

**TAIPA**

James Langford, CPCU, AIM, ARP, ARe  
Association Manager  
jlangford@taipa.org

TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

CITYVIEW BLDG. 3 • 1120 S. CAPITAL OF TEXAS HWY., STE. 105 • AUSTIN, TX 78746-6464  
P.O. BOX 162890 • AUSTIN, TX 78716-2890  
TEL 512/315-7550 • FAX 512/444-7368  
http://www.taipa.org

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COMMISSIONER  
OF INSURANCE

April 25, 2016

**RECEIVED**

**APR 26 2016**

**Regulatory Policy Division**

David Mattax  
Commissioner of Insurance  
Texas Department of Insurance  
P.O. Box 149104  
Austin, TX 78714-9104

RE: Texas Automobile Insurance Plan Association (TAIPA) Plan of Operation

Dear Commissioner Mattax:

Senate Bill 956 was passed by the 2015 Texas Legislature. Senate Bill 956 adds Chapter 525. Delivery of Insurance Policies to the Insurance Code and applies to the Texas Automobile Insurance Plan Association.

To comply with Chapter 525. Delivery of Insurance Policies, Section 14. Performance Standards for Insurers Writing Association Private Passenger Assignments of the TAIPA Plan of Operation needs to be amended to read as shown in the attached.

Sincerely,



James Langford, CPCU, AIM, ARP, ARE  
Association Manager

copy: Nicole Morgan, TAIPA

## Sec. 14. PERFORMANCE STANDARDS FOR INSURERS WRITING ASSOCIATION PRIVATE PASSENGER ASSIGNMENTS

### A. Performance Standards

Insurers will provide insureds assigned under this Plan of Operation with the same level of service provided to customers in the voluntary market. The Performance Standards listed below set forth the specific time during which insurers must perform in accordance with the rules of this Plan of Operation.

#### 1. Issuance of Original Policy

Upon receipt from the Association of the Notice of Designation ~~and the premium deposit prescribed by Section 6~~ the designated insurer shall:

- a. within two working days following the effective date of coverage or receipt of Notice of Designation, whichever occurs last, make filings on policies and Financial Responsibility Certificates (for states other than Texas) as may be required, provided all information necessary is contained in the application form. Such filings will indicate the effective date specified by the Association in the Notice of Designation.

However, if the applicant or spouse is required to file a form SR-22A with the Texas Department of Public Safety, the insurer will issue the SR-22 and SR-22A only upon receipt of the full annual policy premium.

The day the Notice of Designation and premium or deposit are received from the Association is deemed the first working day, regardless of the time of such receipt. No Saturday, Sunday or legal holiday in the place of receipt, shall be deemed a working day.

- b. ~~within 30 days issue~~ deliver a policy in accordance with Chapter 525, Texas Insurance Code ~~if all information necessary for the insurer to fix the proper rate is contained on the application form~~. The policy will become effective in accordance with the provisions of Section 7.

#### 4. Renewal Policies Or Certificates

At least 30 days prior to the inception date of renewals the designated insurer shall notify the insured that:

- a. a renewal will be issued, provided the premium as outlined in Section 6 is received on or before the inception date;

- b. a renewal will not be issued for the reason that the insured is not entitled to insurance under the Plan of Operation.

If an insurer is unable to quote rates to be effective on renewal, it must notify the insured of a possible rate change. Using language authorized by the Association shall be deemed sufficient notice.

A copy of such notice shall be sent to the producer.

Renewal policies ~~must~~ shall be mailed within 30 days of the insurer's receipt of the renewal premium specified under subsection 14.A.4 delivered in accordance with Chapter 525, Texas Insurance Code.

#### 6. Endorsements

Any endorsement requested by the insured shall be ~~issued and mailed within 30 days~~ delivered in accordance with Chapter 525, Texas Insurance Code.

1 AN ACT  
2 relating to the delivery of personal automobile and residential  
3 property insurance policies; adding provisions that may be subject  
4 to a criminal penalty.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subtitle B, Title 5, Insurance Code, is amended  
7 by adding Chapter 525 to read as follows:

8 CHAPTER 525. DELIVERY OF INSURANCE POLICIES

9 Sec. 525.001. APPLICABILITY OF CHAPTER. This chapter  
10 applies to:

11 (1) an insurer, as defined by Section 2301.051,  
12 writing personal automobile insurance or residential property  
13 insurance, as defined by Section 2301.051, in this state;

14 (2) the Texas Windstorm Insurance Association;

15 (3) the FAIR Plan Association; and

16 (4) the Texas Automobile Insurance Plan Association.

17 Sec. 525.002. DELIVERY OF INSURANCE POLICIES. (a) Except  
18 as provided by Subsection (b), an insurer to whom this chapter  
19 applies shall deliver a policy issued by the insurer to the  
20 policyholder, or to the insurer's agent for delivery to the  
21 policyholder:

22 (1) not later than:

23 (A) the 30th day after the effective date of the  
24 policy if the policy term is more than 30 days; or

1                   (B) the 10th day after the effective date of the  
2 policy if the policy term is more than 10 days and less than 31 days;  
3 or

4                   (2) within the policy period for a policy with a term  
5 of 10 days or less.

6           (b) An insurer to whom this chapter applies shall deliver a  
7 policy renewed or amended by the insurer to the policyholder, or to  
8 the insurer's agent for delivery to the policyholder, not later  
9 than the 15th day after the date the insurer or insurer's agent  
10 receives a written request from the policyholder that the policy be  
11 delivered to the policyholder.

12           Sec. 525.003. RULEMAKING AUTHORITY. The commissioner may  
13 adopt rules to implement this chapter.

14           SECTION 2. Chapter 525, Insurance Code, as added by this  
15 Act, applies only to an insurance policy that is delivered, issued  
16 for delivery, or renewed on or after the effective date of this Act.  
17 A policy delivered, issued for delivery, or renewed before the  
18 effective date of this Act is governed by the law as it existed  
19 immediately before that date, and that law is continued in effect  
20 for that purpose.

21           SECTION 3. This Act takes effect September 1, 2015.

S.B. No. 956

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 956 passed the Senate on April 30, 2015, by the following vote: Yeas 31, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 956 passed the House on May 19, 2015, by the following vote: Yeas 144, Nays 2, two present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor