

# TAIPA

## TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

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May 22, 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

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 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 meeting of May 16, 2008, the Governing Committee approved amendments to Sections 7, 15, 21, 23, 33, 35, 36, 41, 42, and 53 of the TAIPA Plan of Operation.

Sections 35, 41.E.1., 42.E.1., and 53.A amend the references from Article 21.81 of the Texas Insurance Code to Chapter 2151 of the Texas Insurance Code, due to recodification of the Insurance Code.

Sections 15.A.1.a.(2) and 33.A.1.a.(2) remove the requirement for a producer to show his tax identification number on the application for insurance. The application was previously amended and filed with your office deleting this requirement.

Sections 7.A.8., and 23.A.8. make reference to the TAIPA Producers Guide which is obsolete effective 4-1-08.

Sections 21.B.2., and 23.A.7. delete reference to the Truckers Policy since truckers are no longer eligible for assignment through TAIPA.

Section 36.A.2. and A.3. add terms of office for alternate public and producer members of the Governing Committee.

If you or your staff require further information regarding these amendments, please contact Margaret Alsobrook at 512-531-7252 or e-mail address [malsobrook@taipa.org](mailto:malsobrook@taipa.org).

Sincerely,



Cathleen Beavers, CPCU  
TAIPA Association Manager  
(512) 531-7250

## TAIPA PLAN OF OPERATION AMENDMENTS

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### Amend Sections 35, 41.E.1, 42.E.1, and 53.A

Amendments are to comply with the Insurance Code recodification

### Sec. 35. ASSOCIATION MEMBERSHIP

The Texas Automobile Insurance Plan Association is created by ~~Article 21.81~~ **Chapter 2151** Insurance Code. As a condition of its authority to write motor vehicle liability insurance in this state, each authorized insurer as defined by statute shall be and remain a member of the Association as long as the Association is in existence.

### Sec. 53. IMMUNITY AND INDEMNIFICATION

#### **A. Immunity**

~~Article 21.81~~ **Chapter 2151** Insurance Code, provides that the Association, a member of the Governing Committee, and any employee of the Association is not personally liable for any act performed in good faith within the scope of the person's authority as determined under that article or the Plan of Operation or for damages occasioned by his or her official acts or omissions except for an act or omission that is corrupt or malicious. The Association shall provide counsel to defend any action brought against a member of the Governing Committee or any employee by reason of the person's official act or omission whether or not at the time of the institution of the action the defendant has terminated service with the Association.

### Sec.41. DETERMINATION AND FULFILLMENT OF PRIVATE PASSENGER QUOTAS

#### **E. Limited Assignment Distribution Procedure (LAD)**

1. Any member which satisfies the requirements of ~~Art. 21.81~~, **Chapter 2151** Insurance Code may elect to be a servicing carrier and thereafter receive assignments in addition to its normal premium quota under the other provisions of the Plan of Operation.

### Sec. 42. DETERMINATION AND FULFILLMENT OF OTHER THAN PRIVATE PASSENGER QUOTAS

#### **E. Commercial Limited Assignment Distribution Procedure (CLAD)**

1. Any member which satisfies the requirements of ~~Art. 21.81~~, **Chapter 2151** Insurance Code may elect to be a servicing carrier and thereafter receive assignments in addition to its normal premium quota under the other provisions of the Plan of Operation.

## AMENDED TAIPA PLAN OF OPERATION

### Sec. 35. ASSOCIATION MEMBERSHIP

The Texas Automobile Insurance Plan Association is created by Chapter 2151 Insurance Code. As a condition of its authority to write motor vehicle liability insurance in this state, each authorized insurer as defined by statute shall be and remain a member of the Association as long as the Association is in existence.

### Sec. 53. IMMUNITY AND INDEMNIFICATION

#### **A. Immunity**

Chapter 2151 Insurance Code, provides that the Association, a member of the Governing Committee, and any employee of the Association is not personally liable for any act performed in good faith within the scope of the person's authority as determined under that article or the Plan of Operation or for damages occasioned by his or her official acts or omissions except for an act or omission that is corrupt or malicious. The Association shall provide counsel to defend any action brought against a member of the Governing Committee or any employee by reason of the person's official act or omission whether or not at the time of the institution of the action the defendant has terminated service with the Association.

### Sec. 41.DETERMINATION AND FULFILLMENT OF PRIVATE PASSENGER QUOTAS

#### **F. Limited Assignment Distribution Procedure (LAD)**

1. Any member which satisfies the requirements of Chapter 2151 Insurance Code may elect to be a servicing carrier and thereafter receive assignments in addition to its normal premium quota under the other provisions of the Plan of Operation.

### Sec. 42. DETERMINATION AND FULFILLMENT OF OTHER THAN PRIVATE PASSENGER QUOTAS

#### **E. Commercial Limited Assignment Distribution Procedure (CLAD)**

1. Any member which satisfies the requirements of Chapter 2151 Insurance Code may elect to be a servicing carrier and thereafter receive assignments in addition to its normal premium quota under the other provisions of the Plan of Operation.

**TAIPA PLAN OF OPERATION AMENDMENT**

**Amend Sections 15.A.1.a.(2) and Section 33.A.1.a.(2)**

Amendments to delete the requirement of the producer to provide a tax identification number on the application.

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

**A. Performance Standards**

1. Original Applications

a. Original applications shall be fully completed and must include:

- (1) necessary information to rate and write the policy, prepare a bill, and make any required filings;
- (2) name, address **and** Texas license number, ~~and tax identification number of~~ producer;
- (3) signature of applicant and producer;
- (4) premium payment submitted gross with the application in accordance with Association rules. The premium payment or deposit shall be either by producer's check, applicant's check, certified check, cashier's check, premium finance company check, or money order, payable to Texas Automobile Insurance Plan Association.

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

**A. Performance Standards**

1. Original Applications

a. Original applications shall be fully completed and must include:

- (1) necessary information to rate and write the policy, prepare a bill, and make any required filings;
- (2) name, address **and** Texas license number, ~~and tax identification number of~~ producer;
- (3) signature of applicant and producer;
- (4) premium payment submitted gross with the application in accordance with Association rules. The premium payment or deposit shall be either by producer's check, applicant's check, certified check, cashier's check, premium finance company check, or money order, payable to Texas Automobile Insurance Plan Association.

AMENDED TAIPA PLAN OF OPERATION

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

**B. Performance Standards**

1. Original Applications

a. Original applications shall be fully completed and must include:

- (1) necessary information to rate and write the policy, prepare a bill, and make any required filings;
- (2) name, address and Texas license number of producer;
- (3) signature of applicant and producer;
- (5) premium payment submitted gross with the application in accordance with Association rules. The premium payment or deposit shall be either by producer's check, applicant's check, certified check, cashier's check, premium finance company check, or money order, payable to Texas Automobile Insurance Plan Association.

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

**A. Performance Standards**

1. Original Applications

a. Original applications shall be fully completed and must include:

- (1) necessary information to rate and write the policy, prepare a bill, and make any required filings;
- (2) name, address and Texas license number of producer;
- (3) signature of applicant and producer;
- (4) premium payment submitted gross with the application in accordance with Association rules. The premium payment or deposit shall be either by producer's check, applicant's check, certified check, cashier's check, premium finance company check, or money order, payable to Texas Automobile Insurance Plan Association.

## TAIPA PLAN OF OPERATION AMENDMENTS

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

#### **Amend Section A.8.**

#### 8. Standard Application Form

The application form for assignment through the Association will be adopted and amended by the Governing Committee. The application form and any changes are to be filed with the Commissioner of Insurance prior to use. The Commissioner of Insurance may disapprove the use of the form if it contains a prohibited eligibility standard. ~~Instructions for completion of the application will be provided by the Association in the Producer's Guide.~~

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

#### **Amend Section A.7 and A.8..**

#### **A. Original Application**

#### 7. Minimum Premium

The minimum premium rule contained in the Association Manual applies. For Business Auto ~~and Truckers~~ Policies, there is a non-refundable minimum premium for any period of coverage.

#### 8. Standard Application Form

The application form for assignment through the Association will be adopted and amended by the Governing Committee. The application form and any changes are to be filed with the Commissioner of Insurance prior to use. The Commissioner of Insurance may disapprove the use of the form if it contains a prohibited eligibility standard. ~~Instructions for completion of the application will be provided by the Association in the Producer's Guide.~~

## AMENDED TAIPA PLAN OF OPERATION

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

#### **Amend Section A.8.**

#### 8. Standard Application Form

The application form for assignment through the Association will be adopted and amended by the Governing Committee. The application form and any changes are to be filed with the Commissioner of Insurance prior to use. The Commissioner of Insurance may disapprove the use of the form if it contains a prohibited eligibility standard.

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

#### **Amend Section A.7 and A.8..**

#### **A. Original Application**

#### 7. Minimum Premium

The minimum premium rule contained in the Association Manual applies. For Business Auto Policies, there is a non-refundable minimum premium for any period of coverage.

#### 8. Standard Application Form

The application form for assignment through the Association will be adopted and amended by the Governing Committee. The application form and any changes are to be filed with the Commissioner of Insurance prior to use. The Commissioner of Insurance may disapprove the use of the form if it contains a prohibited eligibility standard.

**TAIPA PLAN OF OPERATION AMENDMENT**

**Amend Section 21.B.2.**

Amendment to delete reference to the Truckers policy.

**Sec. 21 EXTENT OF COVERAGE**

**B. Standard Policy Coverage**

2. ~~Truckers Policy~~

~~Truckers shall be provided coverage under the policy forms and endorsements approved by the Commissioner of Insurance for use with Association business.~~

Renumber B.3., B.4., and B.5., to numbers B.2., B.3., and B.4.

## TAIPA PLAN OF OPERATION AMENDMENT

### Amend Sections 36.A.2. and 3.

Amend Sections 36.A.2. and 3. adding terms of office for alternate public and producer members.

### Sec. 36 ADMINISTRATION

#### **A. Governing Committee Composition**

2. Five public members shall be nominated by the Office of Public Insurance Counsel and selected by the Commissioner of Insurance. Appointments shall be made by December 31 of each year. The public members serve staggered two year terms. Terms for three public members shall expire in odd numbered years and terms for two public members shall expire in even numbered years. A person may not serve as a public member if that person, an individual related to that person within the second degree of consanguinity or affinity, or an individual residing in the same household with that person is:

- a. required to be registered or licensed under the Insurance Code;
- b. employed by or acts as a consultant to a person required to be registered or licensed under the Insurance Code;
- c. the owner of, or has a financial interest in, or participates in the management of an organization required to be registered or licensed under the Insurance Code;
- d. an officer, employer or consultant of an association in the field of insurance or;
- e. required to register as a lobbyist under Chapter 305, Government Code.

The Office of Public Insurance Counsel may nominate and the Commissioner of Insurance may appoint up to three additional persons who meet these qualifications to act as alternates for public members. **The alternate public members shall serve two year terms or until a replacement alternate is appointed by the Commissioner of Insurance.** If a public member is unable to attend a meeting of the Governing Committee, that person may designate one of these alternates to attend the meeting and act for the absent member.

3. Two members shall be licensed General Lines or Personal Lines Property and Casualty Agents, one of whom is selected by the Independent Insurance Agents of Texas and the other by the Commissioner of Insurance. The producer representatives to the Governing Committee serve a one year term.

The Independent Insurance Agents of Texas may appoint an alternate, subject to the approval of the Commissioner of Insurance. **The alternate producer member shall serve a two year term or until a replacement alternate is approved by the Commissioner of Insurance.** If either producer member is unable to attend a meeting of the Governing Committee, that person may designate the alternate to attend the meeting and act for the absent member.

## AMENDED TAIPA PLAN OF OPERATION

### Sec. 36 ADMINISTRATION

#### **A. Governing Committee Composition**

2. Five public members shall be nominated by the Office of Public Insurance Counsel and selected by the Commissioner of Insurance. Appointments shall be made by December 31 of each year. The public members serve staggered two year terms. Terms for three public members shall expire in odd numbered years and terms for two public members shall expire in even numbered years. A person may not serve as a public member if that person, an individual related to that person within the second degree of consanguinity or affinity, or an individual residing in the same household with that person is:
  - a. required to be registered or licensed under the Insurance Code;
  - b. employed by or acts as a consultant to a person required to be registered or licensed under the Insurance Code;
  - c. the owner of, or has a financial interest in, or participates in the management of an organization required to be registered or licensed under the Insurance Code;
  - d. an officer, employer or consultant of an association in the field of insurance or;
  - e. required to register as a lobbyist under Chapter 305, Government Code.

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