



# Texas Insurance News

REGULATORY NEWS PUBLISHED BY THE TEXAS DEPARTMENT OF INSURANCE

## Cap on Mold Coverage Proposed

TDI staff has proposed endorsements and manual rule changes that would cap basic coverage for mold as an "ensuing loss" in residential property policies at \$5,000, with an option to buy higher limits.

Commissioner Jose Montemayor will hold a public hearing on the proposal (Docket No. 2498) at 9 a.m., October 16, 2001, in the LBJ Library Auditorium, 2313 Red River, Austin. The hearing notice was published in the September 28, 2001, *Texas Register*.

"The staff recommendation is a judicious first step toward addressing the availability and affordability problem that the surprising surge in mold-related claims has brought to the residential property insurance market," Montemayor said. "I will consider it very carefully, along with written comments and testimony at the public hearing, and will issue a decision very promptly.

"My response to the mold problem will be a measured response, which means one that leaves room for additional action if necessary to assure that Texans can buy homeowners insurance, with coverage for water losses, at reasonable prices."

Montemayor had asked the staff to study the problem of skyrocketing mold claims and recommend solutions. Insurers had warned of large rate increases and a shortage of homeowners insurance with water coverage if nothing happened to curtail mold-related losses.

Texas' standard policies and/or endorsements provide coverage for mold remediation only when mold results from a covered water loss. Such losses include those resulting from leaks and seepage as well as from "sudden and accidental" discharges of water.

The staff recommendations would not change the circumstances under which insurers must pay mold remediation expenses. They would, however, make the following changes:

- Require an amendatory endorsement that limits basic mold coverage to \$5,000. The \$5,000 would not count toward overall policy limits. Responses to a TDI data call indicate

that more than half of claims with mold as a component are under \$5,000.

- Provide that the cost of testing, repair, mold remediation and additional living expenses are included in the \$5,000 cap on basic mold coverage.
- Enable policyholders wanting more than the \$5,000 basic mold coverage to buy additional coverage in amounts equal to 25 percent, 50 percent and 100 percent of policy limits. The staff proposal includes rating factors to be used in calculating the premiums charged by rate-regulated companies for the "buy back" endorsements.
- Allow multiple claims within a policy year, but only up to the \$5,000 basic limit or the optional limit selected by the insured.

The staff petition, including the text of the proposed endorsements and rule changes, is available on TDI's Web site, [www.tdi.state.tx.us](http://www.tdi.state.tx.us), and from the Chief Clerk's office, 512-463-6327. The Chief Clerk's reference number is P-0901-13-I.

TDI's efforts to gain information and perspective on the mold coverage problem, which emerged suddenly over the past few months, included public hearings in Austin, Corpus Christi and Houston.

"Mold has become a tremendously emotional issue for many consumers and insurance companies. But it's important that we deal with it calmly, responsibly and rationally," Montemayor said. "Insurance companies must respond quickly when policyholders report water losses because delay invites the growth of mold, increases the cost of a claim and is poor customer service. Homeowners should immediately stop leaks at their source, dry out wet areas and dehumidify their homes to minimize the possibility that mold will accompany a water loss."

The staff issued a data call to the five largest residential property carriers for statistics on their mold-related claims during the period January 1, 2000, to June 30, 2001.

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## Texas Insurance News

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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.

## NewsBriefs

### TDI Advises on "Mom And Pop" Health Plans

**TDI HAS ISSUED GUIDANCE** for use by HMOs and insurers in determining whether a business consisting of two individuals who are married qualifies for small employer health coverage.

Senior Associate Commissioner Kimberly Stokes of the Life, Health and Licensing Program issued Commissioner's Bulletin B-0035-01 on August 31, 2001. The bulletin is available on the Department's Web site, [www.tdi.state.tx.us](http://www.tdi.state.tx.us).

Stokes said TDI has received numerous questions and complaints about small employer carriers that:

- Decline to issue small employer coverage to businesses consisting of two individuals who are married.
- Attempt to frustrate or delay issuance of coverage to such businesses by, for example, insisting that the employer produce particular documents to substantiate group eligibility.

While acknowledging that small employer carriers have a legitimate interest in verifying eligibility, Stokes said "carriers must act reasonably in judging the various proofs offered to substantiate eligibility and in making eligibility decisions." For example, she said, a carrier may not decline to cover an employer based on the employer's failure to produce a particular document, such as a W-2 form.

The bulletin also says a carrier may not require that an employee earn the federal minimum wage to be eligible for small employer coverage.

### Title Rules and Rates Hearings Scheduled

**COMMISSIONER JOSE MONTEMAYOR** has scheduled the title insurance form and rule-making hearing for November 27, 2001, and the title ratemaking hearing for February 5, 2002.

Both hearings will begin at 9 a.m. in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

A prehearing conference will be held before the TDI general counsel at 2 p.m., November 8, 2001, in Room 102 of the Hobby Building.

Copies of rulemaking agenda items may be obtained from the Office of the Chief Clerk, Mail Code 113-2A, P. O. Box 149104, Austin, TX 78714-9104.

### Nursing Home Loss Control Group Named

**COMMISSIONER JOSE MONTEMAYOR** has appointed a legislatively mandated task force to help him develop "best practices" for risk management and loss control by nursing homes.

#### Task force members are:

**CONSUMER REPRESENTATIVES:** Marie Wisdom, Austin, president, Advocates for Nursing Home Reform; Beth Ferris, Dallas, legislative representative, Texas Advocates for Nursing Home Residents; and Candice Carter, Austin, state legislative representative, AARP.

#### NURSING HOME INDUSTRY REPRESENTATIVES:

Dr. Peggy M. Russell, Austin, Austin Geriatric Specialists; Rose Ireland, RN, Austin, director of clinical services, Texas Association of Homes and Services for the Aging; and Robin Hayes, RN, Austin, director of best practices, Texas Health Care Association.

**INSURER REPRESENTATIVES:** Michael Ragan, senior vice-president of CNA Insurance Co., Chicago; Dana McVey, vice president for risk management services, Texas Hospital Insurance Exchange, Austin; Anna Korinko, senior corporate counsel, the St. Paul Companies, St. Paul, Minnesota; and Joe Chilton, general manager, Texas Medical Liability Insurance Underwriting Association, Austin.

Senate Bill 1839 of the 77th Legislature directed the Commissioner, in consultation with the task force and the Texas Health and Human Services Commission, to adopt best practices for risk management and loss control that may be used by nursing homes.

Insurers and the Texas Medical Liability Insurance Underwriting Association ("JUA") may consider a nursing home's adoption and implementation of the best practices in determining its professional liability insurance rates. However, by law, the best practices do not establish standards of care applicable in lawsuits against nursing homes.

### Fraud Unit Prosecutions

#### Indictments

**Bautista, Ofelia**, indicted in U.S. District Court, Southern District of Texas, on mail fraud charges.

**Bautista, Marie Abigail**, indicted in U.S. District Court, Southern District of Texas, on mail fraud charges.

**McKinney, Yvonne**, indicted in Dallas on charges of insurance fraud, a state jail felony.

**Casson, Carolyn**, indicted in McKinney (Collin County) on charges of theft, a state jail felony.

**King, Kenneth D.**, indicted in Dallas on charges of misapplication of fiduciary property, a third-degree felony.

**Massengale Lydell**, indicted in U.S. District Court, Northern District of Georgia, Atlanta Division, on charges of mail fraud.

**McMillian, David**, indicted in Giddings (Lee County) on charges of theft, a second-degree felony.

#### Convictions

**Courtney, David Lee**, pleaded guilty in Houston to theft, a state jail felony. Sentenced to 24 months' deferred adjudication, a \$1,000 fine and 125 hours of community service.

**Igbinoba, Idehen Ames**, convicted in Dallas of forgery, a state jail felony and three counts of money laundering, a third-degree felony. Sentenced to 24 months' imprisonment for forgery and 10 years' imprisonment for each money laundering count, with sentences to run concurrently. Also fined \$1,000 and ordered to pay \$230,000 in restitution. ★

#### Mold... from page 1

Usable data indicated that reported losses and allocated loss adjustment expenses for water claims in which mold was a component totaled \$276.5 million for the six quarters covered by the survey. The survey data indicated that incurred losses and ALAE soared from \$9.1 million in the first quarter of 2000 to \$77.8 million in the second quarter of 2001. The number of claims with mold as a component rose from 883 in the first quarter of 2000 to 5,722 in the second quarter of 2001. The average incurred claim cost and ALAE more than doubled from \$10,365 in the first quarter of 2000 to \$23,301 in the first quarter of 2001. The average incurred claim cost and ALAE dropped to \$13,591 in the second quarter of 2001 largely because second-quarter claims had not fully developed at the time of the survey.

The Commissioner said he will recommend that the 2003 Legislature consider bills to establish standards for mold remediation and testing businesses. ★

# TDI update

## 97 Firms Added to Race-Based Premium Survey

**TDI** HAS ADDED a final layer to its investigation of alleged race-based pricing of life insurance by sending surveys to 97 active Texas domestics that did business before 1980.

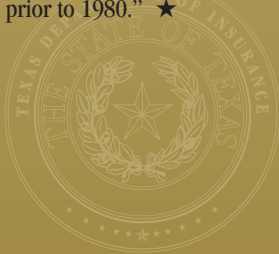
The surveys seek to determine if insurers discriminated against African-Americans by charging them higher premiums than other consumers for small face amount life insurance policies.

TDI began the investigation by surveying 33 industrial life companies in June 2000. Surveys were mailed in April 2001 to 40 stipulated premium life insurers. The 97 surveys mailed in early September complete the list of active Texas domestic life insurance companies that operated during the period when race-based pricing is known to have occurred.

As a result of the initial surveys, TDI is examining four companies and intends to examine an additional eight insurance groups that include 30 separate companies.

Commissioner Jose Montemayor, who chairs the NAIC's working group on race-based pricing, said the Texas surveys, and subsequent enforcement action if necessary, will effectively close the book on the practice of charging African-Americans more than whites for life insurance.

"We're leaving no stone unturned," Montemayor said. "We are questioning every Texas life insurance company that is currently solvent and that sold life insurance prior to 1980." ★



# EnforcementActions

## Fines Ordered for Prompt Payment Violations

**C**OMMISSIONER JOSE MONTEMAYOR has signed consent orders requiring 17 HMOs and preferred provider carriers in seven company groups to pay fines and restitution for violating Texas' law requiring payment of physicians and providers within 45 days after receiving their "clean claims."

The carriers agreed to fines totaling \$9.25 million. Restitution, consisting of the full amount of billed charges or contract penalty rate, is expected to add up to millions of dollars.

Each group consented to the fines and restitution without admitting to any violation of the *Texas Insurance Code* or TDI rules. Additional cases are pending.

TDI brought the enforcement cases following a review, of physician and provider complaints and claim and complaint data obtained from the HMOs and insurers. Senior Associate Commissioner Audrey Selden, TDI's Prompt Payment Ombudsman, directed the review.

In most cases, the fines were \$1 million for failure to pay clean claims within 45 days, plus \$250,000 for not paying 85 percent of claims pending the outcome of claim audits. In two instances, another \$250,000 fine was added for failure to maintain internal complaint records and/or logs as required by state law and TDI rules.

The orders, dated September 6, 2001, also obligate the HMOs and preferred provider carriers to:

- Pay within 60 days from the date of the orders the full amount of billed charges or contracted

penalty rate on each and every claim that was not paid within the time required by Texas law.

- Report to TDI within 75 days from the date of the orders the total number of physicians and providers who received restitution and the total amount of restitution paid.

The penalties for each company group are summarized below.

**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 ★

## Montemayor Raises HO Benchmark Rates

**C**OMMISSIONER JOSE MONTEMAYOR has raised residential property insurance benchmark rates by a statewide average of 0.7 percent, effective November 1, 2001.

Statewide average benchmark rate changes for individual residential property coverages are shown in the table below:

COVERAGE	CHANGE (%)
Homeowners	+0.6
Tenants	-12.1
Fire	+6.7
Extended Coverage	+7.2
Additional Extended Coverage	+11.3
Physical Loss Form	-1.3

Rate-regulated companies must file new rates within 30 days after the November 1 effective date.

The Department issued its "machine letter" on September 13, 2001, as Commissioner's Bulletin B-0037-01. The machine letter is accessible at TDI's Web site, [www.tdi.state.tx.us](http://www.tdi.state.tx.us).

Only about 5 percent of the Texas homeowners insurance market is affected by the benchmark rate system. Most insurance groups have moved their homeowners business into Lloyds companies or reciprocal exchanges, which are exempt from rate regulation.

Montemayor increased the number of rating territories from 23 to 24 by splitting off McLennan County (Waco) as a separate territory. McLennan County formerly was part of the 12-county, mostly rural, Territory 16C. ★



# RuleMaking

## PREMIUM FINANCE

### APA Adoption

#### TAIPA Disclosure Forms

■ Commissioner Jose Montemayor has adopted an amendment to 28 TAC § 25.9, relating to the disclosure form used when auto liability insurance policies obtained through the Texas Automobile Insurance Plan Association (TAIPA) are financed by premium finance companies. 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 revised form deletes language saying that the installment plan is not available for commercial auto policies.

*Projected publication date: September 28, 2001*

*Effective date: October 1, 2001*

*Further information: 512 463-6327*

## PROPERTY

### Exempt Adoption

#### New Public Protection Classification

■ Commissioner Jose Montemayor has adopted Fire Suppression Rating Schedule (FSRS) amendments that create new Public Protection Classification 8B and establish eligibility criteria. He also adopted conforming amendments to the *Texas Personal Lines Manual* and the Texas Statistical Plan for Residential Risks. The FSRS changes are intended to provide lower property insurance rates in recognition of improved fire protection in some areas assigned to Public Protection Classification 9.

The new 8B classification will recognize a fire protection delivery system that has improved its fire fighting capability through equipment, training and management techniques but lacks a water supply system capable of the minimum FSRS fire flow criterion of 250 gallons per minute for two hours. The water supply standard for the 8B classification is an uninterrupted fire flow of 200 gallons per minute for 20 minutes, beginning within five minutes after the first engine company arrives.

*Publication: 26 TexReg6969, September 7, 2001*

*Effective date: December 31, 2001*

*Further information: 512 463-6326*

## TRADE PRACTICES

### APA Adoption

#### "Clean Claim" Rule Amendments

■ Commissioner Jose Montemayor has adopted 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 to insurers that issue preferred provider benefit plans. He also repealed the previous 28 TAC § 21.2816 so that the new 21.2816 could be adopted.

The changes apply to claims filed for services rendered on and after September 12, 2001.

A summary of the changes follows:

#### Additional Clean Claim Elements and Attachments

An HMO or preferred provider carrier may require as attachments or additional clean claim elements only information that is contained in, or is in the process of being incorporated into, a patient's medical or billing record maintained by a physician or provider.

An HMO or preferred provider carrier may not require an attachment or additional clean claim element unless it has given 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 of the new requirements do 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 new rules add a requirement that disclosures of required attachments or additional clean claim elements include a conspicuous heading (bold-faced, capitalized, underlined or otherwise set out from the surrounding written material) in a prominent location, except when presented in contracts. The same requirement applies 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 begins 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.

Physician/provider contracts may include procedures for creating a rebuttable presumption that a claim was received.

When such procedures are not established by contract, the rules prescribe the following mechanism for use by physicians and providers who wish to establish a rebuttable presumption that carriers received their claims:

- The physician or provider must maintain a mail log of claims that are mailed, sent by an overnight delivery service or hand-delivered. The log must identify 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, delivery method, claimant's federal tax identification number and designated address.
- When claims are mailed first class or sent by overnight delivery service, the physician or provider must fax or electronically transmit the log to the HMO, insurer or delegated claim processor on the same day and keep a copy of the fax transmission acknowledgement or the proof of electronic submission. A claim mailed ordinary first class is presumed to have been received on the third business day after it was mailed and the mail log was faxed or electronically transmitted.

A claim that is hand-delivered or sent by overnight delivery service or by U. S. mail with a return receipt requested is presumed received on the date the delivery receipt was signed.

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

A claim submitted electronically is presumed received on the date of the electronic verification of receipt by the HMO's or preferred provider carrier's clearinghouse. If the clearinghouse does not provide a confirmation or rejection within 24 hours of submission, then the physician's or provider's clearinghouse must provide the confirmation.

# RuleMaking

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

### Contracts

The rule changes 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 amendments 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 may continue investigating a previously audited claim and, if warranted, seek a refund of the claim payment.

*Projected publication date: September 28, 2001  
Further information: 512 463-6327*

## Agents' Corner

### Agent Licensing and Exam Requirements Changed on September 1

By Matt Ray, Deputy Commissioner, Licensing Division

**TDI** AND TEXAS INSURANCE AGENTS are in a major transition period following the Legislature's enactment of Senate Bill 414, the comprehensive revision of agent licensing laws. Most provisions of the new law took effect on September 1, 2001.

Significant changes made by Senate Bill 414 include a reduction of the number of agent license types from 44 to 23, with examinations required for virtually all licenses.

The Department issued Commissioner's Bulletin No. B-0034-01 on August 28, 2001, to walk agents, adjusters and companies through the transition. The bulletin can be accessed on TDI's Web site at <http://www.tdi.state.tx.us/commish/b-0034-1.html>.

Agents whose license types rolled up on September 1, 2001, because of the consolidation provisions of SB 414 may have to take an examination to keep their new licenses. This examination requirement affects individuals who sold farm mutual insurance or held the following licenses on August 31, 2001:

- Stipulated Premium Life under \$15,000 (02-91)
- County Mutual (02-06)
- Credit Insurance (02-05)
- Ticket Agent Selling Accident and Health (02-07)
- Job Protection (02-10)
- Agricultural Agent (03-00)

There are three main exemptions from the exam requirement:

- 1 Agents who obtained their original licenses through examination.

- 2 Individuals who solicited insurance on behalf of a stipulated premium company, farm mutual company, or county mutual insurance company for at least 24 months before September 1, 2001.

- 3 Individuals who are re-applying for license types they previously held if:
  - TDI receives their applications within one year of the previous license's expiration date, and
  - The previous license was not denied, revoked, or suspended by TDI.

Agents whose license types rolled up on September 1, 2001, and who do not qualify for one of the exemptions, may use the following table to determine whether they need to take an exam.

IF YOUR LICENSE REQUIRED...	AND YOUR LICENSE...	THEN YOUR EXAM REQUIREMENT TO RETAIN YOUR LICENSE IS...
no exam and you solicited insurance on behalf of a stipulated premium, farm mutual or county mutual insurance company	was active continuously between September 1, 1999 and August 31, 2001	no exam required.
no exam	became active <b>before</b> January 1, 2001	you must pass the exam for the new license type no later than September 1, 2003; if you do not pass the exam by that date, the license will expire on September 1, 2003, and may not be renewed.
no exam	became active <b>on or after</b> January 1, 2001	you must pass the exam for the new license type no later than May 31, 2002; if you do not pass the exam by that date, the license will expire on May 31, 2002.
no exam or license but you solicited insurance on behalf of a farm mutual company before January 1, 2001		you must pass the exam for the new license type no later than September 1, 2003; if you do not pass the exam by that date, the license will expire on September 1, 2003, and may not be renewed.
no exam or license but you solicited insurance on behalf of a farm mutual company on or after January 1, 2001 and before September 1, 2001		you must pass the license exam for the new license type no later than May 31, 2002; if you do not pass the exam by that date, the license will expire on May 31, 2002.

# 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
	Brown Abstract Co.	Gatesville	\$1,000 Fine	Failure to Timely File Accurate Statistical Report	01-0773	8/15/01
	Byrd, Elizabeth	Lorena	Life, Health, Accident and HMO Agent's License and Property and Casualty Agent's License Revoked	Failure to Complete Continuing Education Requirements	01-0764	8/9/01
	Bybee, Robert Clifton	Lubbock	Property and Casualty License Revoked, Plus Restitution of \$4,275	Misappropriation or Conversion; Fraudulent or Dishonest Acts	01-0639	7/10/01
	Cates, Kenneth Carl	Huntsville, TX	Life, Health, Accident and HMO Agent's License, Property and Casualty Agent's License and Variable Contract Agent's License Revoked	Consent Order; Misdemeanor Conviction Related to Duties and Responsibilities of an Insurance Agent	01-0814	8/24/01
	Cervantes, Olga	Fort Worth	\$1,500 Fine	Misappropriation or Conversion of Money Belonging to an Insurer	01-0746	8/8/01
	Cox, Barry Lynn	San Antonio	Life, Health, Accident and HMO Agent's License and Casualty Selling Accident and Health License Revoked	Felony Conviction	01-0782	8/16/01
	Durivage, Charles M.	Harlingen	\$1,500 Fine and Probated Suspension of Qualified Inspector's Appointment	Failure to Submit Substantiating Information to TDI	01-0744	8/8/01
	Felan, Christina	San Antonio	Probated Suspension of Local Recording Agent's License	Deferred Adjudication for Criminal Act	01-0760	8/9/01
	FLS Services Inc.	Plano	\$3,000 Fine	Internet Advertising Violations	01-0745	8/8/01
	Gaylord, Summerlan	Dallas	Property and Casualty Agent's License Revoked, Plus \$463 Restitution	Fraudulent or Dishonest Acts	01-0709	7/30/01
	Houston, John Mark	Frankston	Adjuster's License Revoked	Failure to Complete Continuing Education Requirements	01-0748	8/8/01
	Kearns, Thomas James	Frisco	Life, Health, Accident and HMO Agent's License Revoked	Misappropriation or Conversion; Misrepresentation; Felony Conviction	01-0762	8/9/01
	Lewis, Theresa Yvonne	Rockwall	Life, Health, Accident and HMO Agent's License and Property and Casualty Agent's License Revoked; Restitution of \$2,019	Misappropriation or Conversion; Misrepresentation	01-0763	8/9/01
	McGilbra, Aaron Kern	Houston	Property and Casualty Agent's License Revoked, Plus \$2,381 in Restitution	Misappropriation and Conversion; Fraudulent and Dishonest Acts	01-0664	7/16/01
	Mason, Richard Wayne	Dallas	Life, Accident, Health and HMO Agent's License and Property and Casualty Agent's License Revoked	Failure to Comply with Prior Probated Suspension Order.	01-0747	8/8/01
	Matthews, John C.	Dallas	Life, Health, Accident and HMO Agent's License Revoked	Fraudulent or Dishonest Practices; Material Misrepresentation or the Terms of Insurance Policies, Contracts or Memberships	01-0697	7/24/01
	Moore, Lynda Kay	Denton	Escrow Officer's License Revoked	Misappropriation or Conversion; Felony Conviction	01-0761	8/9/01
	ValueOptions Inc.	Falls Church, VA	\$5,000 Fine	Consent Order; Alleged Violations of Statutes and Rules Governing Utilization Review Agents	01-0757	8/9/01

# Disciplinary Actions

COMPANIES	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
American Guaranty Life Insurance Co.	McKinney		\$1,500 Fine	Failure to Respond to Information Request	01-0758	8/9/01
Fortis Benefits Insurance Co.	Milwaukee, WI		Cease-and-Desist Order	Failure to Provide Accurate Explanation of Benefits to an Insured	01-0793	8/20/01
Gramercy Insurance Co.	Dallas		\$5,000 Fine	Late Filing of Annual Financial Statement	01-0724	8/1/01
United Wisconsin Life Insurance Co.	Green Bay, WI		\$5,000 Fine, Cease-and-Desist Order and Restitution of Approximately \$400,000	Consent Order; Alleged Improper Use of Small Employer Health Insurance Rating Factors	01-0750	8/9/01

HMOS	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
UTMB Health Plans Inc.	Galveston		\$10,000 Fine	Failure to Submit Plan of Orderly Withdrawal; Decreasing Statutory Deposit without TDI Approval	01-0813	8/24/01

## Company Licensing

### Applications Pending

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Adminitron Inc.	TPA	Brentwood, TN
AdvancePCS Health, L.P.	TPA	Wilmington, DE
Columbian National Title Insurance Co.	Title	Topeka, KS
Doral USA, LLC	TPA	Mequon, WI
EOS Claims Services Inc.	TPA	Rancho Cordova, CA
eoshealth.inc (doing business under the assumed name of geos)	TPA	Tempe, AZ
ExlService.com(l) Private Limited	TPA	Noida, UP, India
Healthcare Resources Group, LLC	TPA	South Bend, IN
Roche Surety & Casualty Co. Inc.	Fire & Casualty	Tampa, FL
Wellington Insurance Co.	Fire & Casualty	Oklahoma City, OK

### For incorporation

COMPANY NAME	LINE	HOME OFFICE
Interculture Network	TPA	Houston, TX
TSA-Texas Surgical Associates, LLP	TPA	Houston, TX

### For name change in Texas

FROM	TO	LINE	LOCATION
Forestview Mortgage Insurance Co.	Allstate Fire and Casualty Insurance Co.	Fire & Casualty	Northbrook, IL
Healthcare Underwriters Mutual Insurance Co.	Medical Liability Mutual Insurance Co.	Fire & Casualty	New York, NY
United Heritage Mutual Life Insurance Co.	United Heritage Life Insurance Co.	Life, Accident and Health	Meridian, ID

### Add the assumed name

OF	FOR	LINE	LOCATION
Pillar Insurance Co.	Service Insurance Co.	Fire & Casualty	Bradenton, FL
Protective Dental Care	United Dental Care of Texas, Inc.	HMO	Dallas, TX

### Applications Approved

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Lone Star National Insurance Co.	Fire & Casualty	Metamora, IL

# Company Licensing

## Applications Approved (continued)

### For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
National Benefit Resources Inc.	TPA	Minneapolis, MN
National Building Material Assurance Co.	Fire & Casualty	Metamora, IL
New England Benefit Companies Inc.	TPA	Warwick, RI
P5 E.Health Services Inc.	TPA	Reno, NV
Spectra Inc.	TPA	Baltimore, MD

### For incorporation

COMPANY NAME	LINE	HOME OFFICE
Community First Group Hospital Service Corp.	Non-Profit Corporation	San Antonio, TX
Lifemark Health Plan of Texas, LLC	HMO	Houston, TX
Northwest Senior Housing Corp., <i>dba</i> Edgemere	CCRC	Dallas, TX
Southwestern Administrative Planners, LLC	HMO	San Antonio, TX

### For name change in Texas

FROM	TO	LINE	LOCATION
Bluepaw Family Pet Insurance Co.	Truepaws Family Pet Insurance Co.	Fire & Casualty	Portland, OR
Chrysler Insurance Co.	Daimlerchrysler Insurance Co.	Fire & Casualty	Southfield, MI
East Funeral Benefit Insurance Co.	Good Samaritan Life Insurance Co.	Life	Richardson, TX
First Integrated Health Inc.	E3Health Inc.	TPA	Dallas, TX
Florida Employers insurance Service Corp.	FCCI Services Inc.	TPA	Sarasota, FL
M. L. Enterprises Inc., <i>dba</i> National Administrators,	National Health Administrators Inc.	TPA	Dallas, TX
MCS Administrative Services Inc.	<i>dba</i> CMS Cap Management Systems	TPA	Fountain Valley, CA
Mission American Life Insurance Co.	Guaranty Insurance and Annuities Co.	Life	Houston, TX
Ohio Life Insurance Co. The	Chase Life & Annuity Co.	Life	Columbus, OH
Phoenix Home Life Insurance Co. of North Greenbush, NY	Phoenix Life Insurance Co.	Life	East Greenbush, NY
Select Benefit Services of Live Oak, TX	SBS Administrative Services, LLC	TPA	Universal City, TX
Texas Workers' Compensation Insurance Fund	Texas Mutual Insurance Co.	Fire and/or Casualty	Austin, TX
Texscripts, L.P.	Workscripts, L.P., <i>dba</i> Texscripts	TPA	Fort Worth, TX



## Texas Department of Insurance

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