

No. 2019-6138

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

Date: NOV 08 2019

Petition and Filing Numbers:

Private Passenger, A-0919-14; S671206
Commercial Automobile, A-0919-14; S671212

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 insurers authorized by TDI to write automobile liability coverage. It provides automobile liability insurance for applicants who have been rejected by at least two Texas-authorized insurers. TAIPA must file rates it intends to charge for insurance provided through the association, and the Commissioner will consider and approve or deny the filing. TAIPA may not file rates more than once in any 12-month period.

The Commissioner adopts the following findings of fact and conclusions of law:

Findings of Fact

1. On September 11, 2019, TAIPA filed rates for private passenger and commercial automobile insurance.

2. TDI assigned filing numbers S671206 and S671212 to the private passenger and commercial automobile filings, respectively.
3. TDI filed notice of the TAIPA rate filing with the secretary of state on September 18, 2019, and the notice appeared in the October 4, 2019, issue of the *Texas Register*, Volume 44, Number 40. This notice provided information to the public about how to comment on the filing.
4. On September 18, 2019, the Commissioner extended the approval period for TAIPA's filing for an additional 30 days to November 12, 2019.
5. TDI did not receive any comments on the filing.

Private Passenger Automobile Insurance Rates

6. In developing proposed rate changes by coverage for private passenger automobile insurance, TAIPA used Texas data collected under TDI's statistical plans to calculate and consider:
 - a. the change in the average paid loss cost for the voluntary market from 2016 to 2017; and
 - b. the three-year linear trend in the paid loss cost for the voluntary market from 2015 through 2017.
7. Because of the increases in the average paid loss costs and the three-year linear trend in the paid loss costs, TAIPA requested the following changes to the base rates by coverage:
 - a. +5.0% for bodily injury liability;
 - b. +4.9% for property damage liability;
 - c. +4.0% for personal injury protection;
 - d. +4.3% for underinsured/uninsured motorists bodily injury liability; and
 - e. +1.7% for underinsured/uninsured motorists property damage liability.

8. TAIPA's proposed private passenger automobile rates result in an overall average increase of 4.9%.

Commercial Automobile Insurance Rates

9. In developing proposed rate changes by coverage for commercial automobile insurance, TAIPA:
 - a. used Texas data collected under TDI's statistical plans to calculate, and consider, the change in the three-year average loss costs for the voluntary commercial automobile insurance market in Texas; and
 - b. considered the year-to-year changes in the commercial vehicle liability loss costs filed by Insurance Services Office, Inc. with TDI.
10. Because of the increases in these loss costs, TAIPA requested the following changes to the base rates by coverage:
 - a. +4.8% for bodily injury liability;
 - b. +5.0% for property damage liability;
 - c. +1.3% for personal injury protection;
 - d. +3.6% for underinsured/uninsured motorists bodily injury liability; and
 - e. +3.2% for underinsured/uninsured motorists property damage liability.
11. TAIPA's proposed commercial automobile rates result in an overall average increase of 4.8%.

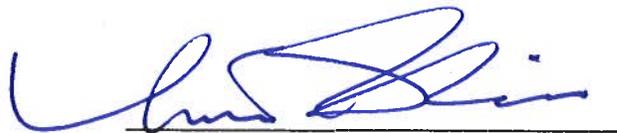
Conclusions of Law

1. The Commissioner has jurisdiction over this matter under Insurance Code Section 2151.2022.
2. Insurance Code §2151.201 requires that insurance rates filed by TAIPA must be:

- a. Just, reasonable, adequate, not excessive, not confiscatory, and not unfairly discriminatory for the risks to which the rates apply; and
 - b. Sufficient to carry all claims to maturity and meet the expenses incurred in the writing and servicing of the business.
3. Notice of the filing was given as required by Insurance Code Section 2151.204.
 4. The proposed changes addressed in finding of fact numbers 7, 8, 10, and 11 are consistent with the applicable requirements of the Insurance Code.

Order

It is ordered that the proposed rates in filings S671206 and S671212 are approved, to be effective March 1, 2020.



Kent C. Sullivan
Commissioner of Insurance

Recommended by:



Mark Worman, Deputy Commissioner

Reviewed by:



Richard Gober, Staff Attorney