

No. **2024-8722**

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

**Date: 07/03/2024**

*Filing and Petition Numbers:*

Commercial Automobile: S720099, P-0324-01

Private Passenger Automobile: S720100, P-0324-01

**Subject Considered:**

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

**General Remarks and Official Action Taken:**

The subject of this order is TAIPA's 2024 rate filing with the Texas Department of Insurance (TDI) for commercial automobile and private passenger 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. TAIPA provides for the assignment of automobile liability insurance for applicants who have been rejected by at least two Texas-authorized insurers. TAIPA must file rates to be charged for insurance provided through the association for approval by the commissioner. TAIPA 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 March 12, 2024, TAIPA filed rates for private passenger automobile insurance and commercial automobile insurance.

## 2024-8722

Commissioner's Order

TAIPA Rate Order

Page 2 of 4

2. TDI assigned filing number S720099 to the commercial automobile filing.
3. TDI assigned filing number S720100 to the private passenger automobile filing.
4. TAIPA's average proposed rate changes by coverage exceeded 5%, so a hearing was required to be held within 45 days under Insurance Code § 2151.2041 and § 2151.206.
5. TDI filed notice of the TAIPA rate filing with the secretary of state on March 19, 2024, and the notice appeared in the March 29, 2024, issue of the *Texas Register*, 49 TexReg 2123. This notice included the hearing date, which was set for April 16, 2024, and provided information to the public about how to comment on the filing.
6. The commissioner considered the filing at a public hearing held under Docket No. 2845 on April 16, 2024, at 1:00 p.m., central time, in Room 2.029 of the Barbara Jordan State Office Building, 1601 Congress Avenue, Austin, Texas 78701. The hearing was not a contested case hearing under Chapter 2001 of the Government Code. Interested persons could give both written and oral testimony related to TAIPA's rate filing at the hearing.
7. Staff reviewed TAIPA's filing as well as the statistical plan data for automobile insurance written through TAIPA.
8. The Office of Public Insurance Counsel (OPIC) posed questions to TAIPA in a letter dated April 8, 2024. TDI did not receive any other comments on the filing.

### **Private Passenger Automobile Insurance Rates**

9. In developing the proposed rate changes for private passenger automobile insurance, TAIPA used three approaches to calculate annual loss cost trends using data from the Quarterly Detailed Experience Report of the Texas Private Passenger Auto Statistical Plan: (i) fitting to the "raw" data, (ii) omitting anomalous values, and (iii) smoothing the frequency. TAIPA made an adjustment to reflect the single rate increase of +5.0% that was effective during the 4.5-year trending period.
10. TAIPA requested the following changes to the base rates by coverage, with no changes to any territory or class rating factors.

# 2024-8722

Commissioner's Order

TAIPA Rate Order

Page 3 of 4

Coverage	Percent Change
Bodily injury liability	20.0%
Property damage liability	10.0%
Personal injury protection	0.0%
Uninsured motorists bodily injury	20.0%
Uninsured motorists property damage	15.0%
<b>Overall average</b>	<b>15.0%</b>

## Commercial Automobile Insurance Rates

11. In developing the proposed rate changes for commercial automobile insurance, TAIPA relied primarily on severity trends derived from voluntary market loss data from the 2022 Texas Commercial Auto Liability Benchmark Reports. Because of data limitations in these reports, an annual frequency trend of 0.0% was assumed. TAIPA made an adjustment to reflect the single rate increase of +5.0% that was effective during the 3.5-year trending period.
12. TAIPA requested the following changes to the base rates by coverage, with no changes to any territory or class rating factors.

Coverage	Percent Change
Bodily injury liability	15.0%
Property damage liability	10.0%
Personal injury protection	0.0%
Uninsured motorists bodily injury	10.0%
Uninsured motorists property damage	10.0%
<b>Overall average</b>	<b>12.7%</b>

## Conclusions of Law

1. The commissioner has jurisdiction over this matter under Insurance Code § 2151.207.
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

# 2024-8722

Commissioner's Order

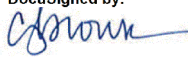
TAIPA Rate Order

Page 4 of 4

- 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 § 2151.204.
4. The commissioner conducted a public hearing, as required by Insurance Code § 2151.206.
5. The statistical plan data for automobile insurance written through TAIPA was considered, as required by Insurance Code § 2151.203(c).
6. The proposed changes addressed in Findings of Fact Nos. 9–12 are consistent with the applicable requirements of the Insurance Code.

## Order

It is ordered that the proposed rates in filings S720099 and S720100 are approved, to be effective October 1, 2024.

DocuSigned by:  
  
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Cassie Brown  
Commissioner of Insurance

Recommended and reviewed by:

DocuSigned by:  
  
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