

# UM/UIM Stakeholders (Relating to Permissible Offerings under Chapter 1952, Texas Insurance Code) Summary from March 9, 2012 @ 1:30 p.m. Meeting

## *Attendees:*

Don Hanson, GEICO  
Albert Betts, ICT  
Fred Bosse, AIA  
Andy Salmon, Winstead  
Joe Woods, PCI  
James Langford, TAIPA  
Paul Martin, State Farm  
Bruce McCandless, Old American County Mutual  
Craig MacIntyre, Home State County Mutual  
Chris McClellan, Home State County Mutual  
Kergin Bedell, OPIC  
Becky Jackson, OPIC

## *TDI Attendees:*

David Durden  
Marion Grant  
Stan Strickland  
Marilyn Hamilton  
Leslie Hurley  
Mark Worman  
Gary Julian  
Staci Rives  
Shayla Nelson  
Kim Zapalac

## *Phone:*

Lee Loftis, IIAT  
Ware Wendell, TX Watch  
Crum & Forster  
Old American County Mutual  
Mitchell Williams  
Hallmark (2)  
Elizabeth Fuller, USAA

Ken Hill, ISO  
State Farm  
Safe Auto  
Liberty Mutual  
Imperial Fire  
Kemper  
Dick Geiger, TAIPA

## **1. INTRODUCTIONS / WELCOME**

## **2. ANTI-TRUST STATEMENT**

## **3. HAND-OUTS INCLUDED:**

- Agenda
- Meeting announcement from TDI website
- Commissioner's Bulletin B-0047-11 (issued Nov. 28, 2011)
- Commissioner's Bulletin B-0032-11 (issued July 11, 2011)
- Copy of Statute - Subchapter C. Uninsured or Underinsured Motorist Coverage (Sec. 1952.101-1952.110)

## **4. PURPOSE**

TDI staff advised participants that the purpose of the meeting was to seek input and comments regarding the Stakeholders' interpretation of the offering of UM/UIM coverage under Section 1952.105 of the Texas Insurance Code. This discussion may lay the groundwork for the Department to develop rules that clarify the requirements of Section 1952.105. TDI staff encouraged stakeholders to share their thoughts and ideas on this matter.

## **5. DISCUSSION / SUMMARY OF COMMENTS**

- TDI should uphold the original bulletin (B-0032-11).

- Section 1952 has two subsections related to UM/UIM BI and PD being separate coverages.
- The selection decision should be left to the policyholder by the choice of the amount of coverage.
- TDI issued bulletin B-0032-11 without a hearing.
- UM/UIM BI and PD were not offered separately prior to bulletin B-0032-11.
- TAIPA sees very few requests for UM/UIM BI or PD and changing the way coverage is offered would require a lot of cost for very little benefit. The change would be costly for TAIPA to administer.
- TDI did not have any discussion with stakeholders prior to the issuance of bulletin B-0032-11.
- There are concerns about the impact on the marketplace, sudden shift in TDI's interpretation, cost, and time to implement.
- Why would TDI want to change something that was not broken?
- The change is confusing to consumers.
- There is disagreement with TDI's statutory interpretation and a suggestion that TDI take a strong look before rule-making.
- The change appears to be a solution looking for a problem.
- Any rule-making should take into consideration current market practices.
- Suggest TDI conduct a market analysis to show there is a problem.
- Status quo is in the best interest of the policyholder and less confusing. Confusion may lead to lawsuits. This dramatic change creates opportunity for class action lawsuits.
- Section 1952.105 speaks only to limits and not the offering of the coverage. There is no clarity in the statute.
- Consumers don't buy PD liability separately elsewhere – there is no justification for PD liability only.
- There is not a problem with bulletin B-0032-11.
- Creates problems for Combined Single Limits policies.
- How would previous/existing policyholders be handled? Choices made by those policyholders may not be valid. Creates too much disruption.
- Many concerns expressed regarding programming, administrative, and implementation costs.

- Most insureds have comprehensive and collision coverage – there are rarely claims for UM/UIM PD. Adding much cost for coverage that a consumer would rarely collect on.
- Individual companies should be able to make internal decisions based on their own underwriting.
- Variety in the marketplace benefits consumers and absent market problems, there is no reason for further action.
- The TDI prescribed rejection form allowed for the rejection of both BI and PD together or PD only. Due to controversy over TDI authority to prescribe the rejection form, the form was withdrawn, allowing companies to develop their own rejection forms.

#### **6. WRAP-UP**

TDI staff welcomed additional comments / input via follow-up emails. TDI will post a summary of the meeting on website. TDI will take comments under consideration and will notify participants/stakeholders of the status of this issue, including rulemaking, if any.