



# Texas Insurance News

REGULATORY NEWS PUBLISHED BY THE TEXAS DEPARTMENT OF INSURANCE

## Mold Clean-Up Inquiry Requested

**T**HE CORPUS CHRISTI AREA'S huge disparity in mold-related claims has led TDI to ask the Office of the Attorney General to look into mold clean-up practices that may be abusive, including the possibility of excessive pricing.

TDI and Commissioner Jose Montemayor are seeking to avert a crisis of homeowners insurance availability and affordability brought on by an unprecedented surge in the number and cost of mold-related claims.

Mold testing and clean-up are covered by the most commonly purchased homeowners policy, the HO-B, when mold results from a water discharge covered by the policy.

A number of insurers have suspended writing new homeowners policies, are refusing to sell new policies for homes and applicants that have had recent water claims or are limiting new business to the HO-A policy, which does not cover water damage from plumbing leaks.

The three largest carriers, which write two-thirds of Texas homeowners premium, reported to TDI that claims with mold remediation as a component jumped from 883 in the first quarter of 2000 to 5,722 in the second quarter of 2001.

Montemayor held an October 16 public hearing, attended by more than 200 people, on a TDI staff proposal to cap mold coverage at \$5,000. The proposal also would require insurance companies to offer additional coverage in amounts equal to 25 percent, 50 percent and 100 percent of policy limits. The public comment period on the proposal ended October 29, and Montemayor indicated he would take action soon after.

A spokeswoman for Attorney General John Cornyn indicated that his agency would grant the Department's October 3, 2001, request for an inquiry into the possibility of abuses in the Nueces County (Corpus Christi) mold remediation industry.

"Nueces County's mold-related claims of \$5,000 or more are way out of line with the rest of the state," Montemayor said in a statement. "The effect is to drive up homeowners premiums in the

county that already has the highest homeowners rates in Texas.

"While many reputable individuals are involved in the claims and remediation process, we can't overlook the possibility that some may be taking advantage of consumers' fear of mold by charging excessive prices."

Montemayor said the request for an Attorney General's inquiry could be widened to include other counties if circumstances warrant.

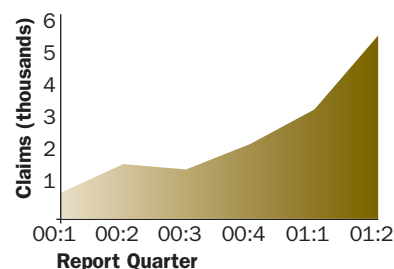
Data from the three largest home insurers (two-thirds of the market) indicate that mold-related claims of \$5,000 or more cost an average of \$520.66 per policyholder per year in Nueces County. The statewide average was \$81.71.

Nueces County's average for mold-related claims of \$5,000 or more also was much larger than that of Rating Territory 10, the area with the second highest average. That territory, which includes Beaumont and Brownsville, had an average of \$170.15 per policyholder per year.

A TDI data analysis indicated that while Nueces County has only 1 percent of the state's homeowners policies, it had 8 percent of the large (\$15,000 or more) mold-related claims during the period January 2000–June 2001.

Another issue raised by the data is multiple claims for mold remediation of the same house. In Nueces County, 42 percent of the large claims involved multiple occurrences, compared with only 10 percent for the rest of the state. ★

### Mold-Related Claims—Top 3 Carriers



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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

By Matt Ray, Deputy Commissioner, Licensing Division

**ONE OF THE MANY** significant changes made by Senate Bill 414 of the 2001 Legislature was to require continuing education for virtually all individually licensed agents and adjusters, including those holding licenses for which there was no CE requirement in the past.

The new requirements apply to licenses renewing on or after January 1, 2003.

The CE exemption for agents licensed at least 20 years will apply only to individuals who held their licenses **continuously** for 20 years instead of to any individual licensed for a total of 20 years. This will not affect existing exemptions.

Only half of the hours used for CE compliance may consist of self-study courses.

Another change allows TDI to accept CE hours completed in other professions or in association with professional designations in an insurance-related field.

Agents or adjusters who renew their licenses on or before December 31, 2002, must comply with the laws and regulations that were in effect before the enactment of SB 414. However, those who renew on or after January 1, 2003 must meet the new CE requirements listed below. ★

### Summary of CE Requirements by License Type (for renewals on or after January 1, 2003)

LICENSE	REQUIREMENT PER RENEWAL PERIOD
General Lines—Life, Accident, Health, and HMO (LAH)	30 hours, including two hours of ethics
General Lines—Property and Casualty (PC)	30 hours, including two hours of ethics
Life/Health Insurance Counselor	30 hours, including two hours of ethics
Adjuster	30 hours, including two hours of ethics and 4 hours of consumer protection
Limited Lines (LAH, PC, Pre-Paid Legal, others)	10 hours, including two hours of ethics
Insurance Service Representative (ISR)	30 hours, including two hours of ethics
Full Time Home Office Employee	30 hours; courses submitted to TDI for approval by insurer prior to use
Funeral Prearrangement	none (exempted by SB 314 of the 77th Legislature)
Life Insurance Under \$15,000	10 hours, including two hours of ethics
County Mutual	10 hours, including two hours of ethics

## Fraud Unit Prosecutions

### Indictments

**Brooks, Karen**, indicted in Brownsville on charges of insurance fraud and theft, both third-degree felonies.

**Daniels, Rowena Ross**, indicted in Dallas on charges of insurance fraud, a state jail felony.

**Harper, Edward Louis**, indicted in Dallas on charges of insurance fraud, a state jail felony.

**Robinson, Beatrice Irene**, indicted in Houston on charges of theft, a third-degree felony.

**Arizpe, Karla**, indicted in Austin on charges of making a false statement in a written instrument, a third-degree felony.

**Bloomer, Steven B.**, indicted in Dallas on charges of theft, a state jail felony.

**Garcia, Dario**, indicted in Austin on charges of making a false statement in a written instrument, a third-degree felony.

### Convictions

**Rios, Rodney Rafael**, pleaded guilty in Houston to unauthorized insurance, a third-degree felony, and tampering with a governmental record, also a third-degree felony. Sentenced to 36 months' deferred adjudication and a \$500 fine.

**Cashaw, Tommye**, pleaded guilty in Houston to insurance fraud, a state jail felony. Sentenced to 24 months' deferred adjudication.

**Franks, Yolanda Burrel**, pleaded guilty in Beaumont to insurance fraud, a state jail felony. Sentenced to 24 months' deferred adjudication, 120 hours of community service and a \$500 fine.

**Mendiola, Juana E.**, pleaded guilty in Austin to insurance fraud, a state jail felony. Sentenced to 60 months' deferred adjudication, 120 hours of community service and \$9,883 in restitution.

**Ogbynamiri, Albert Ike**, pleaded guilty in Houston federal court to charges of theft in connection with health care, Title 18 USC. Sentenced to 18 months' imprisonment, 36 months' probation and \$159,743 in restitution. ★

# NewsBriefs

## Guaranty Fund Coverage OKd for Reliance Claims

**COMMISSIONER JOSE MONTEMAYOR** has cleared the way for Texas Property and Casualty Insurance Guaranty Association payment of Reliance Insurance Co. claims by designating the Pennsylvania company as an impaired insurer.

A commonwealth court judge in Philadelphia issued an order of liquidation on October 3, 2001.

Reliance's business in Texas consisted mainly of workers' compensation and general liability. The estimated Texas guaranty association liability for Reliance claims, over the full period of their development, is about \$500 million. ★

## TDI May Accept Forms with Electronic Signature

**TDI's LIFE/HEALTH DIVISION** no longer disapproves otherwise acceptable policy forms solely because they involve the use of electronic signatures.

This change in policy approval practices resulted from enactment of a federal law that specifically provides that a signature, contract or other record may not be denied legal effect, validity or enforceability just because it is in electronic form.

The question about electronic signatures was presented to TDI in the context of forms to be used specifically for Web-based enrollment in health plans. Forms specifically intended for Web-based enrollment may be filed with TDI and will be reviewed for compliance with applicable laws. ★

## Cities Notified About PPCs

**STATE FIRE MARSHAL G. Mike Davis** has issued a bulletin reminding Texas municipalities to immediately report boundary changes, including annexations, to ISO or TDI so that fire insurance premiums will correctly reflect a property's Public Protection Classification.

Davis noted that insurers use a Geographical Underwriting System (GUS™) tool to identify a property's location for application of the appropriate PPC.

"Providing updates for the changes noted above, including annexation, will ensure that specific property affected by the changes is properly identified on the GUS. This will prevent premiums from being issued at an incorrect rate," Davis said. ★

# TDI update

## HMO Losses Extend Into Second Quarter

**COMMISSIONER JOSE MONTEMAYOR** gave a "state of the industry" update to the Texas Association of Health Plans at the organization's October 11 meeting, reporting that basic service HMOs lost \$127 million on Texas-only business during the second quarter of 2001.

The quarter that ended June 30 was the 21st consecutive unprofitable quarter for the basic service HMOs' Texas business. Collectively, their last profitable quarter was the one that ended March 31, 1996.

Second-quarter financial statements indicated 2001 year-to-date losses of \$183.8 million on Texas business, Montemayor said.

Meanwhile, the basic service HMOs reported that their enrollment rose slightly, from 3,679,000 in the first quarter to 3,723,830 in the second quarter.

Sixteen of the 41 HMOs that submitted second-quarter financial statements indicated after-tax profits.

Montemayor noted a steady decline in the number of licensed HMOs since their peak in 1998. Basic service HMOs have dwindled from 51 to 41. The total, including single service HMOs, has declined from 72 to 60.

"I expect this decrease to continue as the market consolidates due to mergers and acquisitions," he said. Montemayor noted that TDI has no pending applications for new HMOs.

The Commissioner pointed out that a number of licensed HMOs are dormant. Of the 41 licensed basic service HMOs, only 30 are actively writing business.

Single-service HMOs continue to be generally profitable, the Commissioner said, reporting an increase of almost \$7.1 million in net income during the second quarter. ★

## EnforcementActions

### Emergency C&D Targets Employers Mutual

**COMMISSIONER JOSE MONTEMAYOR** has issued an emergency cease-and-desist order requiring Employers Mutual, L.L.C., an unlicensed insurer, to stop selling health insurance policies and collecting premiums.

The Department, which already had scheduled an enforcement hearing before administrative law judges, took the emergency action after learning that Employers Mutual had stopped paying claims. The hearing currently is scheduled for November 12, 2001.

"When the company stopped paying claims, it became apparent that we needed speedier action to prevent more Texans from falling victim to this unauthorized insurance scheme," said Sara Waitt, senior associate commissioner for Legal and Compliance.

Employers Mutual used licensed agents to sell its health plan and had about 4,600 enrollees.

In the enforcement case, TDI attorneys are seeking fines and cease-and-desist orders against Employers Mutual, 18 other unlicensed entities and two unlicensed individuals.

Employers Mutual is a limited liability company based in Carson City, Nevada. Also named in the emergency cease-and-desist order are William R. Kokott and Nicholas E. Angelos, who hold positions with that company; American Benefit Society of Turnersville, New Jersey; Sierra Administration

Inc. of Reno, Nevada; and 16 purported trade or occupational associations.

TDI is seeking a civil penalty from each party of the greater amount of either \$1 million or \$10,000 for each act of violation and for each day of violation.

The Colorado, Florida, Nevada and Oklahoma insurance departments are taking action against some of the same entities and persons.

TDI is considering taking disciplinary action against any licensed insurance agents who sold the Employers Mutual health plan.

In their hearing notice, TDI attorneys alleged that American Benefit Society conducted at least two seminars, in Houston and Dallas, this year to recruit licensed agents to sell Employers Mutual policies. The agents were instructed to have applicants enroll in and pay monthly dues to any one of the 16 purported trade or occupational associations. TDI attorneys alleged that the associations "are simply conduits and facades for the unlicensed and unauthorized sale of insurance."

TDI's hearing notice called Employers Mutual's contention that it was an ERISA plan "false, deceptive and misleading."

"Legitimate ERISA plans are established by unions for their members or by employers for their own employees," Waitt said. "They are not sold by agents." ★

### Crawford & Company Fined \$20,000

**CRAWFORD & COMPANY OF ATLANTA,** Georgia, has agreed to pay a \$20,000 fine because of deficiencies in adverse determination letters issued to workers' compensation claimants in 1999 and 2000.

According to the consent order, Crawford & Company was acting on behalf of Reliance National Insurance Co. when the violations occurred. Crawford & Company holds a Texas utilization review agent certification.

The order includes a finding that some of the almost 4,000 adverse determination letters issued by Crawford and company to workers' compensation claimants in 1999 and 2000 failed to comply with Texas law in two respects:

- They failed to notify the injured workers of their right to appeal the adverse determinations to the Texas Workers' Compensation Commission and
- They failed to include descriptions or the sources of the screening criteria that were used as guidelines in making determinations that requested medical services were not reasonable or necessary.

Crawford & Company since has fully computerized its system for issuing adverse determination notices and has included the notifications required by Texas law. It also has contacted the injured workers who received deficient adverse determination letters in 2000 and informed them of their appeal rights. ★



# RuleMaking

## MEDICAL PROFESSIONAL LIABILITY

### APA Proposal

#### "Best Practices" for Nursing Homes

■ The Department has proposed new 28 TAC §§ 5.1740–5.1741 concerning best practices for risk management and loss control for both for-profit and not-for-profit nursing homes. *Texas Insurance Code* Article 5.15-4 provides that insurance companies and the Texas Medical Liability Insurance Underwriting Association (JUA) may consider a nursing home's adoption and implementation of these best practices in determining its rates for professional liability insurance. However, the best practices, once adopted, will not establish standards of care applicable in a civil action against a nursing home. Rather, the best practices focus on procedures for minimizing insurance claims.

The proposed best practices were developed in consultation with the Texas Health and Human Services Commission and a task force appointed by Commissioner Jose Montemayor. The task force consists of representatives of the JUA, nursing homes, consumers and insurers that write professional liability insurance for nursing homes.

The proposed rules recommend that a nursing home's adoption and implementation of the best practices focus initially on nine areas that appear often in claim lists and claim prevention materials published by leading nursing home insurers. Those areas are falls, resident abuse, pressure ulcers, nutrition and hydration, medication management, restraints, infection control, burns and scalds and "elopement."

The rules as proposed list the following elements as essential to a nursing home's risk management and loss control program:

- Creation of an organizational structure that delegates authority to specific individuals for the day-to-day-operation of a loss control program. A nursing home could show it has done this by appointing program leads for one or more exposure areas, appointing a risk management/loss control committee and appointing training instructors for new employees and for in-service training.
- Loss prevention and mitigation, meaning an active effort to identify hazards and prevent losses before they occur. This would include assessments to identify residents

that may be susceptible to events in each exposure area. It also would include staff training and regularly scheduled maintenance and inspections of the facility itself.

- Documentation to show evidence of a functioning loss control program and to establish a record of quality of care. This includes inspection/safety reports, staff training and adverse events and related follow-up activities.
- Monitoring of results to evaluate the effectiveness and overall performance of the risk management and loss control program. Tracking and trending these results enables nursing home management to identify problem areas and evaluate the effectiveness of its loss control program.
- Modification and improvement of risk management and loss control based on results. A nursing home could demonstrate it is meeting this element by having procedures for submitting suggestions to its risk management/loss control committee and by having policies and procedures for examining its event tracking and correction process for improvements in accuracy and usefulness.

*Publication: 26TexReg8322, October 19, 2001*  
*Earliest possible adoption: November 18, 2001*  
*Further information: 512 463-6327*

## WORKERS' COMPENSATION

### Exempt Adoptions

#### Workers' Comp Manual Changes

- Commissioner Jose Montemayor has adopted staff-proposed amendments to the *Texas Basic Manual of Rules, Classifications and Experience Rating Plan for Workers' Compensation and Employers Liability Insurance*. The changes apply to policies with effective dates on and after January 1, 2001.

The newly adopted manual rule changes do the following:

- 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.
- 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 eliminates 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: 26TexReg7894, October 5, 2001*  
*Reference No. W-0801-10-I*  
*Further information and copies: 512 463-6327*

### Revised Classification Relativities

- Commissioner Jose Montemayor has adopted revised workers' compensation classification relativities and the expected loss rates and discount ratios used in experience rating.

The relativities replace those adopted in Commissioner's Order 00-1169, effective January 1, 2001, and are mandatory for all policies with effective dates on or after January 1, 2002.

The revised expected loss rates and discount ratios apply to policies with effective dates on or after January 1, 2002.

The revised relativities are revenue-neutral and are based on experience data of policies with 1994–1998 effective dates. They reflect changes occurring over time because of such things as technological advances and improvements in safety programs. Changes in individual relativities and expected loss rates are capped at 25 percent to minimize rate shock.

*Publication: 26TexReg7894, October 5, 2001*  
*Reference No. W-0801-11-I*  
*Further information and copies: 512 463-6327 ★*

## Federal Appeals Court Rules on Expiration Notice

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

**T**HE SUMMARIZED DECISION 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.

### **Morris County National Bank v. John Deere Insurance Co.**

In 1996, Morris County National Bank (the bank) loaned J.T. Lockeby (Lockeby) \$50,000 to purchase a buncher. A buncher is a piece of heavy equipment used to cut down trees. Lockeby also purchased a fire insurance policy on the buncher from John Deere Insurance Co. (John Deere). The fire insurance policy named the bank as the payee in the event of loss. The bank had a copy of the policy. The policy was effective from September 24, 1996, through September 24, 1997.

On September 19, 1997, John Deere reminded Lockeby that the policy would expire on September 24, 1997, unless Lockeby renewed the policy and paid renewal premiums. Lockeby did not renew the policy. John Deere then notified Lockeby that the policy had expired. On October 4, 1997, the buncher was destroyed by fire.

The bank demanded that John Deere cover the loss. The bank argued that it was entitled to notice of the expiration of the insurance policy. John Deere refused to pay, stating that the policy had

expired. The bank filed a lawsuit asking the court to declare that John Deere was required to notify the bank before the policy expired. The bank argued that under *Texas Insurance Code* Article 6.15, John Deere was required to notify the bank of the policy's expiration. Article 6.15 states,

The interest of a mortgagee or trustee under any fire insurance contract hereafter issued covering any property situated in this State shall not be invalidated by any act or neglect of the mortgagor or owner of said described property or the happening of any condition beyond his control, and any stipulation in any contract in conflict herewith shall be null and void.

The trial court decided that Article 6.15 required John Deere to give the bank notice of the policy's expiration. The trial court also decided that since John Deere did not give the bank (the mortgagee) notice, the bank still had an interest in the policy. John Deere appealed to the Fifth Circuit Court of Appeals.

The Fifth Circuit (the court) began by noting that Article 6.15 does not contain an independent notice requirement. The court explained that the purpose of Article 6.15 was to protect the mortgagee (in this case, the bank) from the acts or omissions of the mortgagor (in this case, Lockeby). The court went on to state,

Article 6.15 achieves this effect by creating a new and independent contract between the mortgagee and the insurer... Therefore, when the mortgagor's acts or omissions invalidate his fire insurance contract, the mort-

gagee's independent contract survives just as any other independent contract would.

The court noted, however, that Article 6.15 does not grant the mortgagee (the bank) rights beyond those of the contract. In this case, the insurance policy expired as stated in the policy. The court pointed out that the bank had a copy of the insurance policy. The policy clearly stated the expiration date. The court further stated that under Texas law, the insurer had no duty to notify the insured that the policy had expired, unless stated in the policy.

Therefore, the fact that the policy expired was not due to an act or omission by the mortgagor (Lockeby). The court summarized by stating,

[A]rticle 6.15 frees mortgagees from constantly having to expend effort to determine if they still have coverage. This underlying purpose is not implicated, however, when, as here, coverage expires pursuant to the terms of the mortgagee's own contract. [The bank] had a copy of the insurance contract that stated the date on which the policy expired. [The bank] did not have to expend continuous effort to determine whether they were still covered under the insurance contract. They merely had to know the terms of their contract with the insurer.

Therefore, the court concluded that John Deere was not obligated to pay the insurance policy proceeds to the bank. For more information about this case, consult the opinion of the Court. *Morris County National Bank v. John Deere Insurance Co.*, 2001 WL 668559 (5th Cir. 2001). ★

## Data Call Reminders

### Quarterly Closed Claim Reports

Reports (Long/Short Forms) for claims closed during the third quarter of 2001 were 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 No. B-0032-01. The acknowledgment was due on August 10, 2001, and the data call was due September 10, 2001. The bulletin and forms may be downloaded from TDI's web site located at <http://www.tdi.state.tx.us/company/indexcmp.html>

ml#datacalls\_ind. TDI contact is Vicky Knox, 512 475-1879. E-mail address: [vicky.knox@tdi.state.tx.us](mailto:vicky.knox@tdi.state.tx.us)

### Call for Quarterly Experience

The Call for Third Quarter 2001 Experience is due November 15, 2001. The Call for Second Quarter 2001 Experience issued as Commissioner's Bulletin No. B-0031-01 was due August 15, 2001. The bulletin and forms may be downloaded from TDI's web site located at [http://www.tdi.state.tx.us/company/indexcmp.html#datacalls\\_ind](http://www.tdi.state.tx.us/company/indexcmp.html#datacalls_ind). TDI contact is Julie Jones, 512 475-3030. E-mail address: [julie.jones@tdi.state.tx.us](mailto:julie.jones@tdi.state.tx.us)

### Call for Quarterly Experience, Workers' Compensation Deductible Plans

The Call for Third Quarter 2001 Experience is due November 15, 2001. The Call for Second Quarter 2001 Experience, issued as Commissioner's Bulletin No. B-0031-01, was due August 15, 2001. The bulletin and forms may be downloaded from TDI's web site located at [http://www.tdi.state.tx.us/company/indexcmp.html#datacalls\\_ind](http://www.tdi.state.tx.us/company/indexcmp.html#datacalls_ind). TDI contact is Julie Jones, 512 475-3030. E-mail address: [julie.jones@tdi.state.tx.us](mailto:julie.jones@tdi.state.tx.us) ★

# Disciplinary Actions

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

<b>AGENTS &amp; INSPECTORS</b>	<b>NAME</b>	<b>CITY</b>	<b>ACTION TAKEN</b>	<b>VIOLATION</b>	<b>ORDER</b>	<b>DATE</b>
	Casso, Carlos Eduardo	Laredo	\$1,500 Fine and \$2,426 Restitution	Allowed Unlicensed Persons to Do the Acts of Agents or Solicitors	01-0855	9/10/01
	Gartrell, James W. Jr.	LaMarque	Qualified Inspector's Appointment Canceled	Failure to Provide Substantiating Information	01-0774	8/15/01
	Jamil, Mohammed	Houston	\$5,500 Fine plus \$566 Restitution	Consent Order; Alleged Use of Unlicensed Solicitors	01-0851	9/7/01
	Morales, Alfredo	El Paso	\$1,000 Fine and One-Year Probated Suspension of Property and Casualty-Motor Vehicle Only Agent's License	Failure to Meet Continuing Education Requirements	01-0890	9/14/01
	Sengelman, Eugene	South Padre Island	\$1,000 fine and Probated Suspension of Qualified Inspector's Appointment	Failure to Provide Substantiating Information for Wind-Resistant Construction Certificate	01-0889	9/14/01
<b>COMPANIES &amp; HMOs</b>	<b>NAME</b>	<b>CITY</b>	<b>ACTION TAKEN</b>	<b>VIOLATION</b>	<b>ORDER</b>	<b>DATE</b>
	Aberdeen Insurance	Houston	\$5,000 Fine	Consent Order; Alleged Late Filing of Required Financial Statement and Supplemental Information	01-0869	9/11/01
	American Professionals Insurance	Indianapolis, IN	\$5,000 Fine	Consent Order; Alleged Late Filing of Required Financial Statement and Supplemental Information	01-0873	9/11/01
	Alta Health & Life Insurance Great-West Life & Annuity Insurance One Health Plan of Texas Inc.	Englewood, CO Dallas	Fines Totaling \$1.5 Million plus Restitution	Consent Order; Alleged Prompt Payment Law Violations	01-0841	9/6/01
	Blue Cross & Blue Shield of Texas Rio Grande HMO Inc. Southwest Texas HMO Inc. Texas Gulf Coast HMO Inc.	Richardson	Fines Totaling \$1.5 Million plus Restitution	Consent Order; Alleged Prompt Payment Law Violations	01-0843	9/6/01
	Comprehensive Behavioral Care Inc.	Grand Prairie	\$24,000 Fine	Consent Order: Alleged Failure to Notify Patients of their Right to Independent Review of Adverse Determinations	01-0864	9/11/01
	Connecticut General Life Insurance CIGNA Healthcare of Texas	Bloomfield, CT	Fines Totaling \$1.25 Million plus Restitution	Consent Order; Alleged Prompt Payment Law Violations	01-0842	9/6/01
	Control Systems Inc.	Boston, MA	\$250,000 Fine, Cease-and-Desist Order; and \$10,500 Restitution	Unauthorized Insurance; Violations of Prompt Claim Payment and Deceptive Trade Practices Statutes	01-0831	8/30/01
	Employers Reinsurance Corp.	Overland Park KS	\$500 Fine	Late Payment of Workers' Compensation Maintenance Tax Surcharge Refunds	01-0875	9/11/01
	Highlands Casualty	Houston	\$5,000 Fine	Consent Order; Alleged Late Filing of Required Financial Statement and Supplemental Information	01-0868	9/11/01
	Highlands Insurance	Houston	\$5,500 Fine	Consent Order; Alleged Late Filing of Required Financial Statement and Supplemental Information	01-0866	9/11/01
	Highlands Lloyds	Houston	\$5,000 Fine	Consent Order; Alleged Late Filing of Required Financial Statement and Supplemental Information	01-0870	9/11/01
	Highlands Underwriters Insurance	Houston	\$5,000 Fine	Consent Order; Alleged Late Filing of Required Financial Statement and Supplemental Information	01-0867	9/11/01
	Humana Insurance Employers Health Insurance Humana Health Plan of Texas Inc.	Louisville KY	Fines Totaling \$1.25 Million plus Restitution	Consent Order; Alleged Prompt Payment Law Violations	01-0840	9/6/01

# Disciplinary Actions

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COMPANIES & HMOs	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
Monumental General Casualty	Baltimore		\$500 Fine	Failure to File Report on Workers Compensation Maintenance Tax Surcharge Refunds	01-0847	9/7/01
NN Insurance	Milwaukee, WI		\$5,000 Fine	Consent Order; Alleged Late Filing of Required Financial Statement and Supplemental Information	01-0872	9/11/01
Northwestern National Casualty	Milwaukee, WI		\$5,500 Fine	Consent Order; Alleged Late Filing of Required Financial Statement and Supplemental Information	01-0871	9/11/01
Physicians Care HMO Inc.	Dallas		\$3,000 Fine	Failure to Provide Information Requested by TDI	01-0863	9/11/01
Provident American Insurance	Dallas		Mandatory Offer of Temporary Policy Reinstatements to Certain Policyholders	Consent Order: Alleged Failure to Provide Required Endorsements Prior to Withdrawal	01-0874	9/11/01
Sierra Health & Life Insurance Inc. Texas Health Choice L.C.	Las Vegas NV Dallas		Fines Totaling \$1.25 Million plus Restitution	Consent Order; Alleged Prompt Payment Law Violations	01-0837	9/6/01
Unicare Life & Health Insurance	Thousand Oaks CA		Fines Totaling \$1.25 Million plus Restitution	Consent Order; Alleged Prompt Payment Law Violations	01-0838	9/6/01
United Healthcare Insurance United Healthcare of Texas Inc.	Hartford CT Plano		Fines Totaling \$1.25 Million plus Restitution	Consent Order; Alleged Prompt Payment Law Violations	01-0839	9/6/01
XL Specialty Insurance Co.	Schaumburg, IL		\$1,000 Fine	Failure to Make Required Refunds of Workers' Compensation Maintenance Tax Surcharge	01-0850	9/7/01
XL Specialty Insurance Co.	Schaumburg, IL		\$3,000 Fine	Failure to Respond to TDI Information Request	01-0925	9/26/01
PREMIUM FINANCE	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
Texas Direct Finance Finance	Houston		\$750 Fine	Late Filing of Premium Report and Late Payment of Assessment Fee	01-0926	9/26/01
Texas Insurance Agency	San Antonio		\$750 Fine and Cease-and-Desist Order	Late Filing of Required Premium Finance Company Reports and Late Payment of Assessment Fee	01-0888	9/14/01

## Company Licensing Applications Pending

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Adminitron Inc.	TPA	Brentwood, TN
Davis Vision Inc.	TPA	Plainview, NY
EOS Claims Services Inc.	TPA	Rancho Cordova, CA
Healthcare Assurance Corp.	TPA	Knoxville, TN
Healthcare Resources Group, LLC	TPA	South Bend, IN
National Land Title Insurance Co.	Title	Barrington, IL
Roche Surety & Casualty Company Inc.	Fire & Casualty	Tampa, FL
For incorporation		
COMPANY NAME	LINE	HOME OFFICE
Balboa Lloyds Insurance Co.	Fire & Casualty	Plano, TX
First American Lloyds	Fire & Casualty	Dallas, TX
Interculture Network	TPA	Houston, TX
TSA-Texas Surgical Associates, LLP	TPA	Houston, TX

Continued on page 8

# Company Licensing

## Applications Pending (continued)

### For name change in Texas

FROM	TO	LINE	LOCATION
Asset Guaranty Insurance Co.	Radian Asset Assurance Inc.	Fire & Casualty	New York, NY
Independent County Mutual Insurance Co.	American National County Mutual Insurance Co.	Fire & Casualty	Galveston
OBAIT	Advantage Health Plans Trust	MEWA	Oklahoma City, OK

### To add the assumed name

OF	FOR	LINE	LOCATION
Pillar Insurance Co.	Service Insurance Co.	Fire & Casualty	Bradenton, FL

## Applications Approved

### For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Adminitron Inc.	TPA	Brentwood, TN
EOS Claims Services Inc.	TPA	Rancho Cordova, CA
Safety First Insurance Co.	Casualty	Chicago, IL

### For incorporation

COMPANY NAME	LINE	HOME OFFICE
American Retirement Plan Administrators	TPA	San Angelo, TX
Doral Dental Services of Texas Inc.	TPA	Dallas, TX
Intercultural Network, <i>dba</i> Intercultural Physicians Network	TPA	Houston, TX
TSA-Texas Surgical Associates, LLP	TPA	Houston, TX
Valley Group Hospital Service Corp.	Non-Profit Corporation	Harlingen, TX

### For name change in Texas

FROM	TO	LINE	LOCATION
Memorial Senior Services Inc., <i>dba</i> University Place	Memorial Hermann Affiliated Services Inc. <i>dba</i> University Place	CCRC	Houston, TX
Unified Life Insurance Company of Texas	Unified Life Insurance Co.	Life	Austin, TX



## Texas Department of Insurance

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