



Texas Department of Insurance

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July 16, 1996

COMMISSIONER'S BULLETIN NO. B-0050-96 **Automobile Series Letter No. 698**

TO ALL INSURANCE COMPANIES, CORPORATIONS, EXCHANGES, MUTUALS, RECIPROCALs, ASSOCIATIONS, LLOYDS, OR OTHER INSURERS WRITING AUTOMOBILE INSURANCE IN THE STATE OF TEXAS AND TO THEIR AGENTS AND REPRESENTATIVES AND THE PUBLIC GENERALLY

RE: Commissioner's Order No. 96-0741, adoption of amendments to the Texas Automobile Rules and Rating Manual, Rule 135 and Endorsements 4R. and TE 20 17.

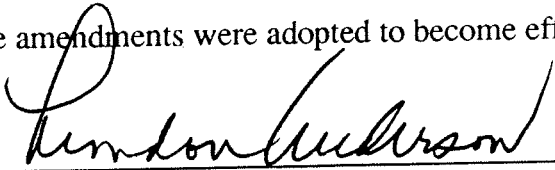
The Commissioner of Insurance, by Commissioner's Order No. 96-0741, Docket No. 2223, has adopted amendments to the Texas Automobile Rules and Rating Manual (the Manual). The amendments are to Manual Rule 135 and Endorsements 4R. and TE 20 17, all pertaining to exclusion of the perils of windstorm, hurricane, hail, and flood from policies covering mobile homes. An explanation is made below, and the amendments are shown in the attachments to this letter.

Endorsement 4R. (to be redesignated 4R-1) for the Mobilowners Policy, and Endorsement TE 20 17 (to be redesignated TE 20 17A) for the Business Auto, Garage, or Truckers Coverage Form were adopted for purposes explained in Commissioner's Order No. 95-1108, dated October 25, 1995. Each endorsement provides that it may be attached only to policies covering property located in 14 specified counties, which were then the only designated catastrophe areas listed in the Texas Catastrophe Property Insurance Association Manual. Additional territory is now being so designated, so the above endorsements are amended to allow their attachment "to policies covering property located in the designated catastrophe areas as provided for in the Texas Catastrophe Property Insurance Association Manual." Manual Rule 135, Sections I. 10 and II.J also are amended to conform to the language of the endorsements in this regard.

An additional amendment is made to Endorsement 4R. to preclude the possibility that this endorsement might be construed to expand theft coverage beyond that provided by the basic Mobilowners Policy. This proposed amendment consists of the addition of the following

language after the words "attempted theft": "if such loss would otherwise be covered by the policy."

The amendments were adopted to become effective August 1, 1996.

A handwritten signature in cursive script, appearing to read "Lyndon Anderson", written over a horizontal line.

LYNDON ANDERSON
ASSOCIATE COMMISSIONER
PROPERTY & CASUALTY GROUP

Attachments

b. Private passenger and commercial automobiles, commercial trailers, motorcycles, motorized scooters, motorized bicycles, powercycles and any other similar motorized vehicles awaiting assignment or reassignment—Refer to Rate Section VII.

e c. Contingent liability coverage may be provided if insurance covering the leasing concern on a direct primary basis is provided by the lessee. Refer to Rate Section VII.

e d. Contingent physical damage coverages may be made available, if direct primary insurance covering a leased vehicle of a leasing concern is provided by the lessee, on the date of delivery of the leased vehicle to the lessee. Refer to Rate Section VII.

2. Specified car basis—Short Term (Automobiles rented less than one year)

a. Commercial automobiles—Refer to Rate Section VII.

b. Private passenger automobiles (Class Code 7214)—Refer to Rate Section VII.

c. Special Types (Class Code 7216). Motorcycles, motorbikes, and other similar motor vehicles—Refer to Rate Section VII.

d. Automobile service operations or trailer sales—Automobiles rented to customers while their automobiles are temporarily left with the named insured for service, repair or sale, refer to automobile service operations or trailer sales rule.

e. Motorhomes (Class Code 7215)—Refer to Rate Section VII.

e f. Rent-it-here/leave-it-there automobiles. The policy shall be endorsed to exclude coverage for the owner or rentee of any "rent-it-here/leave-it-there" automobile not owned by the named insured.

3. Gross receipts or mileage basis. Refer to the rating plans rule.

e 4. Second level coverage. (Class Code 7040). Liability coverage in excess of that afforded by the primary policy covering both the leasing concern and the lessee may be provided to cover only the leasing concern.

Premium Development. Refer to Rate Section VII.

Note: Primary limits and secondary limits are to be written on the same limit (split or combined) basis.

e 5. Conversion, embezzlement or secretion coverage

a. Endorse the policy to exclude under comprehensive or theft, coverage for conversion, embezzlement or secretion.

b. Coverage under comprehensive or theft for conversion, embezzlement or secretion may be provided. Refer to Rate Section VII.

c. However, if a policy covering rented commercial automobiles is extended to include conversion, embezzlement or secretion by rentee or lessee, refer to Rate Section VII.

A. Mobile homes must be equipped with living quarters which include cooking, dining, sleeping facilities and plumbing or refrigeration. (Class Code 7963)

Recreational trailer type mobile home must be less than 40 feet in length, less than 8 feet in width and be used primarily for recreational camping. This includes camper trailers not otherwise fitting the definition of mobile homes but used for recreational camping. (Class Code 9582)

1. Liability:

a. Policies affording liability insurance on farm ★ vehicles, private passenger autos or utility vehicles, provide liability coverage without specific description or premium charge for mobile home trailers designed for use with such vehicles, if the trailer(s) are not customarily used for business purposes with another type vehicle.

b. Mobile home trailers—other than those described ★ in a. above: Refer to Rate Section VII.

2. Medical payments and personal injury protection—Refer to Rate Section VII.

3. Uninsured/underinsured motorists—Refer to Rate Section II.

4. Physical damage—Refer to Rate Section VII.

B. Motorhome means:

A self-propelled motor vehicle with a living area that is an integral part of the vehicle chassis. The living area must consist of facilities for cooking and sleeping.

A pickup used solely to transport a permanently attached camper body.

A self-propelled motor vehicle not described above but that is used primarily for recreational camping.

Note: Removable or slip-in campers or trucks equipped with camper shells are not eligible for rating under this rule.

1. Liability, medical payments and personal injury protection—Refer to Rate Section VII.

2. Uninsured/underinsured motorists—Refer to Rate Section II.

C. Special physical damage provisions

1. Policies covering mobile homes may be written for a period up to 84 months. The provisions in the policy term and renewal certificate and premium computation rules also apply to these policies.

2. All physical damage coverages must be written on a stated amount basis.

3. Mobile home contents coverage may be added by endorsement. No deductible applies to this coverage. Theft coverage on contents may not be afforded. Refer to the contents coverage tables in Rate Section VII.

4. The terms "new" and "old" mean:

a. "New", automobile purchased not more than 18 months prior to the date insurance is provided. (Code 1)

b. "Old", all other automobiles. (Code 3)

5. Minimum premium. Refer to Rate Section VII.

e 6. A modified \$250 deductible optional hail deductible may be afforded when full coverage comprehensive, \$50 or \$100 deductible comprehensive, specified causes of loss or limited specified causes of loss coverages are written. Refer to paragraph C. 10., of this rule in Rate Section VII.

135. MOBILE HOMES

This rule does not apply to vehicles eligible for personal auto coverage.

SECTION I. Mobile Homes, Recreational Trailers and Motorhomes (See Section II for special rule applicable to Mobitowners Policy.)

NO CHANGE ON THIS PAGE

- (e) 7. Trip collision on a stated amount basis may be afforded for a period of thirty consecutive days. Refer to Rate Section VII.
- 8. Single Interest coverage rates—Fire and theft, comprehensive, collision and conversion, embezzlement or secretion, for applicable rules, refer to automobile finance companies rule. Conversion, embezzlement or secretion—Refer to Rate Section VII.

- (e) 9. Federal Flood Disaster Protection Act of 1973 (Public Law 93-234)—Amendment of limit of liability applicable to total loss by flood. Policies providing comprehensive, limited specified causes of loss coverage or flood coverage for financed mobile homes over 40 feet in length and over 8 feet in width may be extended to comply with the requirements of the Act.

Rate—Refer to Rate Section VII.

- ★ (e) 10. Coverage for loss from windstorm, hurricane, hail, and flood may be excluded from policies covering property located in the designated catastrophe areas as provided for in the Texas Catastrophe Property Insurance Association Manual.

Refer to Rate Section VII.

- ★ 11. Rates—Refer to Rate Section VII.

(e) SECTION II—MOBILOWNERS POLICY

Physical damage coverage only

- A. Introduction. The Mobilowners Policy is a policy which may be used on an optional basis to cover the interest of the named insured and any lienholder with respect to damage to the insured property resulting from the perils insured against.

B. Eligible property

- 1. A mobile home over 40 feet in length or more than 8 feet in width provided such home is used for family habitation except mobile homes used for motel or multiple dwelling purposes.

- 2. When insured with a mobile home meeting the requirements in paragraph 1. above.

a. Adjacent structures and equipment

b. Personal effects

- C. Term and cancellation. A policy may be written for a period in excess of one year to be concurrent with the term of a conditional sale, bailment lease, mortgage or other encumbrance subject to a maximum of 84 months. The policy term rule in this manual applies when the policy does not exceed 36 months, and the same procedures set forth for a 36 months policy must be applied to policies issued for terms of more than 36 months, but not exceeding 84 months.

- D. 1. Broad form protection, broad form comprehensive protection, personal effects protection, adjacent structures protection and collision protection coverages may only be afforded on a stated amount basis. Refer to Rate Section VII.

2. Collision premiums—Refer to collision premium table in Rate Section VII.

- (e) 3. Trip collision—Refer to trip collision premiums in Rate Section VII.

- 4. Vendors single interest. Standard protection or special protection premium—Refer to Rate Section VII.

- (e) Note: Coverage may be afforded for the personal effects of any person occupying the mobile home with the permission of the owner.

- (e) E. Broad form protection or broad form comprehensive protection may be afforded on a \$50, \$100 or \$250 deductible basis.

- (e) F. Federal Flood Disaster Protection Act of 1973 (Public Law 93-234)—Amendment of limit of liability applicable to total loss by flood.

A policy providing coverage for a financed mobile home may be extended to comply with the requirements of the Act.

Rates—Refer to Rate Section VII.

- (e) G. Mobilowners policy agreed value. Broad form protection, broad form comprehensive protection and collision protection coverages may be afforded on an agreed value basis for total loss to the mobile home. Determine the premiums for the coverages and limits afforded as set out in paragraph D.1. of this section. For the charge for the Agreed Value Endorsement, Refer to Rate Section VII.

- (e) H. Optional inflation coverage. The limits of liability for broad form protection, broad form comprehensive protection, collision protection and adjacent structures and equipment coverages afforded for a mobile home may be automatically increased by a factor of .0125 at the end of each three month period of coverage following the original inception date of the policy.

If the policy is written for a period in excess of one year, the same limit of liability or amount of insurance used to calculate the premium for the first year of the policy shall be used to calculate the premiums for each subsequent year of the policy.

Rates—Refer to Rate Section VII.

- (e) I. Mobilowners Policy Amendment. Personal effects items not within the mobile home, fire department service, emergency removal service, debris removal, and additional living expense may be extended on a policy.

Rates—Refer to Rate Section VII.

- (e) J. Coverage for loss from windstorm, hurricane, hail, and flood may be excluded from policies covering property located in the designated catastrophe areas as provided for in the Texas Catastrophe Property Insurance Association Manual.

Refer to Rate Section VII.

**4R-1 MOBILOWNERS POLICY - EXCLUSION OF WINDSTORM,
HURRICANE, HAIL AND FLOOD**

For a reduction in premium, coverage is amended as shown below. This policy does not cover direct or indirect loss caused by, resulting from, or contributed to, by windstorm, hurricane, or hail. Additionally, this policy does not cover loss caused by, resulting from, or contributed to, by flood; however, the Company will pay for an ensuing loss caused by theft or attempted theft, if such loss would otherwise be covered by the policy. As used herein, the word "flood" includes surface water, waves, tidal waters or tidal waves, overflow of streams or other bodies of water or spray from any of these, whether or not driven by wind.

Date _____

Signature of Insured

Note: This endorsement may be attached only to policies covering property located in the designated catastrophe areas as provided for in the Texas Catastrophe Property Insurance Association Manual.

MOBILE HOMES - EXCLUSION OF WINDSTORM, HURRICANE, HAIL AND FLOOD

This endorsement modifies insurance provided under the following:

**BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
TRUCKERS COVERAGE FORM**

For a reduction in premium, coverage is amended as shown below. This policy does not cover direct or indirect loss caused by, resulting from, or contributed to, by windstorm, hurricane, or hail. Additionally, this policy does not cover loss caused by, resulting from, or contributed to, by flood; however, the Company will pay for an ensuing loss caused by theft or attempted theft if such loss would otherwise be covered by the policy. As used herein, the word "flood" includes surface water, waves, tidal waters or tidal waves, overflow of streams or other bodies of water or spray from any of these, whether or not driven by wind.

Date _____

Signature of Insured

Note: This endorsement may be attached only to policies covering property located in the designated catastrophe areas as provided for in the Texas Catastrophe Property Insurance Association Manual.

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