

TAIPA

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

A-0416-06
ECase 11048
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
2016 APR 26 A 10:59
TEL 512/531-7250 • FAX 512/444-7368
http://www.taipa.org

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

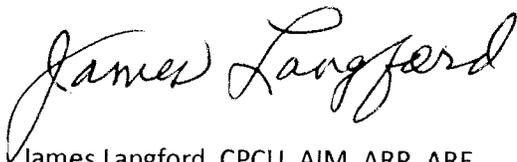
RE: Texas Automobile Insurance Plan Association (TAIPA) Plan of Operation

Dear Commissioner Mattax:

Senate Bill 1554 was passed by the 2015 Texas Legislature. Senate Bill 1554 mandates that all County Mutual Insurance Companies are members of TAIPA and subject to assignments from TAIPA.

To comply with the language in Senate Bill 1554, Section 9. Three-Year Assignment Period, Section 25. Three-Year Assignment Period, Section 35. Association Membership, and Section 47. General Provisions of the TAIPA Plan of Operation need to be amended as shown in the attached.

Sincerely,



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

copy: Nicole Morgan, TAIPA

Sec. 9. THREE-YEAR ASSIGNMENT PERIOD

An applicant shall be assigned to a designated insurer for a period of three consecutive years, at which time proper notice of non-renewal shall be mailed. If an insured is unable to obtain insurance at the end of the three-year period, re-application for insurance may be made to the Association. Such re-application shall be considered as a new application.

~~If the designated insurer is an insurer organized under Chapter 912 Insurance Code and if the insurer claims a calendar year exemption under Section 13(f) Article 5.13-2 Insurance Code during the term of the three-year assignment period, the designated insurer shall continue the coverage using the Association rules and rating plans until the end of the three-year assignment period.~~

In the case of non-resident military personnel, as described under Section 2.A.1.c of the Plan of Operation, the insurer is not required to renew, if at the time of renewal the insured is stationed in another state in which the insurer is not authorized to do business or if the insured is stationed in another state and the automobile is not registered in Texas.

Sec. 25. THREE-YEAR ASSIGNMENT PERIOD

An applicant shall be assigned to a designated insurer for a period of three consecutive years, at which time proper notice of non-renewal shall be mailed. If an insured is unable to obtain insurance at the end of the three-year period, re-application for insurance may be made to the Association. Such re-application shall be considered as a new application.

~~If the designated insurer is an insurer organized under Chapter 912 Insurance Code and if the insurer claims a calendar year exemption under Section 13(f) Article 5.13-2 Insurance Code during the term of the three-year assignment period, the designated insurer shall continue the coverage using the Association rules and rating plans until the end of the three-year assignment period.~~

In the case of non-resident military personnel, as described under Section 18.A.1.c of the Plan of Operation, the insurer is not required to renew, if at the time of renewal the insured is stationed in another state in which the insurer is not authorized to do business or if the insured is stationed in another state and the automobile is not registered in Texas.

Sec. 35. ASSOCIATION MEMBERSHIP

The Texas Automobile Insurance Plan Association is created by Chapter 2151 Insurance Code. As a condition of its authority to write motor vehicle liability insurance in this state, each authorized insurer as defined by statute shall be and remain a member of the Association as long as the Association is in existence.

~~If a member is an insurer organized under Chapter 912, Insurance Code and it claims an exemption from membership in the Association under the provisions of Article 5.13-2 Insurance Code §13(f), the member shall submit a claim for exemption annually. The exemption shall be based on the provision of §13(f) and market share data for the prior year ending December 31st. The claim for exemption is to be sent to the Association. Exemptions must be claimed no later than November 1st for exemption in the following calendar year.~~

Sec. 47. GENERAL PROVISIONS

E. Insurers Exempt under Section 35

~~If a member qualifies for a calendar year exemption, the member shall continue to report all Association premiums until the end of the assignment period. These premiums for the year(s) of exemption shall be credited against the members quota.~~

1 AN ACT
2 relating to the regulation of rates for certain personal automobile
3 insurance.

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

5 SECTION 1. Section 2151.001(2), Insurance Code, is amended
6 to read as follows:

7 (2) "Authorized insurer" means an insurer authorized
8 by the department to write automobile liability coverage under this
9 title. The [~~Except as provided by Section 2251.204, the~~] term
10 includes [~~does not include~~] a county mutual insurance company
11 organized under Chapter 912.

12 SECTION 2. Sections 2251.003(a) and (b), Insurance Code,
13 are amended to read as follows:

14 (a) This subchapter and Subchapters B, C, and D [~~and E~~]
15 apply to:

16 (1) an insurer to which Article 5.13 applies, other
17 than the Texas Windstorm Insurance Association, the FAIR Plan
18 Association, and the Texas Automobile Insurance Plan Association;
19 and

20 (2) except as provided by Subsection (c), a Lloyd's
21 plan, reciprocal or interinsurance exchange, and county mutual
22 insurance company with respect to the lines of insurance described
23 by Subsection (b).

24 (b) This subchapter and Subchapters B, C, and D [~~and E~~]

1 apply to all lines of the following kinds of insurance written under
2 an insurance policy or contract issued by an insurer authorized to
3 engage in the business of insurance in this state:

- 4 (1) general liability insurance;
- 5 (2) residential and commercial property insurance,
6 including farm and ranch insurance and farm and ranch owners
7 insurance;
- 8 (3) personal and commercial casualty insurance,
9 except as provided by Section 2251.004;
- 10 (4) medical professional liability insurance;
- 11 (5) fidelity, guaranty, and surety bonds other than
12 criminal court appearance bonds;
- 13 (6) personal umbrella insurance;
- 14 (7) personal liability insurance;
- 15 (8) guaranteed auto protection (GAP) insurance;
- 16 (9) involuntary unemployment insurance;
- 17 (10) financial guaranty insurance;
- 18 (11) inland marine insurance;
- 19 (12) rain insurance;
- 20 (13) hail insurance on farm crops;
- 21 (14) personal and commercial automobile insurance;
- 22 (15) multi-peril insurance; and
- 23 (16) identity theft insurance issued under Chapter
24 706.

25 SECTION 3. Section 2251.205, Insurance Code, is transferred
26 to Subchapter C, Chapter 2251, Insurance Code, redesignated as
27 Section 2251.1025, Insurance Code, and amended to read as follows:

1 Sec. 2251.1025 [~~2251.205~~]. [~~APPLICATION~~ ~~OF~~] FILING
2 REQUIREMENTS FOR CERTAIN PERSONAL AUTOMOBILE [~~TO OTHER~~] INSURERS
3 WITH LESS THAN 3.5 PERCENT OF MARKET. (a) An insurer is subject to
4 the filing requirements determined by the commissioner by rule
5 under this section [~~Section 2251.204~~] if:

6 (1) the insurer, along with the insurer's affiliated
7 companies or group, issues personal automobile liability insurance
8 policies only below 101 percent of the minimum limits required by
9 Chapter 601, Transportation Code; and

10 (2) the insurer, along with the insurer's affiliated
11 companies or group, has a market share of less than 3.5 percent of
12 the personal automobile insurance market in this state.

13 (b) The commissioner by rule shall determine the
14 information required to be provided in a filing under this section.

15 SECTION 4. The following provisions of the Insurance Code
16 are repealed:

17 (1) Sections 2251.201, 2251.202, 2251.203, and
18 2251.204; and

19 (2) the heading to Subchapter E, Chapter 2251.

20 SECTION 5. This Act takes effect September 1, 2015.

S.B. No. 1554

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1554 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. 1554 passed the House on May 19, 2015, by the following vote: Yeas 146, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor