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November 22, 2022

The Honorable Cassie Brown

via email cassie.brown@tdi.texas.gov
chiefclerk@tdi.texas.gov

Commissioner of Insurance
Texas Department of Insurance
1601 Congress Avenue
Austin, Texas 78701

Re: TAIPA Plan of Operation Amendments to Section 36 (Administration) and
Section 47 D (Insurers Discontinuing Writing)

Dear Commissioner Brown:

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 Plan of Operation subject to the approval of the Commissioner.

At its meeting on November 18, 2022, the Governing Committee approved amendments to Sections 36 and 47 D of the TAIPA Plan of Operation. Section 36 addresses the election of representatives to the Governing Committee and section 47 D deals with the obligations of insurers that leave the market.

The amendments to Section 36 delete the position of an unaffiliated insurer as a member of the Governing Committee. We have found there are fewer and fewer insurers that are not affiliated with one of the trade associations named in the Plan that appoint an insurer member to the Governing Committee. This year we did not have any unaffiliated members that said they would serve in this position. This was even after the Plan Manager, Stacy Dutton, contacted the 4 known unaffiliated insurers within the last month or so.

The Governing Committee decided to delete this position and replace it with a fifth at large position. The amendments further require that this insurer is to be a Texas domestic company that only writes insurance in Texas and is not part of a holding company system that writes insurance in other states. As a fall back, the amendments do provide that if a Texas company does not get elected that the insurer with the next highest vote count will be elected to the fifth at large position.

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Section 47 D addresses what happens when a member insurer discontinues writing automobile liability insurance. But the current language only provides limited options. The language approved by the Governing Committee expands the options for the member carrier, including the option of entering into a contract with a servicing carrier to take the assignments it would otherwise be required to take.

The changes to the TAIPA Plan of Operation are set forth in the attached pages.

We hope this information will be sufficient for you to approve our requested amendments. Should additional information be required we will be happy to furnish it.

Please note that the amendments to Section 36 are time sensitive as TAIPA will be sending notices to insurers at the end of December (and possibly thereafter) in conjunction with its annual meeting at the end of March. We ask that you consider this amendment as soon as possible, and if considering the amendment to Section 47 D at the same time might affect the timing of the approval requested, that you consider the Section 36 amendment first.

If you or your staff require further information regarding these amendments, please contact Stacy Dutton at 512-531-7263 or e-mail to sdutton@taipa.org, or contact me.

Thank you.

Very truly yours,



Michael W. Jones

Attachments

Cc: Stacy Dutton, Association Manager via email
John Mooney Texas Department of Insurance via email