

Texas Department of Insurance
Notice of Texas Automobile Insurance Plan Association Filing
Request for Amendments to Texas Plan of Operation

The Texas Automobile Insurance Plan Association (TAIPA) filed a request asking the Texas Department of Insurance (TDI) to approve amendments to the *Texas Plan of Operation* (Plan) on August 28, 2017. TDI staff identified an additional section of the Plan that was inadvertently omitted from their request, and notified TAIPA in November 2017. TAIPA filed an amended request on April 6, 2018. TAIPA's governing committee approved the initial request on August 18, 2017. On March 23, 2018, the committee approved an amendment to its initial request. The governing committee of TAIPA may amend the Plan with the commissioner's approval, under Insurance Code §2151.151(b).

The request would amend the Plan to update requirements to refund the appropriate portion of any unearned premium to the policyholder. Senate Bill 698, 83rd Legislature, Regular Session (2013), amended Insurance Code §558.002 to require an insurer to refund the appropriate portion of any unearned premium to the policyholder not later than the 15th business day after the effective date of cancellation or termination of a policy of personal automobile or residential property insurance. Following the enactment of Senate Bill 698, TDI promulgated rules requiring insurers to comply with Insurance Code §558.002(d). The rules became effective on May 31, 2017. The following sections of TAIPA's *Plan of Operation* will be affected by the requested amendments:

Sec. 6. PREMIUM DEPOSIT REQUIREMENTS AND PAYMENT OPTIONS

C. Installment Premium Payment Option

4. Return Premium—Changes

Current Language:

Return premium resulting from changes to the policy may be used to reduce the outstanding balance, or, if the outstanding balance is eliminated, any amount remaining from the return premium will be returned immediately. If any outstanding balance remains, the number and amounts of the remaining installments will be adjusted accordingly. If the return amount is less than \$20 it may be treated as a separate transaction.

Proposed Language:

Return premium resulting from changes to the policy may be used to reduce the outstanding balance, or, if the outstanding balance is eliminated, any amount remaining from the return premium will be returned “*in accordance with Chapter 558, Texas Insurance Code and the rules promulgated under that Chapter*”. If any outstanding balance remains, the number and amounts of the remaining installments will be adjusted accordingly “*, unless the policyholder requests otherwise*”. If the return amount is less than \$20 it may be treated as a separate transaction “*, unless the policyholder requests otherwise.*”

Sec. 14. PERFORMANCE STANDARDS FOR INSURERS WRITING ASSOCIATION
PRIVATE PASSENGER ASSIGNMENTS

- A. Performance Standards
- 7. Return Premium

Current Language:

Within 30 days of receipt of a request for either cancellation or an endorsement resulting in return premium, the insurer must mail the return premium check.

Proposed Language:

“The insurer must refund return premium in accordance with Chapter 558, Texas Insurance Code, and the rules promulgated under that Chapter.”

To comment on the filing or to request a hearing, submit two copies of your comments or hearing request by 5 p.m., Central time, on August 27, 2018. Refer to TDI ECase No. 14394.

- Send one copy to ChiefClerk@tdi.texas.gov or to the Office of the Chief Clerk, Mail Code 113-2A, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104.
- Send the other copy to Marianne Baker at PropertyCasualty@tdi.texas.gov or to Marianne Baker, Property and Casualty Lines Office, Mail Code 104-PC, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104

Issued in Austin, Texas on July 13, 2018.

/s/ Norma Garcia

Norma Garcia, General Counsel
Texas Department of Insurance