



Texas Insurance News

REGULATORY NEWS PUBLISHED BY THE TEXAS DEPARTMENT OF INSURANCE

Prompt Payment Effort Produces Fine and Resitution Agreements

TDI's INVESTIGATION of health care provider complaints about overdue claim payments has led to agreements by 17 HMOs and preferred provider carriers in seven insurer groups to pay \$9.25 million in fines as well as restitution to the physicians and providers.

Commissioner Jose Montemayor and representatives of the companies were expected to sign consent orders implementing the agreements by September 1, 2001.

Under the agreement, the HMOs and insurers will pay previously unpaid clean claims dating back to August 1, 2000, when TDI rules defining clean claims took effect. Restitution is expected to be in the millions of dollars and should be accomplished by about November 1.

In other developments:

- The Department published proposed rules designed to strengthen the prompt payment and clean claim rules.
- Approximately 450 persons attended an August 8 prompt payment workshop for health care providers' office staffs and billing services. Interest in the event ran so high that TDI relocated it from the Department's 200-seat hearing room to the auditorium of the LBJ Library on the University of Texas campus. Streaming audio of the event is available on TDI's Web site, www.tdi.state.tx.us.

The restitution and fine agreements resulted from thousands of justified complaints from health care providers about failure of HMOs and preferred provider carriers to pay clean claims timely. Texas law requires payment of health care providers' clean claims within 45 days after they are received.

In May, TDI required the 23 companies with the highest number of complaints about claim payments to submit internal data on provider claims and complaints received during the first quarter of 2001. The Department followed up with management conferences and, in some cases, enforcement actions.

The insurance groups agreeing to fines and restitution are:

Blue Cross and Blue Shield of Texas, a Division of Health Care Services Corp.; Rio Grande HMO Inc.; Texas Gulf Coast HMO Inc.; and Southwest Texas HMO Inc.
–Restitution and \$1.5 million fine.

Cigna Healthcare of Texas, Inc. and Connecticut General Life Insurance Co.
–Restitution and \$1.25 million fine.

Humana Health Plan of Texas Inc., Humana Insurance Co. and Employers Health Insurance Co.
–Restitution and \$1.25 million fine.

One Health Plan of Texas Inc., Great-West Life & Annuity Insurance Co. and Alta Health & Life Insurance Co.
–Restitution and \$1.5 million fine.

Sierra Health and Life Insurance Co. Inc. and Texas Health Choice L.C.
–Restitution and \$1.25 million fine.

Unicare Life & Health Insurance Co.
–Restitution and \$1.25 million fine.

United Healthcare Insurance Co. and United Healthcare of Texas Inc.
–Restitution and \$1.25 million fine.

Fines of \$1 million were levied for slow payment or nonpayment of claims, with additional amounts for such violations as failure to pay 85 percent of claims undergoing audit, failure to maintain accurate complaint records and failure to adequately monitor delegated networks.

"These insurance carriers failed to pay doctors and other providers on time, even after passage of legislation, the revision of this agency's regulations and strong warnings by the Department," Montemayor said. "Their time and my patience has run out."

The enforcement effort is coordinated by Senior Associate Commissioner Audrey Selden of the

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By necessity, summaries of proposed and adopted rules cannot explain their full complexity. Readers interested in complete information about administrative rules should consult the versions published in the Texas Register.

To the best of the staff's ability, information presented in this newsletter is correct as of the publication date, but scheduled dates and proposed rules and amendments may change as the adoption process goes forward.

Agents' Corner

Agent Licensing's Interactive Voice Response System Up to Speed Again

By Matt Ray, Deputy Commissioner, Licensing Division

THE AGENT LICENSING DIVISION'S menu-driven interactive voice response (IVR) telephone system returned to its full operational capacity in August 2001.

This system enables callers to receive answers to commonly asked questions—such as “Has my license renewal gone through?”—without having to speak with a technician. Experience indicates that at least half the questions coming to Agent Licensing can be answered by the IVR system.

The IVR system, which is linked directly to the Agent Licensing database, was installed in 1999. It required major modifications, however, following installation of the Cosmos database system, which makes TDI's agent license database compatible

with those of the NAIC and many other states. While adjustments to the new database were being made, the IVR answered fewer than the normal percentage of calls. The necessary modifications are now complete, and the IVR is back to its full capability.

The telephone number to call is the same as for other calls to Agent Licensing, 512 322-3503.

Agents who call this number will hear a list of options. The table below is a quick guide to the sequence of actions for obtaining particular information. An agent's Social Security number or an entity's federal employer identification number (FEIN) is required to access certain information.

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REQUEST FOR...	ACTION
Information on Active Licenses	Press 1, Press 1 to Enter SSN or Press 2 to Enter FEIN then #, Press 1 to verify if correct, Press 1
Information on Inactive Licenses	Press 1, Press 1 to Enter SSN or Press 2 to Enter FEIN, then #, Press 1 to verify if correct, Press 2
Three most recent Appointments Issued	Press 1, Press 1 to Enter SSN or Press 2 to Enter FEIN then #, Press 1 to verify if correct, Press 3, Press 1
Three most recent Appointment Cancellations	Press 1, Press 1 to Enter SSN or Press 2 to Enter FEIN then #, Press 1 to verify if correct, Press 3, Press 2
To request a duplicate license	Press 2, Press 1 to enter the SSN or Press 2 to enter FEIN then #, Press 1 to verify if correct, Press 1
To request a duplicate renewal	Press 2, Press 1 to enter the SSN or Press 2 to enter FEIN then #, Press 1 to verify if correct, Press 2
Status on the three most recent requests for letters of certification	Press 3, Press 1 to enter the SSN or Press 2 to enter FEIN then #, Press 1 to verify if correct
To request insurance forms (license applications, assumed name and/or additional location registration forms, TDI-501 appointment forms, fingerprint cards, Experi Licensing Bulletins	Press 4
For licensing processing dates, location and hours of operation	Press 5
For information on “How to change a mailing address”	Press 6, Press 2
For information on “How to obtain a letter of certification”	Press 6, Press 3
For information on “How to obtain a clearance letter”	Press 6, Press 4
For information on Continuing Education	Press 6, Press 5
To Speak to a Customer Service Representative	Press 0
To hear the main menu again	Press “*”Star

NewsBriefs

TWIA Requests 13.6% Commercial Rate Hike

COMMISSIONER JOSE MONTEMAYOR scheduled a September 5, 2001, hearing on a manual rate filing for commercial risks and classes of risks written by the Texas Windstorm Insurance Association. TWIA requested a 13.6 percent increase.

The hearing will be at 10 a.m. in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin. Docket number is 2492 and reference number is P-0701-09. For information and copies call 512 463-6327. ★

Data Call Reminders

BULLETINS AND FORMS may be downloaded from the company section of TDI's Web site located at http://www.tdi.state.tx.us/company/indexcmp.html#datacalls_index. Failure to comply with TDI's reporting requirements may result in disciplinary action)

Quarterly Closed Claim Reports

Reports (Long/Short Forms) for claims closed during the third quarter of 2001 are due by October 10, 2001.

The 2000 Annual Aggregate Closed Claim Report and Closed Claim Reconciliation was mailed July 20, 2001, as Commissioner's Bulletin B-0032-01. The acknowledgment was due August 10, 2001, and the data call is due September 10, 2001. TDI contact is Vicky Knox, 512 475-1879. E-mail address: vicky.knox@tdi.state.tx.us

Call for Quarterly Experience

The Call for Third Quarter 2001 Experience will be mailed the end of September and will be due November 15, 2001. The Call for Second Quarter 2001 Experience, issued as Commissioner's Bulletin B-0031-01 was due August 15, 2001. TDI contact is Julie Jones, 512 475-3030. E-mail address: julie.jones@tdi.state.tx.us

Call for Quarterly Experience, Workers' Compensation Deductible Plans

The Call for Third Quarter 2001 Experience will be mailed the end of September and will be due November 15, 2001. The Call for Second Quarter 2001 Experience, issued as Commissioner's Bulletin B-0031-01, was due August 15, 2001. TDI contact is Julie Jones, 512 475-3030. E-mail address: julie.jones@tdi.state.tx.us ★

TDI update

Hearing on State Farm HO Policy Postponed

TDI HAS INDEFINITELY postponed its hearing, originally scheduled for July 24, on State Farm's petition for adoption of residential property insurance policy forms similar to those used by State Farm in other states.

State Farm requested the postponement in a letter that cited the "pending uncertainty surrounding the future of mold coverage under the homeowners policy."

Commissioner Jose Montemayor held hearings on mold coverage June 25 in Austin and August 21 in Corpus Christi. A third hearing has been scheduled for 10 a.m., September 13, at the Reliant Park/Astrohall in Houston.

The Farmers Insurance Group has requested approval of residential property endorsements that would exclude all mold coverage. Texas' most common homeowners policy form, the HO-B, covers mold as an ensuing loss related to a covered water damage claim.

As part of its review, the Department has issued a data call to the five largest insurer groups concerning their mold losses. These groups account for more than 75 percent of the Texas homeowners insurance market

State Farm's proposed Texas forms generally would cover only losses from "sudden and accidental" discharge of water, not losses—including mold remediation—from repeated and continuous seepage or leakage as covered by the standard Texas HO-B form.

State Farm said in its letter requesting postponement of the hearing: "Until the Commissioner has released his findings surrounding the mold issue and made a determination on the extent of mold coverage that should or should not be covered under a homeowner's policy, we do not believe he will be in a position to issue a ruling on our new homeowners product." ★

Elliott Named Acting Deputy in Financial

KENNETH ELLIOTT has been appointed to act as deputy for regulatory matters in the Financial Program. His appointment followed Kevin Brady's transfer to the Life, Health and Licensing Program to serve as deputy commissioner of the HMO Division.

Elliott's appointment was announced by Senior Associate Commissioner Betty Patterson of the Financial Program.

"Ken's professional expertise and knowledge of insurance industry operations and his experience in legislative issues enables him to be of great assistance to me while monitoring the solvency of the more than 2,200 insurance companies doing business in Texas," Patterson said.

Elliott received his bachelor of business administration degree in accounting from the University of Texas. He is a CPA and holds the Certified Financial Examiner designation.

Elliott joined TDI in 1988 as an escrow account examiner in the Title Insurance Division. He transferred to the Financial Analysis/Examination Division in 1992. At the time of his promotion, he was a senior analyst in the Financial Analysis/Examination Division.

As a financial analyst, Elliott specialized in life insurance company and HMO solvency matters. He participated in the NAIC's Examiner Team project in Kansas City three times. ★

Murphy-Robinson Heads Life Section

Jackie Murphy-Robinson, a veteran TDI life insurance and annuity form analyst, has been named director of the Life, Annuity and Credit Section of the Life/Health Division.

The division's deputy commissioner, Ana Smith-Daley, announced Murphy-Robinson's appointment.

"Jackie's knowledge, experience and management skills will enable her to take on this new challenge. I have full confidence that she will do an excellent job in her new position as director of the Life, Annuity and Credit Section," Smith-Daley said.

Murphy-Robinson joined the Department in 1982 and became a specialist in the Life/Health Division

in 1984. She later served as a trainer and assistant director of the Life, Annuity and Credit Section.

Among other duties, Murphy-Robinson has analyzed all basic and complex life, group life and annuity forms, including complex forms containing uncommon or unusual features, to determine if they comply with the *Texas Insurance Code* and TDI rules. She regularly reviews proposed legislation and participated with a working group in the development of a deferred annuity contract filing manual.

Murphy-Robinson attended Ohio State University in Columbus, Ohio. ★

Enforcement Actions

Overcharges Draw \$745,000 in Fines/Refunds

COMMISSIONER JOSE MONTEMAYOR has fined United Wisconsin Life Insurance Co. \$35,000 and ordered restitution estimated at \$710,000 for overcharging small employer health insurance plans.

Montemayor ordered the Green Bay, Wisconsin, insurance company to refund the overcharges to the small employers and file reports telling TDI how many employers got refunds and how much they received.

Montemayor dealt with the United Wisconsin issues in two orders. On May 30, he fined the

company \$30,000 and ordered premium refunds estimated at \$310,000. He signed the second order August 9, fining United Wisconsin \$5,000 more and requiring additional restitution estimated at \$400,000. United Wisconsin consented to the orders without admitting any violation of the *Texas Insurance Code* or TDI rules.

At the end of 2000, United Wisconsin insured more than 10,000 Texans through 1,697 small employer plans. Premiums from these plans totaled \$40.5 million.

RuleMaking

PREMIUM FINANCE

APA Proposal

TAIPA Disclosure Forms

■ The Department has proposed an amendment to 28 TAC § 25.9, relating to the financing disclosure and premium finance disclosure form used when premium finance companies lend money to pay for auto liability insurance policies obtained through the Texas Automobile Insurance Plan Association (TAIPA). The form compares payment options under both the premium finance company's plan and the TAIPA installment plan, including the down payments and monthly payments for each.

The rule change adopts by reference a proposed new disclosure form, which became necessary when TAIPA changed its plan of operation to allow financing of commercial auto premiums. The proposed form deletes language saying that the installment plan is not available for commercial auto policies.

Publication: 26TexReg5606, July 27, 2001
Earliest possible adoption: August 26, 2001
Further information: 512 463-6327

PROPERTY

APA Adoption

TWIA Plan of Operation Amendments

■ Commissioner Jose Montemayor has amended 28 TAC § 5.4001 concerning the plan of operation of the Texas Windstorm Insurance Association (TWIA).

The amendments delete references that authorized distributions of TWIA's assets to individual member companies. The changes also specify that TWIA will pay the net equity of association members each year directly into the catastrophe reserve trust fund or use it to buy reinsurance. House Bill 2253 of the 76th Legislature in 1999 provided that all money deposited in the trust fund is state money. The amendments to the plan of operation reflect that legislation.

As amended, the plan of operation provides for the use of TWIA funds in the following sequence:

- Pay expenses and claims of the association and pay reinsurance premiums.
- Pay the net equity of the association's member companies, including premium and other revenue in excess of incurred losses and operating expenses, directly to the

state Comptroller for deposit into the catastrophe reserve trust fund.

Funds disbursed to the association from the trust fund but remaining unspent after paying for losses and loss adjustment expenses must be deposited back into the trust fund.

Projected publication date: August 24, 2001
Effective date: August 29, 2001
Further information: 512 463-6327

TRADE PRACTICES

APA Proposal

"Clean Claim" Rule Amendments

■ The Department has proposed amendments to 28 TAC §§ 21.2803–21.2807, 21.2809, 21.2811 and 28.2815–21.2820, concerning the submission of clean claims to HMOs and insurers that issue preferred provider benefit plans.

The Department also proposed repeal of the current 28 TAC § 21.2816 so that the proposed new 21.2816 may be adopted.

The proposed rule changes would provide greater clarity and specificity in prompt payment procedures and more fully implement *Texas Insurance Code* Articles 3.70-3C, Section 3A, and 20A.18B, which the 76th Legislature enacted in House Bill 610.

A summary of the proposed changes follows:

Additional Clean Claim Elements and Attachments

An HMO or preferred provider carrier could require as attachments or additional clean claim elements only information contained in the physician's or provider's medical file.

An HMO or preferred provider carrier could not require an attachment or additional clean claim element unless it gave the physician or provider at least 60 calendar days' notice of the requirement. Claims filed during the 60 calendar days after a physician or provider received notice would not have to include the attachments or additional clean claim elements identified in the disclosure notice.

Existing rules allow HMOs and preferred provider carriers to notify physicians and providers of required attachments and additional clean claim elements in one of three ways: **1)** separate written notice, **2)** provisions in manuals or other documents setting forth claim procedures or **3)** provisions in provider contracts. The proposed rules would add

a requirement that disclosures of required attachments or additional clean claim elements include a conspicuous heading (boldfaced, capitalized, underlined or otherwise set out from the surrounding written material) in a prominent location. The same requirement would apply when an HMO or preferred provider carrier changes its additional clean claim elements or attachment requirements.

Receipt of Clean Claims

The statutory 45-day claim payment period would begin to run when a clean claim is received at the address designated by the HMO or preferred provider carrier for any entity that the HMO or insurer has designated to receive its claims. These entities may include but are not limited to clearinghouses and repricing companies.

For the first time, the rules would provide a mechanism for establishing a rebuttable presumption that a claim was received. Physicians and providers may submit claims by ordinary first-class mail, by U. S. mail with a return receipt requested, by an overnight delivery service, by fax, electronically or by hand delivery. When claims are mailed, sent by an overnight delivery service or hand-delivered, the physician or provider could establish a mail log identifying each claim by the claimant's name, address and telephone number, name of addressee, name of carrier, date of mailing or hand delivery; subscriber name and identification number, patient's name, date of service/occurrence, total charge and delivery method.

In the case of claims mailed first class or sent by overnight delivery service, the physician or provider would fax the log to the HMO, insurer or delegated claim processor on the same day and keep a copy of the fax transmission acknowledgement. A claim mailed ordinary first class would be presumed to have been received on the third day after it was mailed and the faxed log was transmitted. A claim that was hand-delivered or sent by overnight delivery service or by U. S. mail with a return receipt requested would be presumed received on the date the delivery receipt was signed.

A faxed claim would be presumed received on the date of the transmission acknowledgement.

A claim submitted electronically would be presumed received on the date of the electronic verification of receipt by the HMO's or

RuleMaking

preferred provider carrier's clearinghouse. If the HMO's or insurer's clearinghouse does not provide a confirmation within 24 hours of submission, then the physician's or provider's clearinghouse must provide the confirmation.

In contracts, manuals and other documents setting forth claim-filing procedures, HMOs and preferred provider carriers would have to conspicuously and prominently disclose the name, address and telephone number or the place where claims must be sent for processing.

Contracts

The rule changes would prohibit contract language extending the statutory or regulatory time frames for paying claims or waiving a physician's or provider's right to recover reasonable attorney's fees in lawsuits to obtain payment for services rendered.

Audits

The proposed amendments would add a requirement that HMOs and preferred provider carriers complete audits of claims within 180 days from the date a clean claim is received. The previous rule had no time limit. An HMO or preferred provider carrier could continue investigating a previously audited claim and, if warranted, could seek a refund of the claim payment.

Publication: 26TexReg5747, August 3, 2001
Earliest possible adoption: September 2, 2001
Further information: 512 463-6327

WORKERS' COMPENSATION

Exempt Proposal Classification Relativities

■ Commissioner Jose Montemayor will hold a September 18, 2001, public hearing on proposed workers' compensation classification relativities and the expected loss rates and discount ratios used in experience rating. The hearing, under Docket No. 2495, will be at 9:30 a.m. in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

The relativities would replace those adopted in Commissioner's Order 00-1169, effective January 1, 2001. If adopted, the new relativities would be mandatory for all policies with effective dates on or after January 1, 2002. The proposed new expected loss rates and discount ratios would be effective for experi-

ence modifiers with effective dates on or after January 1, 2002.

Existing classification relativities are based on data reflecting workers' compensation experience from policies with effective dates in 1993 through 1997. The proposed relativities are based on experience data of policies with 1994-1998 effective dates. They would reflect changes occurring over time because of such things as technological advances and improvements in safety programs. The change in relativities would be revenue-neutral. Changes in individual relativities and expected loss rates would be capped at 25 percent to minimize rate shock.

Publication: 26TexReg6119, August 17, 2001
Reference No. W-0801-11-1
Further information and copies: 512 463-6327

Exempt Proposal Workers' Comp Manual Changes

■ Commissioner Jose Montemayor will hold a September 18, 2001, public hearing on a staff petition to amend the *Texas Basic Manual of Rules, Classifications and Experience Rating Plan for Workers' Compensation and Employers Liability Insurance*. The hearing will be at 9:30 a.m. in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

The purpose of the proposed changes is to eliminate conflicting language and clarify rules, endorsements and forms.

The proposed manual rule changes would:

- Amend Rule IX E.—Employee Leasing Arrangements to add the term professional employers organization services to the definition of employee provider firm, in conformity with *Texas Labor Code* Section 91.001 (14).
- Amend Rule IX E.—Employee Leasing Arrangements to delete all references to the Texas Workers' Compensation Insurance Fund. The 77th Legislature changed the name of the fund to the Texas Mutual Insurance Company.
- Amend Employee Provider Form EP-1 to change the reference from the Fund to the "insurer of last resort" in number 8 and make certain editorial changes.
- Amend Employee Provider Form EA-1A to change the reference from the Fund to the "insurer of last resort" in number 9 and make certain editorial changes.

- Amend Employee Provider/Client Company Endorsement WC 42 04 06 B to change the reference from the Fund to the "insurer of last resort" in number 10 and make certain editorial changes.
- Amend Accidents Involving Two or More Persons form ERM 4.1 to delete the references to a specific maximum amount in two places on the form and change the wording to read "the accident limitation shown in Table III of the Experience Rating Plan." This change would eliminate the need to amend the form each time the accident limitation is changed in Table III of the Experience Rating Plan.
- Amend Report of Experience for Self Insurers Forms ERM-6A, ERM-6B and ERM-6C to make the date in the notary section "20__" instead of "199_."

Publication: 26TexReg6120, August 17, 2001
Reference No. W-0801-10-1
Further information and copies: 512 463-6327 ★

"Page 14 Report" Available

TDI's *Property and Casualty Insurance Experience by Coverage and Carriers* report, containing Calendar Year 2000 premium, loss and other data for individual companies and the Texas industry as a whole for each P&C line is now available both electronically and in hard copy.

The so-called "Page 14 Report" indicates that admitted companies, other than county mutuals, earned premiums totaling \$17.7 billion while incurring losses of \$13.4 billion for all lines combined in 2000. County mutuals earned \$2.8 billion in premium while incurring \$2 billion in losses.

The report is available electronically from the reports page of TDI's Web site. The link to the reports page is <http://www.tdi.state.tx.us/general/forms/tidirpts.html>. The entire report or specific sections may be downloaded as Microsoft Excel documents.

Printed copies may be ordered from TDI's Publications Distribution Division. Orders should be accompanied by a check or money order for \$6.50 and should be mailed to:

**Texas Department of Insurance
Distribution** (MC 9999)
P. O. Box 149104
Austin, TX 78714-9104 ★

Changes Boost Importance of Knowing Surplus Lines Requirements

By Kathy Wilcox, Registration Officer, Company Licensing and Registration Division, Financial Program

SIGNIFICANT RULE CHANGES and major revisions in agent licensing laws have made this the most active year in recent memory for surplus lines inquiries to TDI.

The changes have been so important and so numerous that surplus lines agents, particularly agency principals, should make every effort to attend one of the insurance regulation seminars offered in September by the Surplus Lines Stamping Office of Texas. TDI staff members will make presentations at each of the seminars.

The seminars will be September 4 at the San Antonio Convention Center, September 7 at the Arlington Convention Center and September 18 at the Westin Galleria in Houston.

Texas is one of the nation's top two surplus lines markets. A hardening market for several lines of insurance has increased surplus lines activity in the past several months. Surplus lines premiums in the first six months of 2001 were \$658.3 million, up 26.2 percent from \$521.7 million during the comparable period of last year.

Current surplus lines issues include taxation, diligent effort, products, agent licensing and electronic filing of policies. All of these will be discussed at the SLSOT seminars.

Taxation

Some agents seem to be unaware of changes in the Comptroller's rules about payment of the tax on surplus lines policies. Agents may not deposit tax receipts into trust accounts bearing the state's identification number and styled "Texas Department of Insurance" or "held in trust for the Texas Department of Insurance." If they have trust accounts, they must use their own tax identification numbers.

Surplus lines agents no longer are required to maintain separate trust accounts for the taxes collected on the policies they have sold. However, they should remember that these taxes are the property of the state. Agents are responsible for keeping accurate records of the amounts collected. If they place the tax payments in their regular business accounts instead of separate trust accounts, they must keep track of how much of the account balance consists of taxes owed the state.

Agents who collect large amounts of premium tax would be wise to pre-pay taxes when necessary to keep the bank accounts holding these tax receipts from exceeding the \$100,000 insured by the FDIC.

Diligent Effort

Compliance with the requirement that an agent make a "diligent effort" to find coverage in the admitted market before placing a risk with a surplus lines carrier is an ongoing concern of TDI.

Some agents have expressed the belief that a search of the licensed companies they represent satisfies this requirement. TDI has informed those agents that they are mistaken. A diligent effort must go beyond an agents' appointments. Agents generally network very well and should have ample resources beyond their own companies to search the admitted market for coverage for particular risks.

We become particularly concerned when insureds call us about agents who offer surplus lines policies to clients as a way to reduce their premiums for coverage similar to what they already have. The surplus lines market exists for hard-to-place risks, and it's reasonable to expect a higher, not a lower premium, if placed in this market. Premiums are not a consideration for placement in the surplus lines market.

Agents also should remember that certain types of insurance meet Texas requirements only if purchased from licensed companies. TDI recently has encountered a couple of title products offered in the surplus lines market. However, title policies meet Texas requirements only when sold by admitted companies.

Nonresident Agents

Senate Bill 414 of the 2001 legislative session made numerous changes in the agent licensing laws to bring Texas into compliance with the Gramm-Leach-Bliley financial services modernization law. One change eliminated the requirement that only Texas residents may be licensed as surplus lines agents. TDI anticipates a growing number of nonresident surplus lines agents. Texas will grant reciprocity to surplus lines agents licensed in other states and will waive the Texas examination requirement. However, nonresidents not licensed in their home states will be required to take and pass the Texas examination for a surplus lines agent's license.

Nonresident corporate agencies and partnerships may be licensed as surplus lines agents. In such cases, at least one officer or partner must be individually licensed as a surplus lines agent as a condition for the agency obtaining a license. In addition, any officer, director or employee of a corporation or partnership who performs the acts of a

surplus lines agent must be individually licensed as well.

Both resident and nonresident agents must pay close attention to tax requirements when selling surplus lines policies on multi-state risks. Texas law requires payment of the tax on the percentage of the premium allocable to Texas exposure. This topic will be covered in detail at the September seminars.

Electronic Filing

TDI rules issued last year will permit surplus lines agents to file their policies with the stamping office electronically when the stamping office is ready to receive them in this manner. Electronic filing is in its infancy. The stamping office is gearing up its computers. A special committee is working on the details and is learning from the experience of Florida, the only state that currently has a system for electronic filing of surplus lines policies. Other states, including New York and California, also are working on electronic filing and are expected to be on line about the same time as Texas. ★

Overcharges... from page 3

The company was the first to be fined since Montemayor announced a stepped-up effort to stop illegal pricing practices that may discourage small employers from buying health insurance.

TDI's enforcement effort included a February 27, 2001, bulletin (B-0010-01) reminding HMOs and insurers of Texas laws capping factors in the premium rates they may charge for small employer health plans.

Among the capped elements of small employer rates is the "group size rating factor." This factor recognizes that small employer groups may have higher administrative costs and a greater potential for claims than other small employers. But a carrier's highest group size rating factor cannot exceed its lowest group size rating factor by more than 20 percent.

Montemayor's order noted TDI staff allegations that United Wisconsin's rating factor for group size exceeded the 20 percent allowed by law. Staff also alleged that the company used an agent commission structure that discriminated against certain small employer groups and caused their premiums to be higher than they should have been.

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5th Circuit Interprets “Occurrence” in Dishonesty Policy

By Ann Bright, Section Chief, Agency Counsel Section, Legal and Compliance Division.

MOST OF THE DECISIONS summarized in **TexasInsuranceNews** have been issued by Texas state courts. This month, however, the summarized case was issued by the United States Court of Appeals for the Fifth Circuit (also referred to as the Fifth Circuit Court of Appeals). This case was filed in federal court because of “diversity of citizenship.” In other words, the party on one side of the lawsuit was a citizen of one state and the party on the other side was a citizen of another state. In deciding this case, the federal court applied Texas law. For more information about this case, please consult the opinion of the court.

Ran-Nan, Inc. vs. General Accident Insurance Company of America

Ran-Nan Inc. (Ran-Nan) operated a convenience store in Plano, Texas. Within the convenience store, Ran-Nan operated a Western Union and a cash checking business. Ran-Nan had purchased employee dishonesty blanket insurance policies from General Accident Insurance Company of America (General Accident). Each policy had a limit of \$25,000, with a \$500 deductible. The policies were renewed several times.

In 1997, Ran-Nan became aware that two employees were stealing money from Ran-Nan. The

employees were operating independently. One employee stole a total of \$31,600. Another employee stole a total of \$32,500. It was discovered that these thefts had occurred during the fourth and fifth renewal periods.

Ran-Nan filed a claim on its employee dishonesty policies with General American. General American paid Ran-Nan a total of \$24,500 for the loss that occurred during the fifth renewal period. However, General American did not pay for the loss occurring during the fourth policy period. General American argued that the two thefts were a single “occurrence” under the policy. Ran-Nan disagreed. Ran-Nan sued General American for breach of contract. The trial court determined that the thefts by the two employees were two separate occurrences. As a result, the trial court determined that Ran-Nan could recover for both thefts. General American appealed to the Fifth Circuit Court of Appeals.

The Fifth Circuit Court of Appeals (the court) noted that the policy provided that an “occurrence” was “all loss caused by, or involving, one or more ‘employees,’ whether the result of a single act or series of acts.” General American argued that Ran-Nan had suffered only one loss.

General American argued that only one sum of cash was stolen.

To support its arguments, General American pointed to the definition of “occurrence,” which included a loss “involving” one or more employees. The court, however, determined that the use of the word “involving” in the definition of “occurrence” suggested a single scheme involving one or more employees. The court also determined that it was appropriate to consider the causes of the losses. The court stated,

On the facts before us, two independent causes exist for Ran-Nan’s total loss. Because there are two causes, there have been two “occurrences” of employee dishonesty. Ran-Nan is entitled to recover for both occurrences.

As a result, Ran-Nan was entitled to recover \$24,500 for each loss. Therefore, the court awarded Ran-Nan \$24,500, in addition to the \$24,500 already recovered. For more information about these and other issues addressed by the court, please consult the opinion of the Court. *Ran-Nan, Inc. v. General Accident Insurance Company of America*, 2001 WL 558208 (5th Cir. 2001). ★

Prompt Payment... *from page 1*

Consumer Protection Program. Montemayor designated Selden in April as TDI’s prompt payment ombudsman.

“We are encouraged that several insurance companies and HMOs have agreed to pay Texas physicians and providers restitution for clean claims that were not paid timely,” Selden said. “TDI will continue to monitor the claims paying activities of Texas insurance carriers. We are confident that the insurance industry understands that they must play and pay by the rules.”

TDI is considering similar enforcement actions against several more insurance carriers.

Selden said provider complaints are increasing, partly because of heightened awareness resulting from prompt payment workshops, presentations to provider groups and news media coverage.

Rulemaking

The Department published proposed amendments to its clean claim and prompt payment rules in the August 3, 2001, Texas Register. The proposed changes would add new requirements to address problems brought to TDI’s attention during the year since the original clean claim rules took effect.

A detailed summary of the proposed rule amendments appears on page 4 of this issue of **Texas InsuranceNews**. Highlights include

- Mechanisms for health care providers to demonstrate that their claims have been received. TDI has received numerous complaints that HMOs and insurance companies had delayed payments by asserting they never received the claims in question. The proposed new rule provides ways for a health care provider to establish a rebuttable presumption that a claim was received, whether electronically, by fax, by regular first-class mail, by U.S. mail with a return receipt or by hand delivery.

- A rule limiting the attachments a carrier may require to documents contained in a physician’s or provider’s medical file. TDI has received numerous complaints that carriers required documents not immediately accessible to the physician or provider, such as police reports, tax statements from health plan members and documents from college and university registrar’s offices.
- A 180-day limit for completion of audits of questioned claims. When TDI issued the original clean claim rules last year, it was assumed that prolonged audits would not be a problem because it was in a carrier’s interest to audit claims quickly. Complaints from physicians and providers demonstrated otherwise.
- A prohibition against contract terms that extend the time for paying clean claims beyond 45 days or waive a physician’s or providers right to recover reasonable attorney’s fees. ★

TDI Verifies Windstorm Inspections by Private Engineers

IN 1996, two years before the implementation of the *Building Code for Windstorm Resistant Construction*, TDI windstorm inspectors inspected approximately 90 percent of the newly constructed and remodeled homes along the Texas coast. Today, however, approximately 90 percent of the inspections are conducted by independent engineers.

An inspector's certification that a newly built structure complies with the code is a requirement for obtaining wind and hail coverage from the Texas Windstorm Insurance Association (TWIA).

Despite the additional expense, coastal builders and contractors have turned to private engineers for a variety of reasons. Among the reasons cited for this change are the complexity of new construction projects; architectural and design criteria that demand the expertise of an engineer; and the desire of builders to construct homes that fall outside the specifications of the building code.

Engineers have always been able to inspect and certify new homes for TWIA coverage. But, beginning February 1, 1999, TDI asked engineers who wanted to continue inspecting homes to register. The List of Appointed Engineers as Qualified Windstorm Inspectors was established to provide uniformity and consistency of all inspections. To apply, engineers must list their education, attest to their experience in designing structures in high-wind areas and confirm that they are Texas-licensed engineers in good standing. Approximately 400 engineers are registered.

TDI staff engineers and on-site TDI windstorm inspectors work together to conduct random checks to verify that proper inspections of structures have taken place. TDI's Inspections Division monitors the work of these engineers and takes action against those who violate the engineering appointment rules. Such actions have resulted in consent orders removing eight engineers from the list of qualified, appointed inspectors.

On every new construction, addition, alteration or repair, engineers must submit a WPI-1 form or application to TDI. This application lists the address, builder, engineer, insurance agent, type of structure and type of construction. Once the house is completed, the engineer must submit a WPI-2 form to TDI, indicating that the house meets the state's building code. Once this form is reviewed, TDI sends the new homeowner a WPI-8 form or certificate of compliance that enables the homeowner to obtain wind and hail coverage from TWIA.

TWIA has approximately \$12 billion of hail and windstorm insurance coverage in place along the Texas coast, representing 16.4 percent of the coastal homeowners. ★



Types and Totals of Entities Holding Texas Certificates of Authority

	JULY 31, 2001			DECEMBER 31, 2000		
	TEXAS	FOREIGN	TOTAL	TEXAS	FOREIGN	TOTAL
Stock Life Insurance Companies	133	548	681	136	549	685
Mutual Life Insurance Companies	3	48	51	3	54	57
Stipulated Premium Companies	42	0	42	42	0	42
Non-Profit Life Companies	0	1	1	0	1	1
Stock Fire Insurance Companies	1	4	5	1	4	5
Stock Fire & Casualty Companies	104	677	781	107	668	775
Mutual Fire & Casualty Companies	7	59	66	7	59	66
Stock Casualty Companies	8	115	123	8	115	123
Mexican Casualty Companies	0	9	9	0	9	9
Lloyds	68	0	68	68	0	68
Reciprocals Exchanges	11	16	27	11	16	27
Fraternal Benefit Societies	10	26	36	10	26	36
Title Insurance Companies	4	22	26	4	21	25
Non-Profit Legal Services Corps.	2	0	2	2	0	2
Health Maintenance Organizations	59	3	62	60	3	63
Risk Retention Groups	1	0	1	1	0	1
Third Party Administrators	292	422	714	294	421	715
Joint Underwriting Associations	0	6	6	0	6	6
Multiple Employer Welfare Assoc.	6	4	10	6	4	10
Continuing Care Retirement	18	2	20	18	2	20
Total	769	1962	2731	778	1958	2736
Statewide Mutual Assessment Life, Accident and Health Companies	1	0	1	1	0	1
Local Mutual Aid Associations	5	0	5	5	0	5
Local Mutual Burials Associations	2	0	2	2	0	2
Exempt Associations	10	0	10	10	0	10
Non-Profit Hospital Service Corps.	3	0	3	3	0	3
County Mutual Fire Companies	24	0	24	24	0	24
Farm Mutual Fire Companies	17	0	17	18	0	18
Total	62	0	62	63	0	63
Grand Total	831	1962	2793	841	1958	2799

All numbers are in area code 512.

KEYTELEPHONELIST

DIVISION	NAME	PHONE	MAIL CODE
Commissioner of Insurance	Jose Montemayor	463-6468	113-1C
General Counsel & Chief Clerk	Lynda Nesenholtz	305-7351	113-2A
Office of Chief Clerk		463-6326	113-2A
Government Relations	David Durden	463-6651	113-3A
Public Information Office	Jim Davis	463-6425	113-1A
Senior Associate Commissioner & Chief of Staff	Stan Wedel	305-7249	113-1C
Information Services (Data Processing)–Director	Andy Robinson	463-0819	102-IS
Legal & Compliance –Senior Associate Commissioner	Sara Shiplet Waitt	463-6119	110-1A
Insurance Fraud Program –Associate Commissioner	John Watston	305-8159	109-3A
Life, Health & Licensing –Senior Associate Commissioner	Kim Stokes	305-7342	107-2A
Licensing –Deputy Commissioner	Matt Ray	463-8917	107-1A
TPA/Premium Finance	Chuck Waits	322-3412	107-5A
Agents Licensing		322-3503	107-1A
Life/Health Division –Deputy Commissioner	Ana Smith-Daley	322-3401	106-1A
Accident & Health	Cindy Carpenter	322-3409	106-1D
Life, Annuity & Credit	Jackie Murphy-Robinson	322-3406	106-1E
HMO/URA Division –Deputy Commissioner	Kevin Brady	322-4266	103-6A
Filings Intake –Deputy Commissioner	Angelia Johnson	322-3575	104-3B
Life/Health & HMO Intake	Belinda Reveles	322-4245	106-1E
Property & Casualty Intake	Cindy Grimm	322-3575	104-3B
Property & Casualty –Senior Associate Commissioner	C. H. Mah	322-3587	105-5G
Associate Commissioner	Marilyn Hamilton	322-2265	104-PC
Data Services	Clare Pramuk	475-1878	105-5D
Market Assistance Program	Kathy Graf	322-2290	105-5D
Property & Casualty Actuarial	Philip Presley	475-3017	105-5F
Personal and Commercial Lines –Director	David Nardecchia	305-7544	104-PC
Automobile/Homeowners –Manager	Grover Corum	322-3430	104-1A
Commercial Automobile	Leslie Hurley	305-7435	104-1C
Personal Automobile	Leslie Hurley	322-3471	104-1A
Homeowners	Gary Julian	322-2266	104-1F
Commercial Property/Casualty –Manager	Mark Worman	305-7544	104-PC
Bond, Crime & Glass	Irwin Thomas	322-3475	104-PC
General Liability	Melvin Smith	322-3460	104-PC
Commercial Property	Georgia Keysor	322-2243	104-PC
Professional Liability	Kenneth McDaniel	322-3445	104-PC
Workers' Compensation –Deputy Commissioner	Nancy Moore	322-3486	105-2A
Classification	Joel Isgrig	322-3493	105-2A
Oversight Group	Pat Brabham	322-3495	105-2A
Group Insurance/Deductible/Retrospective Rating	Vicki Martinka	322-3459	105-2A
Employee Leasing	Jerry Schwab	322-3495	105-2A
Inspections –Deputy Commissioner	Alexis Dick	322-2235	103-1A
Commercial Property Oversight	Richard Baker	322-2259	103-1D
Engineering	Billy Ray Guerin	322-2212	103-3A
Windstorm Inspection	Welch V. Watt	322-2203	103-1E
Loss Control	Richard Baker	322-3435	103-9A
Title Division –Deputy Commissioner	Robert Carter	322-3482	106-2T
Title Examinations	Ethel Benedict	322-5027	106-2T
Financial –Senior Associate Commissioner	Betty Patterson	322-5040	305-2A
Actuarial	Mike Boerner	322-5067	305-3A
Company Licensing and Registration –Director	Godwin Ohaechesi	322-3507	305-2C
Licensing–Admitted Companies & HMOs –Director	Jeff Hunt	322-4370	305-2C
Registration –Surplus Lines/Foreign			
Risk Retention/Purchasing Groups	Kathy Wilcox	322-3535	305-2C
Statutory Deposits	Tina Martinez-Saucedo	322-4124	305-2C
Early Warning Group	Scott Kyle	322-3467	305-2C
Contract Administration	Jim Helfrich	475-1867	305-2C
Financial Analysis/Examinations	Danny Saenz	322-5002	303-1A
Conservation	Neal Rockhold	322-4162	305-1C
Liquidation Oversight	Evelyn Jenkins	322-4352	305-1D
Consumer Protection –Senior Associate Commissioner	Audrey Selden	322-4309	111-1A
Complaints Resolution, Life, Accident & Health	Michael Jackson	463-6500	111-1A
Complaints Resolution, Property & Casualty	Valerie Brown	463-6500	111-1A
Advertising Unit	Jack Evins	475-1949	111-2A
State Fire Marshal	G. Mike Davis	305-7900	112-FM

Disciplinary Actions

Editor's Note: Copies of individual orders may be obtained by calling TDI's Public Information Office, 512 463-6425.

AGENTS & AGENCIES	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
	Biggio, Andrew Alphonsus	Dallas	\$5,000 Fine	Material Misstatement in Agent License Application	01-0718	7/31/01
	Blissard, Bennie Joe <i>dba</i> Southwestern Crop Insurance Agency	Big Spring	\$5,000 Fine	Consent Order; Alleged Advertising Violations and Offer of Rebates	01-0652	7/16/01
	Crebs, Edwin Richard	St. Helena, CA	\$5,000 Fine	Consent Order; Alleged Advertising Violations	01-0696	7/24/01
	Courtney, David L.	Houston	Group I Life, Accident, Health and HMO Agent's License and Stipulated Premium Agent's License Revoked	Fraudulent or Dishonest Acts	01-0379	4/26/01
	Davila, Adolph Jr.	Austin	Life, Health, Accident and HMO Agent's License Revoked	Obtained License by Misrepresentation	01-0572	6/18/01
	Josey, Lucille	Sherman	Probated Suspension of Life, Health, Accident and HMO and Property and Casualty Agent Licenses for 11 Months	Misappropriation or Conversion	01-0656	7/16/01
	Marsh, Kelly Lance	Austin	Life, Health, Accident and HMO Agent's License Revoked	Felony Conviction	01-0595	6/21/01
	McFerrin, Jimmy Ray	Levelland	Two-Year Suspension of Property and Casualty and Life, Accident, Health and HMO Agent Licenses	Fraudulent or Dishonest Practices	01-0638	7/10/01
	McMaken, Thomas Scott	Houston	\$5,000 Fine and Two-Year Probated Suspension of Life, Health, Accident and HMO and Stipulated Premium-Life, Accident and Health Agent Licenses	Consent Order; Alleged Fraudulent and Dishonest Acts	01-0661	7/16/01
	Sill, Jeffrey Ammann	San Antonio	\$115,806 in Restitution and Revocation of Life, Health, Accident and HMO and Property and Casualty Agent's Licenses	Misappropriation or Conversion	01-0663	7/16/01
	Walther, Robert Thomas	San Antonio	Life, Accident, Health and HMO Agent's License Denied, Plus Restitution of \$4,287	Fraudulent and/or Dishonest Practices; Felony Conviction	01-0640	7/10/01
	Washington, Manuel Lee	Dallas	Life, Health, Accident and HMO Agent's License Revoked and \$534 Restitution	Misappropriation or Conversion	01-0571	6/18/01
COMPANIES	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
	American Agri-Business Insurance Co.	Des Moines, IA	\$3,000 Fine	Failure to Respond to TDI Information Request	01-0636	7/10/01
	Capital City Insurance Co., Inc.	Columbia, SC	\$2,000 Fine	Failure to Pass Through Maintenance Tax Surcharge Refunds to Policyholders	01-0637	7/10/01
	Centre Insurance Co.	New York, NY	\$10,000 Fine	Failure to Pass Workers' Compensation Maintenance Tax Refunds Through to Policyholders	01-0655	7/16/01
	Employers Health Insurance Co.	Green Bay, WI	\$13,000 Fine	Consent Order; Alleged Failure to Notify Patients of Appeal or Independent Review Rights	01-0633	7/10/01
	Fireman's Fund Insurance Co.	Novato, CA	\$3,000 Fine	Failure to Provide Timely Experience Rating Data	01-0712	7/30/01
	First Penn-Pacific Life Insurance Co.	Schaumburg, IL	\$3,000 Fine	Failure to Respond to TDI Information Request	01-0651	7/16/01

Disciplinary Actions

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COMPANIES	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
Grain Dealers Mutual Insurance Co.	Indianapolis, IN		\$500 Fine	Failure to Pass Workers' Compensation Maintenance Tax Refunds Through to Policyholders	01-0659	7/16/01
Great American Insurance Company of New York	New York, NY		\$2,500 Fine	Consent Order; Alleged Advertising and Agent Licensing Violations	01-0698	7/24/01
Hartford Fire Insurance Co.	Hartford, CT		\$3,000 Fine	Failure to Provide Timely Experience Rating Data	01-0710	7/30/01
Hartford Fire Insurance Co.	Hartford, CT		\$3,000 Fine	Failure to Provide Timely Experience Rating Data	01-0711	7/30/01
Scor Reinsurance Co.	New York, NY		\$2,500 Fine	Failure to Respond to TDI Information Request	01-0650	7/16/01
Standard Life & Accident Insurance Co.	Galveston		\$2,000 Fine	Late Response to TDI Information Request	01-0635	7/10/01
Tampa Budget Co., Inc.	Tampa, FL		\$1,000 Fine	Late Filing of Annual Operations Report and Sworn Financial Statement	01-0657	7/16/01
Ulico Casualty Co.	Washington, DC		\$7,500 Fine	Failure to Provide Reasonable Loss Control Services and Information	01-0660	7/16/01
ZC Specialty Insurance Co.	Stamford, CT		\$1,000 Fine	Failure to Pass Workers' Compensation Maintenance Tax Refunds Through to Policyholders	01-0654	7/16/01
HMOs	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
Alpha Dental Programs Inc.	Cerritos, CA		\$7,500 Fine	Failure to Employ a Full-Time Director	01-0653	7/16/01
Seton Health Plan Inc.	Austin		\$10,000 Fine	Consent Order; Alleged Failure to Notify Patients of Independent Review Rights	01-0634	7/10/01
PFCs	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
Premteck Finance Co. Inc.	Houston		\$750 Fine	Late Filing of Annual Operations Report	01-0658	7/16/01

Company Licensing Applications Pending

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Clarion Benefits Administration, LLC	TPA	Minneapolis, MN
Mutual Medical Plans Inc.	TPA	Peoria, IL
National Security Life & Annuity Co.	Life, Accident and/or Health	Binghamton, NY
P5 e.Health Services Inc.	TPA	Reno, NV
Service Insurance Co.	Fire and/or Casualty	Bradenton, FL
For incorporation		
COMPANY NAME	LINE	HOME OFFICE
American Retirement Plans Administrators	TPA	San Angelo, TX
Doral Dental Services of Texas Inc.	TPA	Dallas, TX
First American Lloyds Insurance Co.	Fire & Casualty	Austin, TX

For name change in Texas

FROM	TO	LINE	LOCATION
Bluepaw Family Pet Insurance Co.	Truepaws Family Pet Insurance Co.	Fire and/or Casualty	Portland, OR
East Funeral Benefit Insurance Co.	Good Samaritan Life Insurance Co.	Life	Richardson, TX

Continued on page 12

Company Licensing

Applications Pending (continued)

For name change in Texas

FROM	TO	LINE	LOCATION
Memorial Senior Services Inc., dba "University Place"	Memorial Hermann Affiliated Services Inc., dba "University Place"	CCRC	Houston, TX
Phoenix Home Life Mutual Insurance Co.	Phoenix Life Insurance Co.	Life, Accident and/or Health	East Greenbush, NY

Applications Approved

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
GRI of Houston, LLC, dba Group Resources	TPA	Duluth, GA
Group Resources of Texas, LLC, dba Group Resources-Texas	TPA	Duluth, GA
United National Specialty Insurance Co.	Fire & Casualty	Milwaukee, WI

For name change in Texas

FROM	TO	LINE	LOCATION
Heritage Mutual Insurance Co.	Acuity, A Mutual Insurance Co.	Fire and/or Casualty	Sheboygan, WI
Minnesota Fire and Casualty Co.	Harleysville, Insurance Co.	Fire & Casualty	Minnetonka, MN
Nippon Fire & Marine Insurance Co., Ltd., U.S. Branch, The	Nipponkoa Insurance Co., Limited	Fire & Casualty	New York, NY

Fraud Unit Prosecutions

Indictments

Birdow, Alisicha, indicted in Dallas on charges of insurance fraud, a state jail felony.

Birdow, Linda, indicted in Dallas on charges of insurance fraud, a state jail felony.

Chancellor, Paul, indicted in Dallas on charges of insurance fraud, a third-degree felony.

Cooper, Steven, indicted in Bell County on charges of insurance fraud, a state jail felony.

Darner, Mark Allan, information filed in the U. S. District Court for the Northern District of Texas alleging conspiracy to commit mail fraud.

Harris, Shann Hydrick, indicted in Bell County on charges of insurance fraud, a state jail felony.

Kuyateh, Abu, indicted in Bell County on charges of insurance fraud, a state jail felony.

Meyers, Lisa Kaye, indicted in Bell County on charges of insurance fraud, a state jail felony.

Palmer, Travis Joe, indicted in Bell County on charges of insurance fraud, a state jail felony.

Yetzke, Jeffrey Lee, indicted in Bell County on charges of insurance fraud, a state jail felony.

Murchison, Trina Marie, indicted in Texarkana on charges of insurance fraud, a state jail felony, and misapplication of fiduciary property, a third-degree felony.

Cain, Cynthia, indicted in Texarkana for use of a criminal instrument, a state jail felony.

Convictions

Fisher, Jackie, aka Jackie Lynn Shepherd, pleaded guilty in Austin to misapplication of fiduciary property, a third-degree felony. Sentenced to 10 years' deferred adjudication, \$22,860.96 in restitution and 160 hours of community service.

Starnes, Duane, pleaded guilty in Bell County to insurance fraud, a state jail felony. Sentenced to 36 months' deferred adjudication, a \$500 fine and 220 hours of community service. ★



Texas Department of Insurance

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