

INSURANCE CODE

TITLE 10. PROPERTY AND CASUALTY INSURANCE

SUBTITLE G. POOLS, GROUPS, PLANS, AND SELF-INSURANCE

CHAPTER 2151. TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2151.001. DEFINITIONS. In this chapter:

(1) "Association" means the Texas Automobile Insurance Plan Association.

(2) "Authorized insurer" means an insurer authorized by the department to write automobile liability coverage under this title. The term includes a county mutual insurance company organized under Chapter 912.

(3) "Insurance" means an insurance policy that meets the requirements of Chapter 601, Transportation Code.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 312 (S.B. 1554), Sec. 1, eff. September 1, 2015.

SUBCHAPTER B. TEXAS AUTOMOBILE INSURANCE PLAN ASSOCIATION

Sec. 2151.051. NATURE AND COMPOSITION OF ASSOCIATION. (a) The Texas Automobile Insurance Plan Association is a nonprofit corporate body composed of all authorized insurers.

(b) Each authorized insurer must be a member of the association as a condition of the insurer's authority to write automobile liability insurance in this state.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2151.052. AUTHORITY OF GOVERNING COMMITTEE. The association is administered by a governing committee under a plan of operation.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff.

April 1, 2007.

Sec. 2151.053. MEMBERSHIP OF GOVERNING COMMITTEE. The governing committee is composed of 15 members selected as follows:

(1) eight members who represent the interests of insurers, elected by the association members according to a method the members determine;

(2) five public members, nominated by the office of public insurance counsel and selected by the commissioner; and

(3) two members who are general or personal lines property and casualty agents, as required by the plan of operation.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 548 (S.B. 1263), Sec. 2.13, eff. September 1, 2007.

Sec. 2151.054. ELIGIBILITY TO SERVE AS INSURER REPRESENTATIVE. To be eligible to serve on the governing committee as a representative of insurers, an individual must be a full-time employee of an authorized insurer.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2151.055. INELIGIBILITY TO SERVE AS PUBLIC MEMBER. An individual may not serve on the governing committee as a public member if the individual, another individual related to that individual within the second degree by consanguinity or affinity, or another individual residing in the same household with that individual:

(1) is required to be registered or licensed under this code or another insurance law of this state;

(2) is employed by or acts as a consultant to a person required to be registered or licensed or required to hold a certificate of authority under this code or another insurance law of this state;

(3) is the owner of, has a financial interest in, or participates in the management of an organization required to be registered or licensed or required to hold a certificate of authority under this code or another insurance law of this state;

(4) is an officer, employer, or consultant of an association in the field of insurance; or

(5) is required to register as a lobbyist under Chapter 305, Government Code.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2151.056. IMMUNITY FROM LIABILITY. (a) The association, a member of the governing committee, or an employee of the association is not personally liable for:

(1) an act performed in good faith within the scope of the person's authority as determined under this chapter or the plan of operation; or

(2) damages occasioned by the person's official act or omission except an act or omission that is corrupt or malicious.

(b) The association shall provide counsel to defend an action brought against a member of the governing committee or an employee because of the person's official act or omission regardless of whether the person has terminated service with the association when the action is instituted.

(c) This section is cumulative of and does not affect or modify a common law or statutory privilege or immunity.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2151.057. COMMITTEE MEETINGS BY TELEPHONE AND VIDEOCONFERENCE. (a) Chapter 551, Government Code, applies to a meeting of the governing committee.

(b) Notwithstanding Chapter 551, Government Code, or any other law, the governing committee may meet by telephone conference call, videoconference, or other similar telecommunication method for any meeting purpose, including conducting a vote or establishing a quorum, regardless of the subject matter discussed

or considered.

(c) A meeting authorized by this section is subject to the notice requirements that apply to other meetings of the governing committee under Chapter 551, Government Code.

(d) The notice of a meeting authorized by this section must:

(1) specify that the location of the meeting is a location at which at least one member of the governing committee is physically present; and

(2) state clear instructions and requirements for electronic attendance by a member of the committee.

(e) Each part of a meeting authorized by this section must be audible to the public at the location specified by Subsection (d).

(f) Two-way audio communication must be available during the entire meeting between all members of the governing committee attending a meeting authorized by this section, and if the two-way audio communication is disrupted so that a quorum of the committee is no longer participating in the meeting, the meeting may not continue until the two-way audio communication is reestablished.

Added by Acts 2013, 83rd Leg., R.S., Ch. 95 (S.B. 733), Sec. 2, eff. May 18, 2013.

SUBCHAPTER C. POWERS AND DUTIES OF ASSOCIATION

Sec. 2151.101. POWERS OF NONPROFIT CORPORATION. (a) The association has the powers granted to a nonprofit corporation under the Business Organizations Code.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2151.102. ASSIGNMENT OF INSURANCE; ELIGIBILITY. (a) The association shall provide for the assignment of insurance to an authorized insurer for a person required by Chapter 601, Transportation Code, to show proof of financial responsibility for the future.

(b) An applicant is not eligible for insurance through the association unless the applicant and the servicing agent certify as

part of the application to the association that the applicant has been rejected for insurance by at least two insurers that are authorized to engage in business in this state and that are writing automobile insurance in this state.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](#)), Sec. 2, eff. April 1, 2007.

Sec. 2151.103. ASSESSMENTS. (a) The association may assess authorized insurers to provide money to operate the association.

(b) The amount assessed against an authorized insurer must be in proportion to the insurer's writing of automobile liability insurance in this state.

(c) The association may bring an action to collect an assessment against an authorized insurer that does not pay the assessment within a reasonable time. In addition, the association may report to the commissioner an authorized insurer's failure to pay the assessment to the association. The commissioner may institute a disciplinary action against the insurer under Chapter [82](#).

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](#)), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 95 (S.B. [733](#)), Sec. 1, eff. May 18, 2013.

SUBCHAPTER D. PLAN OF OPERATION

Sec. 2151.151. CONTENTS OF PLAN OF OPERATION; AMENDMENTS.

(a) The plan of operation must:

(1) provide for the efficient, economical, fair, and nondiscriminatory administration of the association; and

(2) provide a means by which insurance may be provided in accordance with Section [2151.102](#)(a).

(b) Subject to the commissioner's approval, the governing committee may amend the plan of operation.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](#)), Sec. 2, eff. April 1, 2007.

Sec. 2151.152. CORRECTIVE ACTION TO PLAN OF OPERATION. If the commissioner at any time believes that any part of the plan of operation is inconsistent with the purposes of Chapter 601, Transportation Code, the commissioner shall notify the governing committee in writing so that the governing committee may take corrective action.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2151.153. INCENTIVE PROGRAMS. (a) The plan of operation must include an incentive program to target underserved geographic areas, which the commissioner by rule shall designate. In designating underserved areas, the commissioner shall consider with respect to an area:

- (1) the availability of insurance;
- (2) the number of uninsured drivers;
- (3) the number of drivers insured through the association; and
- (4) any other relevant factor.

(b) The plan of operation may include other incentive programs to encourage authorized insurers to write insurance on a voluntary basis and to minimize the use of the association as a means to obtain insurance.

(c) The incentive programs are effective on the commissioner's approval.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 95 (S.B. 733), Sec. 3, eff. May 18, 2013.

Sec. 2151.154. ASSIGNMENT DISTRIBUTION PLAN. (a) The plan of operation must include a voluntary, competitive limited assignment distribution plan that allows an authorized insurer to contract directly with a servicing carrier to accept assignments to the servicing carrier by the association.

(b) A servicing carrier must be authorized to write automobile insurance in this state and must:

(1) have written automobile liability insurance in this state for at least five years; or

(2) be currently engaged as a servicing carrier for assigned risk automobile business in at least one other state.

(c) After notice and hearing, the commissioner may prohibit an insurer from acting as a servicing carrier.

(d) An authorized insurer and a servicing carrier shall determine through negotiation the terms of a contract described by this section, including the buy-out fee.

(e) The governing committee may:

(1) adopt reasonable rules for the conduct of business under a contract described by this section; and

(2) establish reasonable standards of eligibility for servicing carriers.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 3B.058, eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. 921 (H.B. 3167), Sec. 9.058, eff. September 1, 2007.

SUBCHAPTER E. RATES FOR INSURANCE; HEARING

Sec. 2151.201. RATE STANDARDS. Rates for insurance provided under this chapter must be:

(1) just, reasonable, adequate, not excessive, not confiscatory, and not unfairly discriminatory for the risks to which the rates apply; and

(2) sufficient to carry all claims to maturity and meet the expenses incurred in the writing and servicing of the business.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2151.202. RATE FILINGS. (a) The association shall file with the department rates to be charged for insurance provided through the association for approval by the commissioner.

(b) The association may not file rates under this section more than once in any 12-month period.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 95 (S.B. 733), Sec. 4, eff. May 18, 2013.

Sec. 2151.2021. FILE AND USE. The association may use a rate, excluding a rate described by Section 2151.2041, on the later of the date specified by the association in the filing or the date the rate is approved or considered approved under this subchapter.

Added by Acts 2013, 83rd Leg., R.S., Ch. 95 (S.B. 733), Sec. 5, eff. May 18, 2013.

Sec. 2151.2022. COMMISSIONER ACTION ON CERTAIN RATE FILINGS. (a) Not later than the 30th day after the date the association files a rate, excluding a rate described by Section 2151.2041, the commissioner shall:

(1) approve the rate if the commissioner determines that the rate meets the standards under Section 2151.201; or

(2) disapprove the rate if the commissioner determines that the rate does not meet the standards under Section 2151.201.

(b) If the commissioner fails to act as required under Subsection (a) on or before the 30th day after the date the rate is filed, the rate is considered approved on the 31st day after the date of filing unless the approval period is extended under Subsection (c).

(c) The commissioner may extend the approval period under Subsection (a) for one additional period not to exceed 30 days. The commissioner and the association may agree to extend the approval period for additional periods not to exceed 30 days. If the commissioner does not affirmatively approve or disapprove the rate before the extended period expires, the rate is considered

approved on the day after the date the extended period expires.

Added by Acts 2013, 83rd Leg., R.S., Ch. 95 (S.B. 733), Sec. 5, eff. May 18, 2013.

Sec. 2151.2023. NOTICE OF RATE APPROVAL OR DISAPPROVAL. The commissioner shall give written notice by first class mail or electronic mail to the association of the approval or disapproval by the commissioner of the rate filed under Section 2151.202 or that the rate is considered approved under Section 2151.2022.

Added by Acts 2013, 83rd Leg., R.S., Ch. 95 (S.B. 733), Sec. 5, eff. May 18, 2013.

Sec. 2151.203. RECORDING AND REPORTING OF PREMIUM, LOSS, AND EXPENSE EXPERIENCE. (a) The commissioner shall adopt reasonable rules and statistical plans for the recording and reporting of premium, loss, and expense experience and other required data by each authorized insurer. The premium, loss, and expense experience must be reported separately for business assigned to the insurer.

(b) Each authorized insurer shall use the statistical plans adopted under this section to record and report premium, loss, and expense experience and other required data in accordance with the rules adopted by the commissioner.

(c) In approving rates under this subchapter, the commissioner shall consider the reports collected under the statistical plan regarding aggregated premiums earned and losses and expenses incurred in the writing of automobile insurance through the association.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2151.204. NOTICE OF FILING. (a) The department shall file with the secretary of state for publication in the Texas Register notice that a filing has been made under Section 2151.202 not later than the seventh day after the date the filing is received by the department.

(b) The notice must include information relating to:

- (1) the availability of the filing for public inspection at the department during regular business hours;
- (2) the procedures for obtaining copies of the filing;
- (3) procedures for making written comments related to the filing; and
- (4) the time, place, and date of the hearing scheduled under Section [2151.206](#).

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](#)), Sec. 2, eff. April 1, 2007.

Sec. 2151.2041. HEARING ON CERTAIN RATE FILINGS. If the association files a rate under Section [2151.202](#) that exceeds 105 percent of the current average rate for each coverage written through the association on the date of the filing, the commissioner shall conduct a hearing under Section [2151.206](#).

Added by Acts 2013, 83rd Leg., R.S., Ch. 95 (S.B. [733](#)), Sec. 6, eff. May 18, 2013.

Sec. 2151.205. OPPORTUNITY TO REVIEW FILING. Before approving, disapproving, or modifying a filing described by Section [2151.2041](#), the commissioner must provide to all interested persons a reasonable opportunity to:

- (1) review the filing;
- (2) obtain a copy of the filing on payment of any legally required copying cost; and
- (3) submit to the commissioner written comments, analyses, or information related to the filing.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](#)), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 95 (S.B. [733](#)), Sec. 7, eff. May 18, 2013.

Sec. 2151.206. HEARING ON FILING. (a) Not later than the 45th day after the date the department receives a filing described by Section [2151.2041](#), the commissioner shall schedule a hearing at

which interested persons may present written or oral comments relating to the filing.

(b) The association, the public insurance counsel, and any other interested person or entity that submits proposed changes or actuarial analyses may ask questions of any person testifying at the hearing.

(c) A hearing held under this section is not a contested case hearing under Chapter 2001, Government Code.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 95 (S.B. 733), Sec. 8, eff. May 18, 2013.

Sec. 2151.207. ACTION OF COMMISSIONER ON FILING. (a) After the conclusion of the hearing under Section 2151.206, the commissioner shall approve, disapprove, or modify the filing in writing.

(b) If the commissioner disapproves a filing, the commissioner shall state in writing the reasons for the disapproval and the criteria to be met by the association to obtain approval.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2151.208. AMENDED FILING. The association may file with the commissioner an amended filing to comply with the commissioner's comments not later than the 10th day after the date the association receives the commissioner's written disapproval under Section 2151.2023 or 2151.207.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 95 (S.B. 733), Sec. 9, eff. May 18, 2013.

Sec. 2151.209. OPPORTUNITY TO REVIEW AMENDED FILING. Before approving or disapproving an amended filing, the

commissioner must provide to all interested persons a reasonable opportunity, in the same manner an opportunity is provided under Section [2151.205](#), to:

- (1) review the amended filing;
- (2) obtain a copy of the amended filing on payment of any legally required copying cost; and
- (3) submit to the commissioner written comments or information related to the amended filing.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](#)), Sec. 2, eff. April 1, 2007.

Sec. 2151.210. HEARING ON AMENDED FILING. (a) The commissioner may hold a hearing in the manner provided by Section [2151.206](#) not later than the 20th day after the date the department receives an amended filing.

(b) Not later than the 10th day after the date the hearing on the amended filing is concluded, the commissioner shall approve or disapprove the amended filing.

(c) Not later than the 30th day after the date the amended filing is received by the department, the commissioner shall disapprove the amended filing or the filing is considered approved.

(d) The requirements provided under Sections [2151.204](#) and [2151.207](#) apply to a hearing conducted under this section.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](#)), Sec. 2, eff. April 1, 2007.

Sec. 2151.211. APPEAL. (a) A person aggrieved by a decision of the commissioner under this subchapter may appeal the decision not later than the 30th day after the date of the decision.

(b) An appeal of a commissioner's decision under this subchapter must be made in accordance with Subchapter [D](#), Chapter [36](#).

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](#)), Sec. 2, eff. April 1, 2007.

Sec. 2151.212. HEARINGS BY DEPARTMENT. Subchapter [B](#), Chapter [40](#), does not apply to this subchapter.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](#)), Sec. 2, eff.
April 1, 2007.