

No. 08-0122

**Official Order
of the
Commissioner of Insurance
of the
State of Texas
Austin, Texas**

Date: FEB 15 2008

Subject Considered:

**TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION
AMENDMENTS TO THE PLAN OF OPERATION**

General remarks and official action taken:

On this day, under Reference No. A-0807-08, came on for consideration by the Commissioner of Insurance (Commissioner), amendments to the Plan of Operation (Plan) of the Texas Automobile Insurance Plan Association (TAIPA) as proposed by TAIPA's Governing Committee. Pursuant to the Insurance Code §2151.151(b), the Governing Committee may make and amend the Plan, subject to the approval of the Commissioner. Notice of the proposed amendments was published in the *Texas Register* on December 21, 2007 at 32 TexReg 9853.

TAIPA operates pursuant to the Insurance Code Chapter 2151 and is administered by a fifteen-member Governing Committee. Pursuant to the Insurance Code §2151.052, the Governing Committee has the responsibility for the administration of TAIPA through the Plan, which contains the rules by which

automobile bodily injury and property damage liability, personal injury protection and uninsured/underinsured motorist insurance may be assigned to an authorized insurance company for an eligible person who is required by the Texas Motor Vehicle Safety Responsibility Act (Act), Transportation Code Chapter 601, to show proof of financial responsibility. The Insurance Code §2151.151(a) requires that the Plan must provide for the efficient, economical, fair, and nondiscriminatory administration of TAIPA.

Amendments to the Transportation Code §601.072, enacted by SB 502, 80th Legislature, increase the amount of minimum automobile liability insurance required by the Act effective April 1, 2008, and will increase it again effective January 1, 2011. Sections 2, 5, and 21 of the Plan (governing Eligibility, Extent of Coverage for Personal Automobile Vehicles, and Extent of Coverage for Commercial Automobile Vehicles, respectively) currently reference the existing minimum limits required by the Act and include the specific existing minimum limits. The references to a stated amount of minimum automobile liability insurance in Sections 2.C, 5.A.1, and 21.A.1 of the Plan are unnecessary and will become outdated as of April 1, 2008. The Plan is amended by deleting references to a stated amount of minimum automobile liability insurance limits to avoid the necessity of further amendment as the amount increases.

SB 1263, enacted by the 80th Legislature, effective September 1, 2007, added §§4051.401 - 4051.404 to the Insurance Code to provide for a new personal lines property and casualty license that allows an agent to sell property and casualty insurance limited to personal lines insurance, including personal automobile policies. SB 1263 amended the Insurance Code §2151.053(3) to provide that personal lines property and casualty agents are eligible, along with general property and casualty agents, to serve on the TAIPA Governing Committee as agent representatives, as required by the Plan. Section 36 of the Plan governs TAIPA Administration, including criteria for eligibility for membership in the Governing Committee. Section 36.A.3 of the current Plan makes general property and casualty agents and limited lines property and casualty agents eligible to serve as members of the Governing Committee, and is inconsistent with new Insurance Code §2151.053(3).

Section 36.A.3 of the Plan is amended to allow personal lines property and casualty agents to be eligible for appointment to the two positions reserved for agents on the Governing Committee of TAIPA, and to remove limited lines property and casualty insurance agents from eligibility. General property and casualty agents remain eligible for appointment to the Governing Committee pursuant to Section 36.A.3 of the Plan and the Insurance Code §2151.053(3).

Section 54 of the Plan, governing the Producer Certification Program, is amended to allow personal lines property and casualty agents, along with general property and casualty agents, limited property and casualty agents, and county mutual agents, to participate in the TAIPA Producer Certification Program. Section 54 of the Plan is also amended to specify that a personal lines property and casualty producer may only submit applications for personal automobile policies and may not submit applications for business automobile policies, consistent with the intent of SB 1263. Section 54 of the Plan is further amended to specify that an agent licensed as a personal lines property and casualty agent must include a copy of the personal lines property and casualty license along with the application for Producer Certification. Producing an appropriate license for review is a requirement for any producer seeking to participate in the TAIPA Producer Certification Program.

The Commissioner has determined that these amendments are within the Governing Committee's authority under the Insurance Code Chapter 2151 and are consistent with the statutory mandate that the Plan must provide for the efficient, economical, fair, and nondiscriminatory administration of TAIPA. The amendments are further determined to be acceptable to the Commissioner.

IT IS THEREFORE THE ORDER of the Commissioner of Insurance that the amendments, as specified herein, to the Plan of Operation of the Texas

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Automobile Insurance Plan Association are hereby approved, effective immediately.

AND IT IS SO ORDERED.

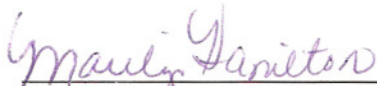
TEXAS DEPARTMENT OF INSURANCE



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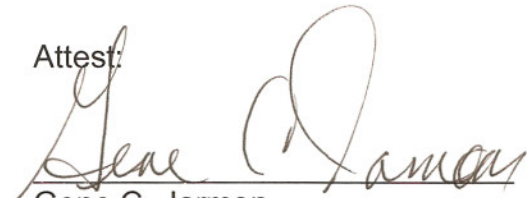
MIKE GEESLIN
COMMISSIONER OF INSURANCE

RECOMMENDED BY:



Marilyn Hamilton
Associate Commissioner
Property and Casualty Division

Attest:



Gene C. Jarmon
General Counsel and Chief Clerk
Texas Department of Insurance

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AMENDED PLAN OF OPERATION

Section's 2.C., 5.A.1., and 21.A.1.

Sec. 2. ELIGIBILITY

C. Applicant Not Eligible for the Association

An applicant who is otherwise eligible is not entitled to assignment, nor is an insurer required to afford or continue coverage if any person who usually drives the motor vehicle does not hold or is not eligible to obtain a drivers license (other than for lack of insurance) or fails to obtain such license as required by law. An applicant or insured denied previously for a lack of a valid drivers license may reapply when a license has been obtained or a good faith attempt is being made to obtain a drivers license.

An application is not eligible for assignment if the coverage is sought for the purpose of showing proof of financial responsibility required by any statute or ordinance other than Chapter 601, Texas Transportation Code.

If an insured is required, by law, to obtain limits in excess of the financial responsibility limits, required by the Texas Motor Vehicle Safety-Responsibility Act, that insured is not eligible for TAIPA.

Sec. 5. EXTENT OF COVERAGE

A. Coverages and Limits

Bodily Injury, Property Damage, Uninsured/Underinsured Motorists Coverage, and Personal Injury Protection

1. The assigned insurer is required to write a policy for the minimum limits required by the Texas Motor Vehicle Safety-Responsibility Act.
2. In addition, the policy shall include the following coverage unless rejected in writing by the applicant:
 - a. Uninsured/Underinsured Motorists Coverage at minimum limits of liability;
 - b. Personal Injury Protection Coverage at a limit of \$2,500.
3. Personal Injury Protection and Uninsured/ Underinsured Motorist coverages are available to an applicant only in conjunction with a policy written in accordance with this Plan of Operation affording Bodily Injury and Property Damage coverage.

Sec. 21. EXTENT OF COVERAGE

A. Coverages and Limits

Bodily Injury, Property Damage, Uninsured/Underinsured Motorists Coverage, and Personal Injury Protection

1. The assigned insurer is required to write a policy for the minimum limits required by the Texas Motor Vehicle Safety-Responsibility Act.
2. In addition, the policy shall include the following coverage unless rejected in writing by the applicant:
 - a. Uninsured/Underinsured Motorists Coverage at minimum limits of liability;
 - b. Personal Injury Protection Coverage at a limit of \$2,500.
3. Personal Injury Protection and Uninsured/ Underinsured Motorist coverages are available to an applicant only in conjunction with a policy written in accordance with this Plan of Operation affording Bodily Injury and Property Damage coverage.

AMENDED PLAN OF OPERATION

Amended Section 36.A.3. and Section 54.

Sec. 36. ADMINISTRATION

A. **Governing Committee Composition**

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. 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.

Sec. 54. PRODUCER CERTIFICATION PROGRAM

The Governing Committee of the Association shall certify qualifying insurance producers licensed to transact property and casualty insurance in Texas to submit applications to the Association on behalf of their clients. A producer requesting certification must provide proof that he/she holds a valid Texas license as a general property and casualty agent, a personal lines property and casualty agent, a limited property and casualty agent, or a county mutual agent, and must agree to abide by the Performance Standards for Producers and the rules and procedures of the Association. A Personal Lines Property and Casualty licensed producer may only submit applications for Personal Automobile Policy coverage and may not submit applications for Business Automobile Policy coverage. The producer must include a copy of his/her General Lines or Personal Lines Property and Casualty License, Limited Lines – Property and Casualty License, or County Mutual Agent License with the Application for Certification. All changes of address and renewal licenses must also be submitted to the Association. Producer information on an application for insurance that does not match the Association's Producer Certification records may result in the loss of commission on that application.

The Governing Committee, or its designated subcommittee, shall be responsible for creating and establishing a Producer Procedures Course and for developing an instructor's manual for use in presentation of such course. Attendance at such course is suggested but not required. Any subsequently revoked producer who makes an application for re-certification at the conclusion of his/her revocation period must complete the course.