



## UNDERWRITING BULLETIN - TEXAS

No. 31

DATE: April 17, 2013

RE: New Basic Rates

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We are sure you are all aware of the rate increase which will go into effect on May 1, 2013. Attached is a schedule of the new Basic Rates.

The Minimum Basic Rate will increase to \$238.00. Premiums tied to the Minimum Basic Rate, such as the additional chain charge, will increase to the amount of the new Minimum Basic Rate.

Any endorsements which are calculated on a percentage basis, such as the T-19, will of course increase since the Basic Rates are increasing. However, there will be no change in any "flat rate" premiums, such as the \$100.00 premium for the Access Endorsement.

The increase applies to policies dated on or after May 1<sup>st</sup>. If there is any chance you will not record until on or after May 1st, then you should estimate premiums using the new rates. It will be easier to refund money or to apply a principal reduction than to bill customers for a shortage.

When giving the R-8 credit after May 1<sup>st</sup>, the credit will be computed under the new rates, since the underlying premium will be charged under the new rates.

When giving credit under R-5C for a surrendered Owner Policy, the credit should be in the amount of the premium actually paid for the prior policy. Remember that the credit is based solely on the premium for the face amount of the old policy, and no credit is given for any endorsements issued with the old policy.

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