



Texas Insurance News

REGULATORY NEWS PUBLISHED BY THE TEXAS DEPARTMENT OF INSURANCE

Montemayor Amends Mold Coverage

COMMISSIONER JOSE MONTEMAYOR has scaled back coverage of mold as an ensuing loss in Texas standard residential property policies to address availability and affordability problems related to an exponential rise in mold-related claims over the past two years.

Montemayor's November 28, 2001, order (91-1105) includes amendatory mandatory endorsements to the HO-A, HO-B, HO-C, HO-BT, HO-CT, HO-B-CON, HO-C-CON, TDP-1, TDP-2 and TDP-3 policies.

Companies may start using the revised policies as early as January 1, 2002, and must start using them no later than January 1, 2003. The full text of the order and the endorsements are available on TDI's Web site, www.tdi.state.tx.us.

Key provisions of the order:

- Limit automatic coverage of mold as an ensuing loss to the "reasonable and necessary repair or replacement of property covered under Coverage A (Dwelling) and/or Coverage B (Personal Property)." The cost of mold "remediation," including testing, treating, containing, decontaminating or disposing of mold beyond what is necessary to repair or replace property damaged by water, is not covered by the basic policy. Expenses for debris removal due to remediation and testing also are not covered.
- Specify that coverage of mold as an ensuing loss exists only when the covered discharge, leakage or overflow of water or steam is "sudden and accidental." The term "sudden and accidental" includes "a physical loss that is hidden or concealed for a period of time until it is detectable." An insured is obligated to report a previously hidden loss to his or her insurer within 30 days after the insured has detected or should have detected the loss.
- Require insurers to offer their customers a "buy-back" of full coverage of mold as an ensuing loss, including coverage for testing, treating, containment, decontamination and disposal. Coverage amounts must be offered in increments of 25 percent, 50 percent and 100 percent of Coverage A policy limits. The buy-

back offers must clearly show the additional premium for the additional mold coverage.

- Prohibit "stacking" of mold-related claims beyond coverage limits when a policyholder exercises the "buy back" privilege.
- Reword the general exclusion for mold, other than that covered as an ensuing loss, to exclude losses caused by or resulting from "mold, fungi or other microbes."
- Revise the residential property insurance statistical plan to gather data on the mold coverage buy-backs.

"This decision is a common-sense, middle ground approach," Montemayor said. "It gives Texans homeowners basic protection plus the ability to purchase additional coverage if they so choose. This decision protects consumer choice and insurance availability, and addresses insurance cost drivers to help keep policies affordable."

In eliminating automatic coverage of mold remediation, Montemayor attempted to reduce losses for expensive—and unregulated—procedures that have contributed to unexpected and dramatic premium increases.

Montemayor said he believed most Texans wanted to get "back to basics" in handling mold claims.

"The absence of an established body of science, coupled with insurance carriers not adjusting claims properly, has contributed to the current situation," Montemayor said. "My goal is to preserve as much protection as possible for homeowners while coming to grips with the excesses that have driven Texas to the brink of a crisis in the residential property insurance market."

After a company begins offering the new coverage, individual policyholders won't see the change until their policies come up for renewal.

The Commissioner will set benchmark rates for both the basic policy and the additional mold-related coverage in the next benchmark hearing cycle. Until then, rate-regulated insurers must file individual rates reflecting the changed coverage before using the new policies. Only about 5 percent

INSIDE

Revised WC Relativities Take Effect 2

New Licensing Requirements for Corporate Agents 3

2001 HMO Losses May Top \$500 Million 5

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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

FY 2001 Annual Report Available for Purchase

TDI's FISCAL YEAR 2001 Annual Report is now available on the Internet and in print.

To order printed copies, send a note requesting the report with a check for \$10.85 to Texas Department of Insurance, Distribution MC 9999, P.O. Box 149104, Austin, TX 78714-9104.

The report is available on TDI's Web site at www.tdi.state.tx.us/commish/annual01.html. The report can be viewed or downloaded in sections or printed from a browser as one or more Adobe pdf pages. ★

Carriers Reminded of Guaranteed Issue Rule

TDI HAS REMINDED Medicare supplement insurers of their obligation to provide guaranteed issue of certain Medigap policies to persons who lost Medicare+Choice coverage on January 1, 2002.

The Department's November 16, 2001, bulletin (B-0049-01) also reminded Medicare + Choice carriers of their responsibility to inform customers of their rights if the customers lose Medicare+Choice coverage because the carriers are leaving Texas or some of its counties.

"Additionally, it is essential that carriers prepare to handle anticipated increases in inquiries and/or applications," the bulletin said.

Many of the approximately 42,000 Texans losing Medicare+Choice coverage will return to original Medicare and may need Medicare supplement insurance. The bulletin notes that such persons have the right to guaranteed issue of Medigap plans A, B, C or F if they are 65 or older.

Beneficiaries under age 65 have the right to guaranteed issue of plan A from any carrier selling Medigap insurance in Texas. They also have a guaranteed issue right to plans B, C and F if the carrier offers these plans to Medicare beneficiaries under age 65.

Persons wishing to exercise their guaranteed issue rights must do so by March 4, 2002.

Carriers may address questions about compliance with state and federal law on this matter to TDI's Accident and Health Section at 512 322-3409 or HMO Compliance Section at 512 322-4266. ★

New WC Relativities Effective on January 1

WORKERS' COMPENSATION writers must use updated classification relativities on business with effective dates January 1, 2002, and later. Companies may use either TDI's newly adopted relativities or company-specific relativities filed with the Department.

Experience modifiers with effective dates on and after January 1 must be based on revised expected loss rates.

The relativities and expected loss rates may be downloaded from TDI's Web site, www.tdi.state.tx.us.

TDI issued a bulletin (B-0045-01) reminding the carriers to make certain required filings with TDI before writing or renewing workers' comp business in 2002. For companies with no change in their filed deviations, the required filings are the Notice of Carrier Intent and Certification, Schedule Rating Plan Information Sheet and Schedule Rating Plan, if applicable. The required forms can be downloaded from TDI's Web site.

Companies changing their filed deviations must make the same filings as those with no change, plus the additional filing forms and materials listed in the TDI publication, *Filings Made Easy*. The publication is available on TDI's Web site at www.tdi.state.tx.us/company/rspceasy.html.

Insurers that have not been writing workers' comp but are planning to write their first policies in 2002 must comply with instructions for rate changes contained in *Filings Made Easy*. The Notice of Carrier Intent and Certification and the Schedule Rating Plan Information Sheet and Certification are not required of these companies.

All companies are required to submit copies of their current schedule rating plans, if any. ★

Fraud Unit Prosecutions

Indictments

Pollaro, Joseph J., indicted in Sherman on felony charges of insurance fraud, theft and securing the execution of a document by deception.

Hurley, James, indicted in the U.S. District Court for the Northern District of Texas on charges of mail fraud and cashing forged checks.

Nash, Leroy James, indicted in McAllen on felony charges of misapplication of fiduciary property and theft.

Convictions

Hout, Jackie Joe, pleaded guilty in El Paso to theft, a state jail felony. Sentenced to 84 months' deferred adjudication and a \$1,000 fine and ordered to pay \$19,880 in restitution.

Chancellor, Paul Curtis, pleaded guilty in Dallas to insurance fraud, a third-degree felony. Sentenced to five years' deferred adjudication and a \$2,000 fine.

Love, Mary Louise, pleaded guilty in Conroe to insurance fraud, a state jail felony. Sentenced to five years' deferred adjudication, 120 hours of community service and a \$1,500 fine and ordered to pay \$2,063 in restitution.

Darner, Mark Allen, sentenced in U.S. District Court for the Northern District of Texas to five years in prison and three years probation and ordered to pay restitution of \$2,748,881. Darner previously pleaded guilty to conspiracy to commit mail fraud.

Data Call Reminders

(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 fourth quarter of 2001 are due by January 10, 2002. The forms may be downloaded from TDI's Web site located at <http://www.tdi.state.tx.us/company/indexpc.html>. 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 was mailed the end of December 2001 and is due January 15, 2002. The bulletin and forms may be downloaded from TDI's Web site located at <http://www.tdi.state.tx.us/company/indexpc.html>. 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 was mailed the end of December 2001 and is due January 15, 2002. The bulletin and forms may be downloaded from TDI's Web site located at <http://www.tdi.state.tx.us/company/indexpc.html>. TDI contact is Julie Jones, 512 475-3030. E-mail address: julie.jones@tdi.state.tx.us ★

TDI update

Provider Restitution Exceeds \$12 Million

THE SEVENTEEN insurers and HMOs in seven groups fined by TDI on September 6 for violating Texas' "clean claim" law have reported that they paid \$12,164,118 in restitution to physicians and providers.

Additional restitution reports are due from three entities that received extensions and from four Aetna companies and HMOs named in a consent order signed November 1 by Commissioner Jose Montemayor.

Insurers and HMOs cited in the September 6 orders submitted their restitution reports on November 20. They reported paying \$2,449,378 to 5,724 physicians and \$9,714,740 to 4,235 hospitals and other providers.

The orders required restitution on clean claims not paid within 45 days from receipt as required by law and on clean claims paid timely but not in the correct amounts.

As restitution, the payors are required to pay the contract penalty rate, billed charges (not in excess of "usual and customary," minus any amount previously paid, less any charge for non-covered services) or an amount agreed to by the physician/provider and the payor.

Because restitution reported by some carriers did not match previously reported unpaid claim amounts, TDI issued "reconciliation letters" requiring each carrier to explain the differences in detail. In addition, the Department is conducting market conduct examinations of four carriers whose restitution amounts were well short of the anticipated payments. ★

SENATE BILL 414 of the 2001 Legislature eased long-standing requirements that made it difficult to establish an incorporated insurance agency in Texas.

This article summarizes the new requirements that corporate agencies and partnerships must meet to become licensed in Texas.

License Applications

An application to license a corporate entity or partnership must identify all executive officers, directors or partners who administer the agency's operations in Texas and all partners or shareholders who are in control of the agency.

If another entity owns the agency, in whole or in part, the application must identify each individual executive officer, director and partner of that entity. In addition, the applicant must provide at least a chart showing the chain of individuals and entities that control the agency, up to the ultimate parent entity or individual.

The application must provide the name, title, Social Security number, date of birth and mailing address for each listed officer, director, partner or immediate controlling individual owner. TDI may request additional information on other individuals or entities in the chain of control.

The applicant must submit a complete and legible set of fingerprints for each listed individual officer, director, partner and controlling individual who is a Texas resident and has not already submitted a fingerprint card to TDI. The fingerprint requirement is waived for all non-resident executive officers, directors, partners and owners.

At least one officer or one active partner of the applicant must hold an individual agent's license from TDI.

Definition of Control

"Control" means the power to direct or cause the direction of the management and policies of a license holder, whether directly or indirectly. A person is considered to control:

- **A corporate agency** if the person, individually or acting with others, directly or indirectly holds or owns stock with the power to vote, or owns, controls or holds proxies representing, at least 10 percent of the voting stock or voting rights of the corporate license holder.
- **A partnership** if the person through a right to vote or through any other right or power exercises rights in the management, direction or conduct of the business of the partnership,

Agents' Corner

By **Matt Ray**, Deputy Commissioner, Licensing Division

including the ability to bind the assets of the partnership agency.

Non-resident applicants must meet the same requirements as Texas resident business entities.

Franchise Tax Certificate

An applicant required to pay Texas franchise taxes must provide a current Texas Franchise Tax Certificate of good standing obtained from the Texas State Comptroller of Public Accounts.

Formation Documents

To qualify for licensure as an insurance agency, a corporation or partnership must provide documentation that it is:

- Admitted to conduct business in this state by the Texas Secretary of State.
- Organized under the laws of Texas or any other state or territory of the United States and
- Authorized by its organizational documents to act as an insurance agent. The standard "all lawful businesses" clause as sufficient to meet this requirement. Partnerships without a written partnership agreement must provide a written agreement from all partners stating that they are in partnership for the purpose of being an insurance agent.

For the purposes of licensing, partnerships will be considered perpetual in nature. It is the responsibility of the partnership to inform TDI of any changes in its partners. If a dispute arises among partners as to the ownership of the partnership's license upon dissolution or reformation, TDI will consider the license as terminated by the partnership, and a new business entity license will be required.

Proof of Financial Responsibility

All applicants must provide one of the following:

- A current error and omissions (E&O) policy insuring the applicant for at least \$250,000, with a deductible of not more than 10 percent of policy limits, or
- A surety bond in the principal sum of \$25,000 payable to the Texas Department of Insurance. (Bond forms may be obtained from the TDI.) The bond must be signed by an individually licensed officer of a corporation or a licensed partner of a partnership. The bond also must be countersigned by a currently licensed agent of the surety company. A separate bond form must be provided for each license type.

A surplus lines agency applicant must also provide a surety bond executed in the amount of not less than \$50,000. ★

LegalNotes

State Appellate Court Rules on Unfair Discrimination

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

TEXAS INSURANCE CODE Article 21.21-8 prohibits an insurer from engaging in “unfair discrimination between individuals of the same class and of essentially the same hazard in the amount of premium, policy fees, or rates charged for any policy or contract of insurance or in the benefits payable... or in any other manner...” TEX. INS. CODE art. 21.21-8, §2. In September, the Austin Court of Appeals addressed the question of what constituted “unfair discrimination” as used in Article 21.21-8. For more information about this case, please consult the opinion of the court.

Cortez v. Progressive County Mutual Insurance Company

Progressive County Mutual Insurance Company (Progressive) established a variable commission program. Under this program, insurance agents for Progressive could choose the commission they received when they sold a policy. Commissions for new policies ranged from 7 percent to 15 percent. Commissions on renewed policies ranged from 5 percent to 12 percent. The premium paid by the policyholder depended in part on the commission selected by the agent. Progressive received the same amount, regardless of the commission.

In 1996, Antonio Cortez (Cortez) purchased an automobile insurance policy from Progressive through an insurance agency, Angel Insurance Group (Angel). Angel had selected a commission of 10 percent. In May 1997, Cortez sued Progressive alleging that Progressive’s variable commission program violated Article 21.21-8 of the *Texas Insurance Code*. Cortez alleged that Progressive’s program charged different rates to consumers with the same risk. He claimed that he

was entitled to recover the difference between the commission he paid and the lowest commission allowed.

In determining how to define “unfair discrimination” as used in Article 21.21-8, the trial court looked to Article 21.21-6. Article 21.2-6 defines unfair discrimination to include “charging an individual a different rate for the same coverage because of race, color, religion, or national origin;... age, gender, marital status, or geographic location;... disability or partial disability.” TEX. INS. CODE Art. 21.21-6, §3. The court determined that “unfair discrimination” as used in Article 21.21-8 should have the same meaning as “unfair discrimination” in Article 21.21-6.

Therefore, Cortez would have to prove that he had been discriminated against based on the classifications listed in Article 21.21-6 (race, color, religion, etc.) Cortez had not alleged or presented evidence of discrimination based on the classifications listed in Article 21.21-6. Therefore, the trial court found that there was no evidence that Cortez had been a victim of unfair discrimination under Article 21.21-8. As a result, the trial court ruled in favor of Progressive. Cortez appealed to the Austin Court of Appeals.

In addressing the definition of “unfair discrimination” in Article 21.21-8, the Austin Court of Appeals (the court) stated, “The meaning of a term in different sections of a statute must be considered in the different contexts in which the word is found in the separate sections.”

The court then compared the use of “unfair discrimination” in Article 21.21-8 with the use of “unfair discrimination” in Article 21.21-6. The

court said, “[W]hile Article 21.21-6 prohibits discrimination based on differential treatment of members of different classes, Article 21.21-8 prohibits discrimination based on differential treatment between individual members within the same class.” The court noted that “unfair discrimination” under Article 21.21-8 does not require “proof that the discrimination was based on a specific classification such as race, color, age, gender or disability.”

To further support its conclusion, the court looked to the brief filed by the Texas Department of Insurance. The court stated that “construction of a statute by the administrative agency charged with its enforcement is entitled to serious consideration, as long as the construction is reasonable and does not contradict the plain language of the statute.” After reviewing the Department’s arguments, the court stated, “The Department’s interpretation... supports our determination that unfair discrimination within the meaning of Article 21.21-8 is not defined by Article 21.21-6.”

The court therefore concluded that Article 21.21-8 prohibits discrimination between similarly situated insureds, regardless of whether they belong to a particular group or classification, such as those listed in Article 21.21-6 (race, color, religion, etc.) As a result, the court ruled that the trial court should decide whether Cortez was the victim of unfair discrimination under Article 21.21-8, as interpreted by the Court of Appeals. For more information about this case, please consult the opinion of the Court. *Cortez v. Progressive County Mutual Insurance Company*, 2001 WL 1044606 (Tex. App.—Austin 2001). ★

Mold... from page 1

of the homeowners insurance market is affected by benchmark rates. The rest is written by Lloyd’s companies and reciprocal exchanges, which are exempt by law from regulation of their property insurance rates.

Montemayor said that although he cannot mandate the rate differential between basic and full mold coverage for most homeowners policies, TDI will monitor rates carefully to make sure insurers treat their customers fairly.

Montemayor declined to approve the portion of a TDI staff proposal that would have capped basic

mold coverage at \$5,000 per year. Consumers and insurers alike criticized the proposed \$5,000 both in an October 16 hearing and in written comments.

Until two years ago, insurers received few mold-related claims. Since then, claims costs have soared, causing insurers to seek elimination of this coverage. Data call information from the three largest homeowners insurers showed mold-related claims rose sharply from 883 in the first quarter of 2000 to 5,722 in the second quarter of 2001. The cost of water claims with a mold component jumped from \$9.1 million in the first

quarter of 2000 to \$77.8 million in the second quarter of 2001.

Montemayor said he also will consider individual companies’ filings for alternative levels of mold coverage. A 1997 state law allows companies to file and the Commissioner to consider the companies’ own policy forms and endorsements.

Montemayor said he soon will appoint a task force to recommend “best practices” for the adjustment of mold claims.

The Texas House Committee on Insurance will examine mold-related issues as an interim study prior to the 2003 legislative session. ★

2001 Annual Report

SnapShot

TDI Researchers Seek Answers on Uninsured

Numbers and Types of Agents Licenses: FY2000–FY2001

AGENTS	FY2000	FY2001
Group I Life	114,787	120,088
Group II Life	31,427	28,460
Variable Contracts	35,527	40,233
*Local Recording	38,043	40,359
Solicitor	18,005	15,720
Insurance Service Rep	2,656	1,883
*Non-Resident Fire/Casualty	1,139	2,230
Managing General	4,384	2,602
Agricultural	321	296
Surplus Lines	2,818	3,312
Prepaid Legal	6,537	6,768
Total	255,644	261,951

* Licenses of non-resident agents who reside in states that have signed the Uniform Treatment Declaration and that grant full reciprocity to Texas agents were converted to Local Recording Agents in FY2000.

HMO Losses in 2001 May Exceed \$500 Million

BASIC SERVICE HMOs have reported after-tax net losses totaling \$207.2 million on their Texas business during the third quarter of 2001.

Unaudited third-quarter reports received by TDI in November indicated that only 11 of the 39 licensed basic service HMOs had an after-tax profit on Texas-only business. The HMOs lost, on average, \$16 per month for each enrollee during the third quarter—double their per member per month loss in 2000.

Year-to-date after-tax losses total \$387.2 million, and Commissioner Jose Montemayor said it is probable the HMOs will lose more than half a billion dollars in Texas again in 2001.

“This would indicate virtually no progress in stemming the flow of red ink since last year’s losses of \$562.2 million,” Montemayor said. “Losses since 1995 will exceed \$2 billion by the end of this year.”

Basic service HMOs have not had a profitable year in Texas since 1995. The last profitable quarter was the first quarter of 1996.

Montemayor noted that many HMOs are trying to bring their premiums up to levels that will cover costs and return a reasonable profit.

“Premium increases, though, generally take up to a year to be fully implemented for all of an HMO’s customers. I am hopeful that as the latest round of increases takes effect, the financial picture will improve for the basic service HMOs,” he said. “But premium increases, alone, are not the only solution to the continuing HMO losses. HMOs must also meet the challenges of effectively controlling their medical and administrative costs. Improvements are needed on both the revenue side and the expense side. It is critically important that this be done without compromising quality health care, timely processing of authorizations and prompt payment of claims.”

Meanwhile, enrollment in basic service HMOs continued to grow, from 3,723,830 members at the end of the second quarter to a reported 4,308,960 members on September 30.

The third-quarter reports indicated that single-service HMOs had after-tax net income totaling \$4,973,703 on Texas business. Their reported net income for the year to date was \$19,722,892. ★

ARMED WITH a \$1.4 million federal grant, eight TDI employees are conducting research to determine why millions of Texans have no health insurance and, ultimately, to find ways to reduce the ranks of the uninsured.

Twenty-one percent of Texans have no health insurance, well above the national average of 14 percent.

Texas was one of 20 states that received one-year state planning grants to produce comprehensive reports to the U.S. Health and Human Services on the best way to reduce the number of uninsured citizens.

Dianne Longley, State Planning Grant (SPG) project director, said the high cost of health insurance isn’t the only reason that millions of Texans are uninsured.

“Cost is definitely a primary factor, but we are trying to find out to what extent other factors come into play,” said Longley. She said a lot of people who theoretically ought to be able to afford health insurance live without it and there are others who have health insurance offered through their employers but elect not to accept it. Longley said language barriers and misconceptions concerning previous illnesses also play a significant role in the large number of uninsured.

SPG’s research has included:

- A survey mailed to 50,000 small Texas businesses. The response rate was an unusually high 26 percent.
- A telephone survey of uninsured families conducted under contract with SPG by the Texas A&M Public Policy Research Institute.
- Forty-five focus group sessions involving uninsured families and small businesses in 15 cities. Longley said the focus groups were specific about how TDI could help, requesting rate guides and more information about comparing health plans.

The SPG will hold a two-day statewide conference on January 31, 2002, to provide an open forum for all Texans to participate in the various policy options that are under development.

The SPG report is due March 31, 2002. It will include a summary of the research, detailed characteristics of the uninsured in Texas, information on the health care marketplace in Texas and proposals for providing affordable health insurance coverage. ★

RuleMaking

AUTOMOBILE

Exempt Filing

Mileage-Based Auto Rating

■ The Department has proposed to amend the *Texas Automobile Rules and Rating Manual* by adding Rule 82 and Endorsement 505 to provide for an optional mile-based rating plan that insurers may use with the Texas Personal Auto Policy. The proposed amendment would implement House Bill 45 of the 77th Legislature, codified as *Texas Insurance Code* Article 5.01-4.

Commissioner Jose Montemayor will hold a hearing on the proposed amendment at 9:30 a.m., January 22, 2002, in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

House Bill 45 and the proposed rules would establish a pilot project to test mile-based auto insurance rating as a way for some drivers to reduce their premiums. The mile-based rating option would expire on September 1, 2005, unless extended by the Legislature.

The amendment would authorize, but not require, insurance companies to offer mile-based rating through proposed Endorsement 505. A driver, for example, might buy coverage good for 3,000 miles. An insurer using a mile-based rating plan could, at any time, check a covered automobile's odometer or use some other method to monitor mileage. Coverage would expire when a car exceeded the specified mileage, but the policyholder could buy additional mileage during the current policy period.

Under the proposed rules, a policy would have both an expiration date and a specified number of miles for which the coverage would be in force for each covered automobile. The policy would be valid during the policy period shown on its Declarations page, and coverage would be in effect within the mileage specified for each covered auto. An insurer could require a customer to use the same rating plan—either time-based or mile-based—for all autos covered by a policy. If the policyholder has mileage left at the end of a policy period, the insurer could give either a refund of unearned premium or a credit toward the premium of the renewal policy.

The proposed rules would require insurance companies to file their mile-based rates annually for TDI's approval.

Projected publication date: December 21, 2001
Reference Number A-1201-21-I
Further information and copies: 512 463-6327

FINANCIAL

APA Proposals

Guaranty Association Audits

■ The Department has proposed new 28 TAC §§ 31.201–31.207 concerning audits of the guaranty associations established by *Texas Insurance Code* Articles 9.48 (Title), 21.28-C (Life, Accident, Health and Hospital Service) and 21.28-D (Property and Casualty). *Texas Insurance Code* Article 21.28 § 12(j) directs the Commissioner to adopt rules prescribing the audit coverage required for each guaranty association.

The rules would require each guaranty association to undergo an annual financial audit at the end of every calendar year. The rules would also provide for other audits, including compliance, economy, efficiency and effectiveness audits, in addition to any special audits as determined by the Commissioner. Such other audits would be conducted in accordance with an annual audit plan adopted by each association's board of directors, or as ordered by the Commissioner. The audited association would pay the costs of the audits authorized by the proposed rule.

Guaranty associations would be required to select independent certified public accountants by a competitive process to perform the required annual financial audits. The same CPA could not perform an association's audit for more than seven consecutive years. After seven years, there would have to be a two-year break before the CPA again could perform the association's audit.

Audit reports, along with any responses from the associations, would have to be filed with TDI within 30 days after they are received by the associations' boards of directors. An audit report would have to include a management letter containing the following items, as applicable:

- The criteria selected to measure effectiveness and efficiency.
- Internal controls.
- Compliance with state or federal laws.
- Conditions found by auditors and the effects of such conditions.
- Any recommendations for improving operations or program effectiveness.

An opinion on fair presentation of financial statements would be required if included within the scope of the audit. To the extent necessary, the report would include each of the following:

- An analysis of the overall performance of the association being audited.
- An analysis of the association's financial operations and condition.
- An analysis of receipts and expenditures made by the audited association.

Publication: 26TexReg9734, November 30, 2001
Earliest possible adoption: December 30, 2001
Further information: 512 463-6327

2001 Annual and Quarterly Statement Blanks

■ The Department has proposed amendments to 28 TAC § 7.71, concerning the requirements for filing annual and quarterly statements and other reporting forms for 2001. The amendments add updated 2001 forms to be filed with the 2001 annual statement due on or before March 1, 2002.

The proposed forms are substantially the same as those filed with the 2000 annual statements except for one new form called the "Texas Supplemental Form—Number of Persons Covered Under Texas Health Policies." This new form would require insurance companies and HMOs to report the number of lives in Texas covered under health indemnity plans, preferred provider health benefit plans or other health benefit plans as of December 31, 2001.

The other Texas forms are the Overhead Assessment Form; Analysis of Surplus; Supplemental Investment Income; Supplement for County Mutuals; Texas Supplemental A for County Mutuals; HMO Supplement 2001 Health Data; Annual Statement for Farm Mutuals; Annual Statement for Statewide Mutual Assessment Companies, Local Mutual Aid Associations, Mutual Aid Associations and Exempt Companies; Release of Contributions Form, 3½% Chamberlain Reserve Table, Reserve Summary, Inventory of Insurance in Force and Summary of Inventory of Insurance in Force; and the Annual Statement for Non-Profit Legal Service Corporations.

The proposed amendment deletes text or references that conflict with 28 TAC § 7.18 concerning the *NAIC Accounting Practices and Procedures* manual.

RuleMaking

Publication: 26TexReg10223, December 14, 2001
 Earliest possible adoption: January 13, 2002
 Further information: 512 463-6327

MEDICAL PROFESSIONAL LIABILITY

APA Adoption

"Best Practices" for Nursing Homes

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

The 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 (if used), infection control, burns and scalds and "elopement."

The rules 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 may 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 effort should include assessments to identify residents who may be susceptible to events in each exposure area, 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 may 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.

Projected publication date: December 21, 2001

Effective date: December 24, 2001

Further information: 512 463-6327

PRIVACY

APA Adoption

Privacy of Non-Public Personal Financial Information

■ Commissioner Jose Montemayor has adopted new 28 TAC §§ 22.1–22.26, concerning the privacy of non-public personal financial information provided by consumers to insurance companies and other covered entities regulated by TDI. A detailed explanation of the rules in a simple question-and-answer format is available on TDI's Web site at <http://www.tdi.state.tx.us/com-mish/privacy2.html#faqs>

The adopted rules replace emergency rules that became effective on July 12, 2001. The new rules implement Senate Bill 712 of the 77th (2001) Legislature and Title V of the federal Gramm-Leach-Bliley Act.

Applicability

The rules apply to "covered entities," defined as individuals or entities that receive an authorization from TDI, including any individual or entity described by *Texas Insurance Code* Section 82.002. For the sake of brevity and readability, this summary will refer to such an entity as a "company." The rules include exemptions for most transactions directly connected with claims processing and payment and other strictly insurance-related transactions.

Non-public personal financial information addressed by the rules consists of virtually any personally identifiable information, other than health information, that a covered entity collects about an individual. This may be information obtained from an individual's insurance application, as well as information collected as a result of claims submissions and other transactions. It also includes information obtained from consumer reporting agencies and by tracking people who have used the entity's Web site. It includes such things as income information, credit history, premium payment history, addresses and phone numbers. However, the rules make exceptions for information that is publicly available from sources such as phone books and non-confidential government records.

The privacy requirements apply only when a company wants to share information for a purpose that is not an integral part of conducting the business of insurance. Their purpose is to prevent the unauthorized sharing of personal information for purposes other than the purpose for which an individual originally provided the information.

The rules do not apply when a company needs to share information in order to conduct its ordinary business or to comply with another law. In addition, a company may share protected information with third parties, without regard to an opt out, for ordinary activities such as servicing accounts, adjusting claims and issuing policies. A company may share information with affiliated entities without regard to an opt-out. It also may share protected information without permission whenever there is a legal obligation to do so, as when reporting suspected fraud or responding to a TDI information request.

Continued on page 8

RuleMaking

A company marketing on its own behalf may use non-public personal financial information. However, if a consumer has opted out, this information cannot be shared for marketing on behalf of any non-affiliated party.

Notice Requirements

Key to the rules is a requirement that companies provide notices explaining their privacy policies. These notices must give *consumers* and *customers* of products or services that are primarily for personal, family or household purposes an opportunity to "opt out" of the sharing of protected information to non-affiliated third parties. An individual does not have the right to opt out of a company's sharing of financial information with an affiliate of the company. Privacy policy disclosure notices must be written so that they are conspicuous and can be read clearly. An opt out remains in effect unless and until the customer or consumer revokes it in writing. A person may cancel an opt-out electronically if he or she has agreed to conduct business with a company through the Internet or by e-mail.

Consumers and Customers

The rules distinguish between a company's duty to its *consumers* and its *customers* with respect to notification of its privacy policies.

Consumers A *consumer* is a person who seeks to obtain, is in the process of obtaining or has obtained a product or service from a company. For example, an individual who has submitted an insurance application is a *consumer* of the company to which he or she has applied, even if a policy is never issued.

There are also other individuals who are considered to be a company's consumers for purposes of the financial privacy requirements, even though they did not voluntarily become buyers of the company's product. These would include:

- a beneficiary of a life insurance policy underwritten by the company;
- a claimant under an insurance policy issued by the company;
- a worker's compensation claimant.

A company must give notice to a *consumer* only if it intends to disclose or share protected information to or with a non-affiliated third party. The notice must indicate the kind of information the company collects and its policy for maintaining and sharing information. The notice also must explain how the

consumer can opt out of any planned disclosure to a non-affiliated party.

Customers. A *customer* is a consumer with whom a company has an ongoing relationship. Issuing a policy to a consumer, for example, establishes an ongoing relationship, making the consumer a customer.

A company must provide its customers an initial privacy notice explaining the kind of information it collects about them and its policies for collecting, maintaining and, if applicable, sharing that information. In addition, a company must provide an annual notice as long as any customer relationship continues, even if the company does not share any information with non-affiliated third parties. However, simplified initial and annual notices are permitted if a company does not share protected financial information. If a company changes its privacy policy after issuing initial or annual notices, it must send revised notices to its customers.

Customer Notices

If a company plans to share protected financial information with any non-affiliated third party, it must tell its customers how to opt out of the planned disclosure. If an entity later adds to the categories of information that it intends to disclose, it must provide a revised notice and the opportunity to opt out as to that information as well.

Annual notices to customers must include:

- the categories of information the company collects about an individual;
- how the company protects the confidentiality and security of the information;
- the categories of information that the company discloses;
- the types of entities to which the company intends to give an individual's information (including affiliates and non-affiliated third parties);
- the categories of information and the entities with which the company intends to share information under a joint marketing agreement; and
- an explanation of the individual's right to opt out of any proposed disclosure to a non-affiliated third party and instructions on how to exercise the right to opt out.

The rules contain sample notice forms that a covered entity may use, provided that a form

accurately reflects the company's actual privacy policy.

In the case of group plans, the policy holder (who would be the employer in the case of an employer plan) receives the initial and annual notice rather than the individual group members, as long as the insurer does not plan to share the group members' financial information with non-affiliated third parties. However, if the company does plan to share such information, it must inform the group members first and give them a chance to opt out of the proposed disclosure.

Agents and Adjusters

Agents and adjusters who collect and disclose protected financial information only on behalf of a insurer generally do not have to comply with the notice and opt out requirements because compliance is the responsibility of the insurance company. However, an agent or adjuster who shares or intends to share such information with anyone other than the insurance company must provide separate notices and opt out opportunities.

In addition, if an agent, for a fee, provides other services to an individual such as financial, investment or economic advisory services relating to an insurance product, that individual becomes the agent's customer. In this case, the individual must receive all required notices about the agent's privacy policy and, if the agent plans to share information with any third party, the opportunity to opt out.

An independent agent who shares information with multiple insurance companies at the request of a client seeking the best price quote does not need to provide privacy notices to the client. It is the responsibility of each insurance company to comply with the notice requirements as to that client. The client is considered a consumer of each company, and if the client buys coverage from one of the companies, the client becomes the customer of that company. However, if the agent discloses or plans to disclose the client's non-public personal financial information to anyone other than the companies for any purpose other than the initial price quote, the agent must send the client all required notices and provide the client with the opportunity to opt out of the disclosure.

All numbers are in area code 512.

KEY TELEPHONE LIST

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	102-4S
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

Types&Totals – Entities Holding a Certificate of Authority in Texas

	NOVEMBER 30, 2001			OCTOBER 31, 2001			DECEMBER 31, 2000		
	TEXAS	FOREIGN	TOTAL	TEXAS	FOREIGN	TOTAL	TEXAS	FOREIGN	TOTAL
Stock Life Insurance Companies	134	548	682	133	548	681	136	549	685
Mutual Life Insurance Companies	3	44	47	3	44	47	3	54	57
Stipulated Premium Companies	41	0	41	42	0	42	42	0	42
Non-Profit Life Companies	0	1	1	0	1	1	0	1	1
Stock Fire Insurance Companies	1	4	5	1	4	5	1	4	5
Stock Fire & Casualty Companies	106	675	781	105	675	780	107	668	775
Mutual Fire & Casualty Companies	7	59	66	7	59	66	7	59	66
Stock Casualty Companies	7	118	125	7	116	123	8	115	123
Mexican Casualty Companies	0	9	9	0	9	9	0	9	9
Lloyds	68	0	68	68	0	68	68	0	68
Reciprocals Exchanges	11	16	27	11	16	27	11	16	27
Fraternal Benefit Societies	10	26	36	10	26	36	10	26	36
Title Insurance Companies	4	22	26	4	22	26	4	21	25
Non-Profit Legal Services Corps.	2	0	2	2	0	2	2	0	2
Health Maintenance Organizations	57	3	60	57	3	60	60	3	63
Risk Retention Groups	1	0	1	1	0	1	1	0	1
Third Party Administrators	296	427	723	297	424	721	294	421	715
Joint Underwriting Associations	0	6	6	0	6	6	0	6	6
Multiple Employer Welfare Assoc.	6	4	10	6	4	10	6	4	10
Continuing Care Retirement	19	2	21	19	2	21	18	2	20
Total	773	1964	2737	773	1959	2732	778	1958	2736
Statewide Mutual Assessment Life, Accident and Health Companies	1	0	1	1	0	1	1	0	1
Local Mutual Aid Associations	5	0	5	5	0	5	5	0	5
Local Mutual Burials Associations	2	0	2	2	0	2	2	0	2
Exempt Associations	10	0	10	10	0	10	10	0	10
Non-Profit Hospital Service Corps.	5	0	5	5	0	5	3	0	3
County Mutual Fire Companies	24	0	24	24	0	24	24	0	24
Farm Mutual Fire Companies	17	0	17	17	0	17	18	0	18
Total	64	0	64	64	0	64	63	0	63
Grand Total	837	1964	2801	837	1959	2796	841	1958	2799

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
	Cargile, James Clinton	Richardson	Cease-and-Desist Order	Consent Order; Alleged Payment of Commissions to Unlicensed Persons	01-1099	11/21/01
	Gray, Chester Lee	Dallas	Life, Accident, Health and HMO and General Property and Casualty Insurance Agent's Licenses Revoked	Fraudulent and Dishonest Acts; Material Misrepresentation of Terms of Insurance Policy	01-1058	11/8/01
	Hernandez, Jaime Maldonado	Houston	\$1,200 Fine and Probated Suspension of General Property and Casualty Insurance Agent's License	Illegally Withholding Money Belonging to an Insurer	01-1057	11/8/01
	Hernandez, Yolanda	Plainview	Funeral Prearrangement Life Agent's License Revoked	Material Misstatement on License Application	01-1032	10/31/01
	Ledbetter, Charles E. III	San Antonio	Life, Accident, Health and HMO and General Property and Casualty Insurance Agent's Licenses Revoked	Misappropriation or Conversion; Illegally Withheld Money Belonging to an Insured or Insurer	01-1068	11/15/01
	Moore, Dennis H.	Wylie	Restitution Totaling \$305,182 and Revocation of General Property and Casualty Insurance Agent's License	Misappropriation and Conversion; Fraudulent and Dishonest Acts or Practices	01-1072	11/15/01
	Olague, Cynthia	San Antonio	\$2,800 Fine	Unfair or Deceptive Act or Practice	01-1069	11/15/01

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
	Rico, Johnny Trevino	Corpus Christi	\$3,500 Fine, Restitution of \$684 and Probated Suspension of Life, Health, Accident and HMO License and Life Only Under \$15,000 License	Rebating; Misappropriation or Illegally Withholding of Money Belonging to an Insurer or an Insured	01-1100	11/21/01
	Wolaver, Tracy Jo	Jefferson	Escrow Officer's License Revoked	Misappropriation or Conversion	01-1030	10/30/01
COMPANIES	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
	Aetna Life Insurance Co. Aetna U.S. Healthcare Inc. Aetna U. S. Healthcare of North Texas Inc. Prudential Health Care Plan Inc.	Hartford CT Houston Dallas Houston	Fines Totaling \$1.15 Million, Plus Restitution	Consent Order; Alleged Violations of Law Requiring Prompt Payment to Physicians and Providers	01-1037	11/1/01
	Bancinsure Inc.	Oklahoma City	\$3,000 Fine	Failure to Respond to TDI Inquiry	01-1114	11/28/01
	Coregis Insurance Co.	Overland Park KS	\$5,000 Fine and Restitution of \$17,783 and Interest	Failure to Refund Workers' Compensation Maintenance Tax Surcharges as Required	01-1056	11/8/01
	Methodist Care Inc.	Houston	\$2,500 Fine	Affiliate Transactions without TDI Approval	01-1093	11/20/01
	Old American County Mutual Fire Insurance Co.	Dallas	\$30,000 Fine	Advertising Violations, Misrepresentation, Payment of Commissions to Unlicensed Entity	01-1118	11/29/01
	Pacific Employers Insurance Co.	Philadelphia PA	\$3,000 Fine	Failure to File Auto Insurance Experience Rating Data	01-1095	11/20/01
	State Farm Fire & Casualty Co.	Bloomington IL	\$10,000 Payment to Offset Cost of TDI Investigation, Re-opening Claims, and Restitution where Appropriate	Denial of Certain Foundation Claims under the Texas Dwelling Policy	01-1047	11/6/01
	Sumitomo Marine and Fire Insurance Co. Ltd. (U. S. Branch)	Warren NJ	\$3,000 Fine	Failure to Respond to TDI Inquiry	01-1113	11/28/01
	TIG Insurance Company of Texas	Irving	\$3,000 Fine	Failure to File Auto Insurance Experience Rating Data	01-1098	11/21/01
	Universal Acceptance	Grand Prairie	\$3,000 Fine	Failure to File Annual Operations Report and to Pay Assessment Fee by Statutory Deadlines	01-1048	11/6/01
OTHER	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
	San Antonio Police Officers Association	San Antonio	Cease-and-Desist Order	Unauthorized Insurance	01-1115	11/28/01

Company Licensing Applications Pending

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Addison Insurance Co.	Fire & Casualty	Lombard, IL
Citizens Fire Insurance Co.	Fire & Casualty	Louisville, KY
Mutual Savings Life Insurance Co.	Life	Decatur, AL
National Title Insurance of New York Inc.	Title	Santa Barbara, CA
Savage & Associates Inc.	Life, Accident & Health	Toledo, OH
Sun Surety Insurance Co.	Fire & Casualty	Rapid City, SD
USA Services Group Inc.	TPA	Ft. Lauderdale, FL

For incorporation

COMPANY NAME	LINE	HOME OFFICE
Citifinancial Administrative Services Inc.	TPA	Fort Worth, TX
Financial Benefits Group Inc.	TPA	Round Rock, TX

Continued on next page.

Company Licensing

Applications Pending

For incorporation

COMPANY NAME	LINE	HOME OFFICE
MHS Behavioral Health of Texas Inc.	HMO	Austin, TX
Stonington Lloyds Insurance Co.	Fire & Casualty	Dallas, TX

For name change in Texas

FROM	TO	LINE	LOCATION
American Spirit Insurance Co.	Great American Spirit Insurance Co.	Fire & Casualty	Indianapolis, IN
Atlantic Alliance Fidelity and Surety Co.	The Guarantee Company of North America USA	Fire & Casualty	Mt. Laurel, NJ
Cedar Hill Assurance Co.	Aardwolf Reinsurance Co.	Fire & Casualty	Austin, TX
CGU Insurance Co.	Onebeacon Insurance Co.	Fire & Casualty	Philadelphia, PA
CGU Insurance Company of New Jersey	The Comden Fire Insurance Association	Fire & Casualty	Mount Laurel, NJ
Commercial Union Insurance Co.	Onebeacon America Insurance Co.	Fire & Casualty	Boston, MA
Eagle American Insurance Co.	Great American Security Insurance Co.	Fire & Casualty	Indianapolis, IN
General Accident Insurance Co.	Pennsylvania General Insurance Co.	Fire & Casualty	Philadelphia, PA
Lifemark Health Plan of Texas, LLC	Evercare of Texas, L.L.C.	HMO	Houston, TX
Seven Hills Insurance Co.	Alea North America Insurance Co.	Fire & Casualty	New York, NY

Applications Approved

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Ace Guaranty Re Inc.	Casualty	Baltimore, MD
Davis Vision Inc.	TPA	Plainview, NY
Family Health America, L.C.	TPA	Wichita, KS
Healthcare Assurance Corporation	TPA	Knoxville, TN
Medical Mutual Services, LLC, <i>dba</i> Antares Management Solutions	TPA	Westlake, OH
Nippinkoa Insurance Company of America (Domestication from the KOA Fire & Marine Insurance Co., LTD (U.S. Branch), Tokyo, Japan	Fire & Casualty	New York, NY
Pillar Insurance Co., assumed name of Service Insurance Co.	Fire & Casualty	Bradenton, FL
Universal Bonding Insurance Co.	Casualty	Lyndhurst, NJ

For incorporation

COMPANY NAME	LINE	HOME OFFICE
Pacific Specialty Lloyds	Fire & Casualty	Austin, TX

For name change in Texas

FROM	TO	LINE	LOCATION
Bankers and Farmers Life Insurance Co.	First Command Life Insurance Co.	Life	Fort Worth, TX
Forestview Mortgage Insurance Co.	Allstate Fire and Casualty Insurance Co.	Casualty	Northbrook, IL
Great Lakes Life & Health Insurance Co.	Renaissance Life & Health Insurance Co.	Life	Indianapolis, IN
Guidone Casualty Insurance Co.	Equity Insurance Co.	Fire & Casualty	Waco, TX
Healthsource Insurance Co.	Berkshire Life Insurance Company of America	Life	Pittsfield, MA
Life Reassurance Corporation of America	Swiss Re Life & Health America Inc.	Life	Stamford, CT
Nobel Insurance Co.	Stonington Insurance Co.	Fire & Casualty	Dallas, TX
Vesta Lloyds Insurance Co.	Texas Select Lloyds Insurance Co.	Fire & Casualty	San Antonio, TX



Texas Department of Insurance

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