisions

Part II Commercial Automobile Part

- Eligibility
- Coverages
- Other applicable provisions

Part III Administrative Provisions

- Administrative Rules of the Plan
- Assignment Quotas
- Limited Assignment Distribution Procedure (LAD)
- Commercial Limited Assignment Distribution Procedure (CLAD)
- Producer Certification Program

Before submitting an application for coverage, it is strongly recommended that users of this Manual read “How to Submit an Application to the Association.” However, it is required that users of this Manual read the Personal and Commercial Plan Manual contained in Parts I and II and the Administrative Provisions in Part III, and review the General Rules. To the extent to which “How to Submit an Application to the Association” conflicts with the Personal or Commercial Automobile Parts or the Administrative Provisions of this Plan of Operation, the provisions of the respective Personal or Commercial Automobile Part or Administrative Provisions shall apply.

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.

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
- 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 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.
- 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

tions - The original application and forwarded to the Association office.

- forward the original application

per applications should be the following documents:

check

Improvement Course Certificate, if a 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
- Supplemental operator schedule, if applicable

HOW TO APPLY FOR ADDITIONAL COVERAGES OR CHANGES IN THE POLICY

All requests for changes to a policy must be submitted in writing. If an insurer has been assigned, the policy change request should be forwarded directly to the assigned insurer no later than the first working day after completion, NOT to the Association office. Be certain that the insured's policy number and other identification numbers, if any, are included in your written request. If an elimination of coverage is requested, the policy change request must be signed by the insured.

Only those coverages shown in Sections 5 and 21 of the Plan are available.

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>

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

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
- 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

EASi offers electronic private passenger and commercial application forms that are transmitted to the Association office.

PLAN OF OPERATION AMENDMENTS

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

A. Original Application

1. The Association will designate an insurer to which the application shall be assigned and advise the producer and applicant of the designated insurer. The notice of designation shall state that coverage becomes effective on 12:01 A.M. on the effective date shown on such notice.

2. Electronic Application Submission Procedures

Producers who are certified as provided in Section 54 of this Plan have the option to use the electronic submission procedures 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 procedures ~~include the Electronic Submission Procedure (ESP) by telephone and~~ is the Electronic Application Submission interface (EASi) ~~by electronic transmittal of the application.~~ Coverage will be effective only when procedures established by the Association are followed.

The requested coverage shall become effective to cover losses at the time and date of the ~~ESP telephone call or~~ EASi electronic transmittal of the application. The assignment notification and policy shall be issued effective 12:01 A.M. the following day subject to the rates in effect on that date.

All original applications complete with signatures and deposit premiums for applicants for whom an electronic submission is used must be submitted to the Association at the address shown on the application no later than the working day following the date of the ~~ESP telephone call or~~ EASi electronic transmittal of the application. The electronic reference number must be included on the upper right hand corner of the application.

3. Other than the electronic submission procedures provided in subsection 7.A.2 or the delayed effective date method provided in subsection 7.A.4 below, the effective date for coverage is the day following the date of receipt in the Association office.

B. Additional Vehicles or Coverages

2. Coverage for additional vehicles to an existing policy will become effective in accordance with policy conditions. No coverage will become effective if a substitution or additional vehicle is of a different type or class than those eligible for coverage on the existing policy. To obtain coverage in this situation, a new application must be submitted to the Association at the address shown on the application.
4. If such coverages are not available with the assigned insurer, a new application for such coverages shall be submitted to the Association at the address shown on the application and shall become effective in accordance with Section 7.A.

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

A. Original Application

1. The Association will designate an insurer to which the application shall be assigned and advise the producer and applicant of the designated insurer. The notice of designation shall state that coverage becomes effective on 12:01 A.M. on the effective date shown on such notice.

2. Electronic Application Submission Procedures

Producers who are certified as provided in Section 54 of this Plan have the option to use the electronic submission procedures 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 procedures ~~include the Electronic Submission Procedure (ESP) by telephone and~~ is the Electronic Application Submission interface (EASi) ~~by electronic transmittal of the application.~~ Coverage will be effective only when procedures established by the Association are followed.

PLAN OF OPERATION AMENDMENTS

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3. Other than the electronic submission procedures provided in subsection 23.A.2 or the delayed effective date method provided in subsection 23.A.4 ~~below~~, the effective date for coverage is the day following the date of receipt in the Association office.

B. Additional Vehicles or Coverages

2. Coverage for additional vehicles to an existing policy will become effective in accordance with policy conditions. No coverage will become effective if a substitution or additional vehicle is of a different type or class than those eligible for coverage on the existing policy. To obtain coverage in this situation, a new application must be submitted to the Association at the address shown on the application.
4. If such coverages are not available with the assigned insurer, a new application for such coverages shall be submitted to the Association at the address shown on the application and shall become effective in accordance with Section 23.A.

AMENDED PLAN OF OPERATION

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

A. Original Application

1. The Association will designate an insurer to which the application shall be assigned and advise the producer and applicant of the designated insurer. The notice of designation shall state that coverage becomes effective on 12:01 A.M. on the effective date shown on such notice.

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2. Coverage for additional vehicles to an existing policy will become effective in accordance with policy conditions. No coverage will become effective if a substitution or additional vehicle is of a different type or class than those eligible for coverage on the existing policy. To obtain coverage in this situation, a new application must be submitted to the Association at the address shown on the application.

4. If such coverages are not available with the assigned insurer, a new application for such coverages shall be submitted to the Association at the address shown on the application and shall become effective in accordance with Section 7.A.

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

A. Original Application

1. The Association will designate an insurer to which the application shall be assigned and advise the producer and applicant of the designated insurer. The notice of designation shall state that coverage becomes effective on 12:01 A.M. on the effective date shown on such notice.

2. Electronic Application Submission Procedure

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AMENDED PLAN OF OPERATION

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3. Other than the electronic submission procedure provided in subsection 23.A.2 or the delayed effective date method provided in subsection 23.A.4, the effective date for coverage is the day following the date of receipt in the Association office.

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2. Coverage for additional vehicles to an existing policy will become effective in accordance with policy conditions. No coverage will become effective if a substitution or additional vehicle is of a different type or class than those eligible for coverage on the existing policy. To obtain coverage in this situation, a new application must be submitted to the Association at the address shown on the application.

4. If such coverages are not available with the assigned insurer, a new application for such coverages shall be submitted to the Association at the address shown on the application and shall become effective in accordance with Section 23.A.