



Texas Insurance News

REGULATORY NEWS PUBLISHED BY THE TEXAS DEPARTMENT OF INSURANCE

TDI Issues "Suggested Practices" for Handling Water and Mold Claims

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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.

TDI HAS PUBLISHED a list of "suggested practices" for improving the handling of water damage claims against residential property policies and for reducing the chances that mold will develop as a result of a water discharge.

The Department developed the suggested practices for both insurers and consumers with input from the Advisory Task Force for Mold-Related Claims that Commissioner Jose Montemayor appointed in January.

The text of the suggested practices is available on TDI's Web site at <http://www.tdi.state.tx.us/consumer/moldpub.html>. TDI also has issued the suggested practices in printed form.

In publishing the suggested practices, TDI stated that they are not mandatory for insurers and do not amend existing state laws or insurance contract provisions. Where time frames are suggested, they do not alter or amend *Texas Insurance Code* Article 21.55, which sets forth statutory timelines for processing claims.

Insurers' Suggested Practices

The suggested practices for insurers include making contact with the policyholder within 24 hours or one business day after receiving notice of the claim and having a company representative at the home within 24 to 72 hours.

"Take into consideration the severity of the potential claim and strive to have a representative on site within 24 hours," the publication advises.

Other suggested practices for insurers include:

- Provide the insured with an estimated timetable for the claims process to help the insured understand the next steps and to establish expectations for both parties.
- Provide the insured with the name and contact information of a company representative and advise that multiple individuals may be involved with the investigation and processing of the claim. Ensure that one company representative is overseeing the claim and is available to answer the insured's questions.
- Determine if the claim is covered and provide an initial damage estimate within seven to 14

days after the company representative's initial on-site visit. Inform the insured that this estimate is subject to change. Within the same timeframe, provide the insured with a written statement confirming or denying coverage.

- Return all phone calls within 24 hours.

Improving Claim Practices

The new publication also contains suggestions for improving the overall process of handling water damage claims, including those where mold may be an issue.

It is appropriate, the publication says, for insurers to identify and eliminate bottlenecks in the claim process and to establish a 24-hour information system where insureds can get immediate information and advice when they have water damage.

Insurers also are encouraged to:

- Develop standard procedures, based on the suggested practices, for all potential water damage claims.
- Create a specialized unit to handle potential mold damage claims, including specialized training for adjusters and additional staff to handle the increased claims workload.
- Provide information and guidance to insureds on how to protect their property from further damage.
- Promptly respond to inquiries and concerns from insureds and keep a record of all communications in the claim activity record, including the time when calls were received, the nature of the calls and when the calls were returned.
- Identify a range of reasonable costs and standards for water damage, mold remediation and repair. Periodically review the methods used to assess repair and replacement costs to assure they are current and accurate.

Mold Remediation Contractors

The publication also deals with situations where mold remediation may be needed. It advises obtaining a contractor's references and proof of education in mold remediation and related areas

NewsBriefs

LTC Insurers Reminded of July 1 Requirements

LONG-TERM CARE POLICIES issued on or after July 1, 2002, must meet new requirements contained in recently adopted TDI rule changes. The requirements include contingent nonforfeiture benefits and disclosure of past rate increases.

Deputy Commissioner Ana Smith-Daley of the Life/Health Division issued a bulletin (B-0020-02) on April 15, 2002, reminding LTC insurers of the new rules, codified as 28 TAC §§ 3.3801–3.3844. The full text of the bulletin is available on TDI's Web site, www.tdi.state.tx.us.

The requirements outlined in the bulletin are:

- LTC policy forms and certificates issued on or after July 1 must contain a provision on contingent nonforfeiture benefits. All previously approved policy forms and certificates to be issued after that date must be revised if they do not contain the contingent nonforfeiture provision.
- The terms "level premium" and "noncancellable" may be used only when the insurer has no right to make any change in any provision of the insurance or in the premium rate.
- Insurers must disclose their history of long-term care rate increases, either on a form prescribed by TDI and available on the Department's Web site or on their own forms that present the information in the order required by the new rules.
- Rates must comply with the rating requirements outlined in 28 TAC § 3.3831(b) rather than with the loss ratio requirements outlined in 28 TAC § 3.3831(a). Insurers must review their rates and provide an actuarial certification or memorandum.

A summary of the new rules appeared in the February 2002 issue of **TexasInsuranceNews**. ★

Building Code Saving Homeowners Money

TEXANS WHOSE NEW HOMES on the Gulf Coast meet windstorm building code specifications are saving more than 30 percent on their windstorm/hail insurance premiums.

The savings come from mandatory discounts on Texas Windstorm Insurance Association (TWIA) policies covering homes constructed to meet the *Building Code for Windstorm Resistant Construction*. Since the code became effective Sept. 1, 1998, approximately 3,500 homeowners have realized premium savings of \$512,866.

Premium discounts of 24 percent to 32 percent are offered on homes built from the coastal waters to 25 miles inland. The average discount last year was 30.8 percent. ★

"Potential" Clean Claim Elements Not Authorized

TDI's LEGAL AND COMPLIANCE Division has warned HMOs and health insurers that the use of "potential" clean claim elements violates Texas' clean claim rules and could subject carriers to enforcement action.

Senior Associate Commissioner Sara Waitt of Legal Compliance issued the warning in an April 2, 2002, bulletin. The bulletin, B-0012-02, is available on TDI's Web site, www.tdi.state.tx.us.

Waitt said some health carriers have issued notices purporting to list information that a carrier may require as additional clean claim elements or attachments. Carriers issuing these notices are classifying claims as deficient if a "potential" element or attachment is not included.

Under 28 TAC §§ 21.2804, 21.2805 and 21.2806, carriers may require additional clean claim elements or attachments only after providing notice to physicians and providers specifically identifying the contents of those elements or attachments.

"A list of 'potential' elements and attachments is not appropriate and fails to satisfy the specificity required by the rules," Waitt said. ★

Insurers Must Explain HO Coverage Changes

COMMISSIONER JOSE MONTEMAYOR has reminded insurers and agents of their responsibility to fully explain coverage and premium changes when selling or renewing homeowners and other residential property policies.

"Because the homeowners insurance market currently is transitioning from standardized, promulgated policy forms to individually filed policies, it is critical that insurers inform policyholders about changes and reductions in coverage so that such policy terms are fully and clearly represented to them," Montemayor said in Bulletin B-0017-02, issued April 11, 2002.

For example, an insurer proposing to replace HO-B with HO-A policies must include full written explanations of the coverage differences, he said.

"Additionally, insurers must provide premium costs for all available mold, water damage and

foundation coverage options," the Commissioner's bulletin said.

Montemayor also said that when an insurer offers a renewal policy that does not provide "like and similar coverage" to an expiring policy, it must provide a proper 30-day non-renewal notice. Insurers also must comply with *Texas Insurance Code* Article 21.49-2E and provide, upon request, a written explanation of the reasons for non-renewing a customer's existing policy. ★

Fraud Unit Prosecutions

Indictments

Coffman, Glenda P., indicted in Galveston on charges of insurance fraud, a state jail felony.

Fountain, Sharon, indicted in Dallas on charges of insurance fraud, a state jail felony.

Case Dispositions

Giron, Tracy Akin, sentenced in Houston to 96 months in prison and ordered to pay \$107,202 restitution for theft, a first-degree felony.

Simmons, David, sentenced in Denton to six years in prison for arson, a second-degree felony. ★

Data Call Reminders

Call for Quarterly Experience

The Call for First Quarter 2002 Experience is due May 15, 2002. The bulletin and forms may be downloaded from TDI's web site at <http://www.tdi.state.tx.us/company/indexpc.html>. TDI contact is Julie Jones, **512 475-3030**. E-mail address: julie.jonestdi.state.tx.us

Call for Quarterly Experience, Workers' Compensation Deductible Plans

The Call for First Quarter 2002 Experience is due May 15, 2002. The bulletin and forms may be downloaded from TDI's web site 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

Texas Title Insurance Agent Statistical Report

The call was issued April 16, 2002 and is due May 27, 2002, for hard copy reports and June 10, 2002, for electronic submissions. 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 Data Services, **512 475-1878**. E-mail address: TitleCall@tdi.state.tx.us ★

TDI update

HMOs' 2001 Losses Exceed \$460 Million

UNAUDITED ANNUAL STATEMENTS filed with TDI indicate that basic service HMOs lost \$466.5 million after taxes on their Texas-only business in 2001.

It was the sixth consecutive money-losing year for the Texas HMO industry, which last saw profitability in 1995. The 2000 industrywide loss on Texas business was \$562.2 million.

Of the 37 basic service HMOs, only 16 turned a profit in Texas last year. Meanwhile, year-end enrollment in basic service HMOs grew from 3,937,228 in 2000 to 4,289,010 in 2001.

Single service HMOs continued to do well in 2001, posting after-tax net income totaling \$26.9 million.

Commissioner Jose Montemayor noted some unique conditions that may have contributed to the severe industrywide loss in 2001.

"Last year, several of the largest HMOs were still completing major transitions in their business models, such as mergers, that cost immense amounts of money," he said. "Another negative factor was the collapse of certain entities to which HMOs had delegated various functions."

Montemayor said he saw some reason to hope for improvement in 2002.

"More and more HMOs with inadequate rates are establishing the required reserves and taking steps to bring rates into line with costs," he said. "In addition, TDI intends to implement new requirements designed to head off financial difficulties with delegated entities. These requirements should make actual costs of operation more transparent and thereby enable the HMOs to adjust sooner to cover those expenses." ★

EnforcementActions

Farmers Agrees to Refund Excess Surcharges

FARMERS INSURANCE GROUP has agreed to refund about \$15 million to customers whose auto policies were surcharged longer than the required three years after the customers had at-fault accidents.

The April 15, 2002, consent order signed by Commissioner Jose Montemayor and Farmers officials requires full restitution amounting to \$10.6 million, plus 10 percent interest per year, for overcharges dating back to 1991. Farmers, which self-reported the infraction, also will pay a \$100,000 fine.

The order cites Farmers records showing 261,884 instances of policyholders surcharged longer than three years for accidents between 1991 and 2001, the year when Farmers completed implementation of an automated system for removing surcharges.

All present or former Farmers policyholders for whom there is a record of an overcharge will be mailed checks and explanatory letters by June 1. By May 15, Farmers must provide a database that individuals can consult to see if they are eligible for restitution.

Farmers reported to TDI in August 2000 that it had overcharged thousands of drivers by leaving surcharges on their premiums for longer than the three years required by Texas rules. The consent order recites that Farmers' manual system for removing driving record surcharges did not remove all surcharges as they expired.

Farmers sells auto insurance in Texas through three companies: Mid-Century Insurance Co. of Texas, Texas Farmers Insurance Co. and Farmers Texas County Mutual Insurance Co. ★

13 Insurers Fined for Prompt Pay Violations

COMMISSIONER JOSE MONTEMAYOR has signed consent orders in which 13 additional health insurers agreed to pay \$2,775,000 in fines, plus restitution, for failing to pay physicians' and providers' within the time set by the Texas "clean claims" law.

In anticipation of the April 1, 2002, orders, most of the 13 companies already had made restitution payments totaling more than \$7 million. The remaining restitution payments are due by May 31, 2002.

Fines levied against the 13 carriers and the restitution they had paid through March are shown below.

Montemayor said negotiations are continuing with several more insurers.

All of the actions against the insurers followed Montemayor's appointment of Senior Associate Commissioner Audrey Selden in April 2001 as prompt payment ombudsman. Selden and other TDI staff analyzed complaint data and clean claims payment information from carriers to identify serious violations that required corrective action.

Thus far, 35 insurers have paid at least \$33 million in restitution and agreed to \$13.1 million in fines. Montemayor signed consent orders with 17 insurers and HMOs in September and with five more on November 1, 2001. In all cases, the companies agreed to the fines and restitution without admitting any violation of Texas laws and regulations. ★

COMPANY	FINE	RESTITUTION PAID THROUGH MARCH
Amil International Insurance Co. Inc.	\$150,000	\$46,542.62
Central Reserve Life Insurance Co.	\$550,000 for Group	\$261,513.22
Continental General Insurance Co.		\$81,211.70
Provident American Life and Health Insurance Co.		(included above)
Provident Indemnity Life Insurance Co.		(included above)
Conseco Medical Insurance Co.	\$250,000	\$1,070,609.15
Guardian Life Insurance Co.	\$325,000	\$1,070,555.00
Metropolitan Life Insurance Co.	\$575,000 for Group	\$676,928.00
New England Life Insurance Co.		0
Pacific Life and Annuity Co.	\$250,000	\$3,239,579.00
Principal Life Insurance Co.	\$250,000	\$454,855.74
Protective Life Insurance Co.	\$125,000	\$27,780.01
Trustmark Insurance Co.	\$300,000	\$295,675.61
Total	\$2,775,000	\$7,225,250.05

RuleMaking

ADMINISTRATION

APA Proposal Forms Privacy Notice

■ The Department has proposed new 28 TAC §§ 1.2801–1.2803 concerning a standardized notice concerning an individual's rights with respect to information the Department has collected about him or her. The rule would implement House Bill 1922 of the 77th Texas Legislature, codified in *Texas Government Code* Chapter 559.

The new law requires state agencies that use forms to collect information about individuals to prominently state on those forms the right of those individuals to obtain such information about themselves and to seek correction of inaccuracies.

TDI proposes to notify its customers of this right by incorporating the following notice into all forms adopted by rule that are used to obtain information about individuals:

Notice About Certain Information Laws and Practices

With few exceptions, you are entitled to be informed about the information that the Texas Department of Insurance (TDI) collects about you. Under sections 552.021 and 552.023 of the Texas Government Code, you have a right to review or receive copies of information about yourself, including private information. However, TDI may withhold information for reasons other than to protect your right to privacy. Under section 559.004 of the Texas Government Code, you are entitled to request that TDI correct information that TDI has about you that is incorrect. For more information about the procedure and costs for obtaining information from TDI or about the procedure for correcting information kept by TDI, please contact the Agency Counsel Section of TDI's Legal & Compliance Division at (512) 475-1757 or visit the Corrections Procedure section of TDI's web page at www.tdi.state.tx.us.

Publication: 27TexReg2737, April 5, 2002
Earliest possible adoption: May 5, 2002
Further information: 512 463-6327

FINANCIAL

APA Adoptions Insurance Holding Company Regulations

■ Commissioner Jose Montemayor has amended 28 TAC §§ 7.201–7.205 and 7.209–7.213, concerning administrative regulation under the Insurance Holding Company System Regulatory Act (*Texas Insurance Code* Article 21.49-1). The amendments are intended to implement provisions of Senate Bill 605 of the 77th Legislature, improve administrative efficiency and promote compliance.

Substantive changes include:

- Affiliate transactions involving participation in investment pools by property and casualty insurers must be reported to and reviewed by TDI. Investment activities of an investment pool and transactions between pools and participants must be reported on Form Bs submitted to TDI.
- Proposed contracts, agreements or memoranda of understanding with affiliates must provide for settlement within 90 days.
- Form As must include affirmative statements of compliance with 28 *Texas Administrative Code* Chapter 22, concerning privacy, by both the applicant and the domestic insurer. If an applicant proposes to change the domestic insurer's privacy policy, it must describe the changes in detail.
- Form As must include fingerprint cards for an individual applicant or, in the case of an applicant other than an individual, the entity's board chairman, chief executive officer, president, chief financial officer, treasurer and controller. Each fingerprint card must include the full name, address, telephone number and fax number of the law enforcement agency or agent testing center that conducted the fingerprinting and the name of the individual who actually took the fingerprints.

TDI considers the fingerprinting requirement necessary to facilitate background checks through the FBI and the Texas Department of Public Safety. A similar fingerprinting requirement has been in effect for agent license applicants since 1996.

According to the preamble to the rule, "Background checks will provide another tool for the Department, in its efforts to protect policyholders by identifying persons who have a criminal background, so that the Department

can consider the potential for problems such as illegal use of company funds, non-compliance with federal statutes and fitness and competency of management. Additionally, the requirement for background checks is consistent with other states whose statutes or regulations require fingerprints."

Projected publication date: April 26, 2002
Effective date: May 5, 2002
Further information: 512 463-6327

Guaranty Association Audits

■ Commissioner Jose Montemayor has adopted 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 new rules require all three guaranty associations to undergo financial audits at the end of each calendar year. The rules also authorize other audits, including compliance audits, economy and efficiency audits and effectiveness audits. In addition, the Commissioner may order special audits as necessary. Guaranty association boards of directors must annually adopt an audit plan and file it with TDI. An audited association must pay the costs of the audits authorized by the rule.

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

An audit report must be filed with TDI within 30 days after an association's board of directors receives it. Any response to an audit report by an association's board of directors must be submitted to the Commissioner no later than the board's next meeting. An audit report must 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.

RuleMaking

TITLE

APA Adoption

Revision of Title Manual Rules

- Commissioner Jose Montemayor has amended 28 TAC §§ 9.1 and 9.401, adopting by reference certain changes to the *Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas* and to the Texas Title Insurance Statistical Plan. The changes are described below, by category.

Streamline mortgage lending by allowing lenders to efficiently and economically close and package real estate loans for resale in the secondary market

Item 2000-1—New First Loss Endorsement (Form T-14), which will be available for mortgagee policies and will typically be used in large commercial transactions. A lender may make a claim on its policy, without having to first foreclose on its lien, if appraisals show there has been a diminution in value of at least 10 percent.

Item 2000-2—New Last Dollar Endorsement (Form T-15), available for mortgagee policies. Normally, policy limits are reduced as the principle is paid down. With this endorsement, loan payments will be applied first against the value of any personal property or non-Texas realty securing the loan and will not reduce the policy limits unless and until the loan amount secured by those other properties has been paid down completely.

Item 2000-3—New Mortgagee Policy Aggregation Endorsement (Form T-16). When a loan is secured by land in multiple states, this endorsement will allow any claim on any piece of property to be paid out of the aggregate coverage from all the title policies involved. Coverage will be reduced dollar for dollar.

Item 2000-4—New Planned Unit Development Endorsement (Form T-17). This endorsement for mortgagee policies will give expanded coverage for restrictions, assessments, rights of first refusal, and forcible removal of structures. Planned unit developments are organized in a way that facilitates the search or due diligence required in underwriting such risks.

Item 2000-5—Amendment to Procedural Rule P-9, Endorsement of Owner or Mortgagee Policies, to authorize the use of the endorsements named in the four items listed above.

- 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: 27TexReg2508, March 29, 2002

Effective date: April 3, 2002

Further information: 512 463-6327

Insurer Notice to HMOs

- Commissioner Jose Montemayor has amended 28 TAC § 11.204(15)(A), concerning the notice that an insurer must provide to an HMO and to TDI before terminating or reducing the coverage provided to the HMO under a reinsurance agreement or any other agreement covering excess of loss, stop-loss and/or catastrophes.

The amendment corrects the reference to the *Texas Insurance Code* article that prescribes such notice. The correct citation is Article 20A.05(a)(4)(C).

Publication: 27TexReg3191, April 12, 2002

Effective date: April 17, 2002

Further information: 512 463-6425

MEDICARE SUPPLEMENT INSURANCE

APA Adoptions

Minimum Standards

for "Medigap" Policies

- Commissioner Jose Montemayor has adopted amendments to 28 TAC §§ 3.3306, 3.3308 and 3.3312 concerning minimum benefit standards for Medicare supplement ("Medigap") policies and guaranteed issue of such policies to eligible beneficiaries. Among other things, the amendments implement changes in applicable federal laws and subsequent amendments to the NAIC model regulation on Medicare supplement insurance.

Substantive changes do the following:

- Require Medigap policies and certificates to include provisions that allow benefits and premiums to be suspended at the request of

the consumer for any period that may be provided by federal regulations.

- Clarify that the copayment amount for hospital outpatient services paid under the prospective payment system is a basic core benefit.
- Provide greater protection by delaying the start of the guaranteed issue period to the later of the date when coverage ends or the date when an individual receives a coverage termination notice. If the individual does not receive a termination notice, the guaranteed issue period begins on the date when the individual receives notice that a claim was denied because coverage was terminated.
- Explain the guaranteed issue rights of individuals whose enrollment in Medicare+Choice, PACE and Medicare Select is terminated involuntarily within the first 12 months in one of those plans.
- Reflect the change in the name of the federal agency that administers Medicare from the Health Care Financing Administration to the Centers for Medicare and Medicaid Services.

Publication: 27TexReg2498, March 29, 2002

Effective date: April 4, 2002

Further information: 512-463-6327

Mandatory Benefit Notice Requirements

- Commissioner Jose Montemayor has adopted amendments to 28 TAC § 21.2107 requiring notification of an eligible beneficiary's right to guaranteed issue of a Medicare supplement policy following termination of coverage, under certain circumstances, within their first 12 months as members of a Medicare+Choice, PACE or Medicare Select plan.

The amendments implement changes in the applicable federal laws and subsequent amendments to the NAIC model regulation on Medicare supplement insurance.

Individuals who lose coverage through circumstances such as contract terminations are entitled to notice of their guaranteed issue rights when they are notified that their coverage will end. Individuals who cease enrollment for any other reason are entitled to such a notice issued within 10 days after the entity providing coverage receives notification of disenrollment.

Publication: 27TexReg2507, March 29, 2002

Effective date: April 4, 2002

Further information: 512-463-6327

RuleMaking

Item 2000-6—New Restrictions, Encroachments, Minerals Endorsement (Form T-19). The endorsement covers losses arising from building setback line violations and other restrictions that establish easements, provide an option to purchase, extend a right of first refusal or prior approval of a future purchaser or occupant, or grant a right of reentry, possibility of reverter or right of forfeiture because of violations of enforceable covenants, conditions or restrictions. The endorsement also covers damage to existing buildings located or encroaching upon any portion of the land in certain situations involving the exercise of mineral rights.

Item 2000-7—New procedural rule (P-50) for the Restrictions, Encroachments, Minerals Endorsement proposed in Item 2000-6.

Item 2000-8—New Texas Short Form Residential Mortgagee Policy of Title Insurance (T-2R) and Addendum (T-2R Addendum). This will streamline policy delivery by giving the insured a checklist for selecting various endorsements and by making the language more consistent with American Land Title Association forms.

Implementation of short form checklist proposal

Item 2000-9—Amendment to Procedural Rule P-1 to make reference to direct operations and the proposed Texas Short Form Residential Mortgagee Policy.

Item 2000-10—New procedural rule P-51 to implement the proposed Texas Short Form Residential Mortgagee Policy.

Item 2000-11—Amendment to Schedules A and B of the Commitment for Title Insurance (Form T-7) to reference application of the proposed Texas Short Form Residential Mortgagee Policy.

Electronic commerce

Item 2000-12—Amendment to Procedural Rule P-17, Electronically Produced Endorsement Forms. The amendment will enable title companies to electronically produce forms and endorsements and allow for electronic signatures while preserving safeguards for document retention and audit.

Limited liability companies and partnerships

Item 2000-13—Amendment to paragraph 1 of the Conditions and Stipulations of the Texas Owner Policy of Title Insurance (Form T-1) to add limited liability companies and limited liability partnerships to the definition of

insureds. Such companies were not authorized in Texas when the form was last revised.

American Land Title Association form language

Three items amended existing leasehold endorsements to incorporate the language of recent revisions to the American Land Title Association forms, including changes in the definition of valuation of an estate:

Item 2000-14—Amendment to Leasehold Owner Policy Endorsement (Form T-4).

Item 2000-15—Amendment to Residential Leasehold Endorsement (Form T-4R).

Item 2000-16—Amendment to Leasehold Mortgagee Policy Endorsement (Form T-5), which should allow more flexibility in calculating damages in an eviction.

Current survey requirements

The following two items are amendments regarding the use of surveys:

Item 2000-18—Amendment to Procedural Rule P-2, Amendment to Exception to Area and Boundaries.

Item 2000-19—Amendment to Commitment for Title Insurance (Form T-7).

Senate Bill 1707 of the 77th Legislature added *Texas Insurance Code* Article 9.07C, which allows the use of a survey of any age if it is acceptable to the underwriter and an affidavit is provided that verifies the existing survey. Items 2000-18 and 2000-19 implement this legislation and make conforming amendments to the title commitment form.

Extension of title insurance to manufactured housing

The following three items are intended to allow consumers to obtain title insurance on manufactured housing characterized as real property pursuant to recent legislative changes:

Item 2000-B—Supplemental Coverage Manufactured Housing Unit Endorsement (Form T-31.1).

Item 2000-C—Amendment to Procedural Rule 9.b.(7) to implement the adoption of the proposed Supplemental Coverage Manufactured Housing Unit Endorsement (Form T-31.1).

Item 2000-D—Amendment to Procedural Rule 9.a. to implement the adoption of the proposed Supplemental Coverage Manufactured Housing Unit Endorsement (Form T-31.1).

The title rule changes also include six amendments that correct typographical errors, update minimum escrow requirements, clarify the good funds rule, revise the title insurance statistical plan and establish document retention rules.

Publication: 27TexReg2499, March 29, 2002

Effective date: April 4, 2002

Further information: 512 463-6327

TRADE PRACTICES

APA Proposal Mandatory Notice of Coverage of Certain Tests

■ Commissioner Jose Montemayor has adopted amendments to 28 TAC §§ 21.2101–21.2103, 21.2105 and 21.2106 concerning mandatory notice of coverage for certain tests for the detection of colorectal cancer. The amendments implement provisions of Senate Bill 1467, codified as *Texas Insurance Code* Article 21.53S.

The notice is required when carriers issue health benefit plans that provide coverage and/or benefits for screening medical procedures. Small employer plans, specified disease and hospital indemnity plans are exempt from the requirement.

Required language of the notice includes a statement that under the health plan,

Benefits are provided for each person enrolled in the plan who is 50 years of age or older and at normal risk for developing colon cancer, for expenses incurred in conducting a medically recognized screening examination for the detection of colorectal cancer. Benefits include the covered person's choice of:

- (a) *a fecal occult blood test performed annually and a flexible sigmoidoscopy performed every five years, or*
- (b) *a colonoscopy performed every 10 years.*

The notice also must include carrier contact information for covered persons with questions about the mandated benefit.

Carriers may deliver the required notice with other plan documents rather than in a separate mailing.

Publication: 27TexReg 2506, March 29, 2002

Effective date: April 2, 2002

Further information: 512 463-6327 ★

Agents Warned Against Selling Bogus Health Plans

COMMISSIONER JOSE MONTEMAYOR has warned agents that they risk license revocation, felony prosecution and personal financial liability if they sell health care plans offered by unlicensed and unauthorized insurers.

Montemayor issued a bulletin spelling out the dangers of unlicensed and unauthorized insurers and describing the subterfuges commonly used by them in recruiting agents to sell their health care plans. The bulletin went to all Texas licensed insurance companies, which were told to distribute it to all agents appointed to represent them.

Several unauthorized health plans shut down recently by TDI had recruited licensed agents to market their products to unsuspecting employers, including school districts. Several more plans are under investigation.

Montemayor's bulletin (B-0009-02) said selling such plans "not only jeopardizes the security and health of Texas consumers but also subjects agents to disciplinary action, which can include suspension or revocation of their licenses, restitution and monetary penalties."

"The solicitation or sale of unauthorized insurance also subjects agents to other serious consequences, including personal liability for unpaid claims and losses," Montemayor said. The Commissioner also pointed out that an agent who solicits or sells unauthorized insurance also may be subject to criminal prosecution. Engaging in unauthorized insurance is a third-degree felony in Texas.

He emphasized that each agent is responsible for diligently investigating an insurance entity before agreeing to represent it.

Agents can verify whether insurance entities recruiting them are licensed by calling TDI toll-free at 1-800-252-3439. Company profiles of all licensed companies and eligible surplus lines carriers also are available on TDI's Web site, www.tdi.state.tx.us. Agents and others with information about unlicensed health coverage plans should contact TDI's Fraud Unit at **1-888-327-8818**.

Montemayor's bulletin lists some circumstances and product characteristics that should prompt agents to closely scrutinize a health plan before marketing it. These include:

- The product operates like insurance but claims that it is not, or claims it is only providing "benefits," and not insurance.
- Agents are asked to avoid using certain insurance terminology, even though the plan oper-



ates like insurance. For example, individuals selling the product may be instructed to refer to commissions as "consultant fees" or to refer to premiums as "contributions." The individuals selling the product are referred to as "labor consultants" or "business agents" who "enroll" or "negotiate" with potential members.

- Agents have no commission schedule or fixed commission rate(s). For example, the entity informs individuals selling the product to deter-

mine commission rates based upon the customer's ability to pay.

- Agents are asked to market and sell an "ERISA" plan or "union" plan. The coverage provided by legitimate single-employer ERISA plans "arises from the employer/employee relationship and is not marketed or sold by insurance agents," the bulletin notes.
- The product claims to be "fully-funded," "fully insured" or "reinsured" but agents are not told the name of the carrier insuring or underwriting the product.
- Agents are instructed to market and sell the plan to both individuals and employers who are required to join and pay dues to a trade, occupational or consumer "association," solely to obtain health coverage. Also, the enrollees do not control or sponsor the activities of the association, or are not given association by-laws or voting rights.
- Agents are asked to market and sell an "employee leasing" arrangement. For example, agents are instructed to enroll individuals and groups into a "professional employer organization" or "PEO" which provides self-funded health coverage. However, the PEO is not licensed by the Texas Department of Licensing and Regulation as a staff leasing services company or does not pay the wages of the enrollees.
- The product accepts and covers individuals or groups with pre-existing conditions, even though the individuals and groups have no creditable coverage.
- The product advertises unusually low premiums and/or unusually generous benefits, low (or no) minimum requirements for participation, and loose (or no) underwriting guidelines. ★

Ajax Unauthorized Health Plan Ordered to Cease and Desist

FOR THE FOURTH TIME in 12 months, Commissioner Jose Montemayor has taken action to stop an unauthorized entity from selling health insurance in Texas.

Montemayor issued a cease-and-desist order on March 26, 2002, to Ajax Health Benefit Plan (AHBP), Ajax Enterprises, Inc. (AEI) and Justin Michael Sciarra, owner and president of both companies, which are located in Audubon, New Jersey. Montemayor also fined the two companies and Sciarra \$1 million each.

"Once again we have uncovered a health care plan that has left some Texas residents with un-

paid claims and losses," said Montemayor. "The people who offer fraudulent health care plans are going to find out the hard way that ripping off Texans can prove costly."

AHBP, AEI and Sciarra began selling health care coverage in Texas in September 2000. They claimed to be a health care plan established and operated in accordance with the Employee Retirement Income Security Act of 1974 or ERISA. Approximately 250 Texas residents were enrolled in the plans that terminated Jan. 31, 2001.

Enrollees in the AHBP plan were required to become "employees" of AEI, a purported staff leas-

ing company. However, the enrollees neither worked for AEI, nor were they paid wages by AEI.

AHBP, AEI and Sciarra did not respond to TDI's certified letter notifying them of the allegations against them.

Previous actions against unauthorized health plans, dating back to March 2001, have been cease-and-desist orders against SAI Plus and Employers Mutual LLC and litigation placing American Benefit Plans in receivership. ★

LegalNotes

State Appellate Court Rules on Duty to Defend

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

THE FIRST COURT OF APPEALS in Houston recently ruled on an insurer's duty under a general liability policy to defend an insured in a lawsuit. For more information about this case, please consult the opinion of the court.

Westchester Fire Insurance Company v. Gulf Coast Rod, Reel & Gun Club

In 1996, several neighboring landowners sued the Gulf Coast Rod, Reel and Gun Club (the Club). The landowners alleged that, beginning in 1954, the Club had participated in dredging the Rollover Pass Fish Cut (the Cut) on the Bolivar Peninsula in Galveston County. The Cut was allegedly dredged to improve fishing for the Club.

The landowners alleged that the Cut caused increased exposure to water currents that resulted in increased erosion. As a result, the landowners alleged, the Club was negligent in "dredging, maintaining and operating the Cut." The landowners also alleged that the Club was negligent because **1)** the Club did not inform the landowners that their property was exposed to erosion; **2)** the Club did not determine the effect of the Cut; **3)** the Club did not change the Cut after it knew about the erosion; **4)** the Club created a dangerous condition for the landowners; and, **5)** the Club's actions caused unnatural erosion.

The Club maintained a comprehensive general liability insurance policy with the Westchester Fire Insurance Co. (Westchester). Under this policy, Westchester agreed to "pay on behalf of the insured [the Club] all sums which the insured shall become legally obligated to pay as damages because of... property damage to which this insurance applies, caused by an occurrence, and the company shall have the right and duty to defend any suit against the insured seeking damages on account of such... property damage, even if any of the allegations of the suit are groundless, false, or fraudulent."

The policy defined an "occurrence" as "an accident, including continuous or repeated exposure to conditions, which results in bodily injury or property damage neither expected nor intended from the standpoint of the insured."

The Club filed a claim on the policy and asked Westchester to defend the Club in the lawsuit filed by the landowners. Westchester denied the claim and refused to provide a defense. The Club sued Westchester. The trial court ruled in favor of the

Club. Westchester appealed to the 1st District Court of Appeals in Houston.

The Court of Appeals (the court) stated that "[a]n insurer's duty to defend is triggered when the allegations in the plaintiff's pleadings raise a potential for coverage under the policy." The court went on to state, "The insurer bears the burden of proving that the allegations contained in the underlying plaintiff's petition are excluded from coverage, and any doubt is resolved in favor of the insured."

Westchester argued that the act of dredging the Cut was an intentional act that was not considered an "occurrence" under the policy. The court pointed to the landowners' allegation that the Cut had altered the water currents and that the water currents caused erosion of the landowners' property. The court found that the "occurrence" was the repeated exposure to water currents, not the act of dredging the Cut. The court stated that there was nothing in the landowners' lawsuit suggesting that the Club intended to cause erosion. Therefore, the court determined that the landowners' lawsuit alleged an "occurrence" under the policy.

Westchester then pointed to the landowners' allegation that the Club had known about the erosion since at least 1976. Westchester argued that there was no coverage because the insurance policy was first issued in 1978. The court acknowledged that "an insured cannot insure against something that has already begun and that is known to have begun."

However, upon further review, the court found that the landowners' allegations were inconsistent. The court noted that although the landowners alleged that the Club had known about the erosion since 1976, the landowners also alleged that the Club was negligent in not determining the consequences of dredging the Cut. The court stated, "In light of these conflicting allegations, and giving the pleadings a liberal interpretation, we must resolve any doubts regarding coverage in the favor of the insured."

The court determined that Westchester was obligated to provide a defense for the Club in the lawsuit filed by the landowners. For more information about this case, please consult the opinion of the Court. *Westchester Fire Insurance Company v. Gulf Coast Rod, Reel & Gun Club*, 2001 WL 1632300 (Tex. App.-Houston [1st Dist.] 2001).

★

"Suggested Practices" ...

from page 1

as well as written operating procedures and the type of insurance the contractor carries.

"Be aware of possible conflicts of interest in companies providing multiple services, such as testing, water extraction and build-back," the suggested practices say.

The publication suggests having a strategy to diligently monitor the remediation and repair processes to ensure that work is progressing and is completed in a timely fashion.

Additional Living Expenses

The "suggested practices" include these factors to consider in determining whether additional living expenses (ALE) should be paid:

- Is there significant structural damage making the home unlivable?
- What are the results of a thorough inspection, following guidelines such as those provided on the Texas Department of Health's Web site? For example, is there heavy mold growth surrounding the window in a bedroom, or is the mold growth in a light traffic area such as a garage?
- Do any members of the household have health symptoms consistent with mold? Have they consulted a physician? Is there a time relationship between the symptoms and the mold infestation, or could the symptoms be linked to another potential cause such as acquiring a new pet?
- Do the symptoms persist after the affected person leaves the home?
- Is there an unexplained strong musty smell or visible mold?

The publication says it is appropriate for insurers to determine within 10 to 14 days after receiving a claim whether ALE is payable and to provide an advance ALE payment within 24 hours after determining there is a need.

Preventing Mold

Consumer tips in the publication include take immediate action to stop a water discharge, notify one's insurer, begin drying the area, remove water-soaked materials and protect repairable and undamaged items from further damage.

"Since molds require moisture to grow and can begin growing within 24 to 48 hours of a water event, stopping the flow of water and drying out materials reduces your exposure to potential mold growth... Your policy gives you the ability to protect your property from further damage without jeopardizing your coverage," the publication says. ★

All numbers are in area code 512.

KEY TELEPHONE LIST

DIVISION	NAME	PHONE	MAIL CODE
Commissioner of Insurance	Jose Montemayor	463-6468	113-1C
Executive Deputy Commissioner	Karina Casari	463-6464	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	Albert Betts, Jr.	305-7249	113-1C
Information Services (Data Processing)–Director	Andy Robinson	463-0819	102-IS
Legal & Compliance –Senior Associate Commissioner	Sara Shiplet Waitt	463-6119	110-1A
Insurance Fraud Program –Associate Commissioner	John Watson	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 RRGs/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		463-6500	111-1A
Complaints Resolution, Property & Casualty	Valerie Brown	463-6500	111-1A
Advertising Unit	Jack Evins	475-1949	111-2A
State Fire Marshal	G. Mike Davis	305-7900	112-FM

Disciplinary Actions

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

AGENTS & AGENCIES	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
	Anderson, James Alton, <i>dba</i> Texas American Agency and Seniors Security Services	Arlington	\$3,000 Fine and Cease-and-Desist Order	Lead Card Violations	02-0223	3/12/02
	Brooks, Larry Alan	San Antonio	\$1,000 Fine	Signed Insurance Forms for an Applicant	02-0257	3/20/02
	Farrell, Charles Gene	Tyler and Whitehouse	County Mutual and Life Insurance Under \$15,000 Agent's Licenses Revoked; Restitution of \$17,393	Misappropriation and Conversion	02-0226	3/12/02
	LaBarre, Tony Cal	Missouri City	\$7,500 Fine and Two- Year Probated Suspension of General Life, Accident, Health and HMO Agent's License and Pre-Paid Legal Services License, and \$6,000 Restitution	Consent Order	02-0266	3/21/02
	Layman, Melvin Ray	Grand Prairie	Group I, Local Recording Agent, HMO Agent, Multiple Line and Variable Contract Agent Licenses Revoked	Dishonest Practices	02-0150	2/14/02
	Santillan, Jorge Alberto	San Antonio	General Life, Accident, Health and HMO Agent's License Revoked	Failure to Pay Fine Previously Assessed for Material Misstatement on License Applications	02-0225	3/12/02
	Wisner, Gregory	Dallas	General Life, Accident, Health and HMO Agent's License and General Property and Casualty Agent's License Revoked	Misappropriation or Conversion; Fraudulent and Dishonest Acts or Practices	02-0260	3/20/02
	Wright, John Ronald	Tyler	\$200 Fine	Failure to Meet Continuing Education Requirements	02-0258	3/20/02
COMPANIES						
	Commercial Casualty Insurance Co.	Las Vegas, NV	\$5,000 Fine	Late Payment of Workers' Compensation Maintenance Tax Surcharge Refunds; Late Filing of Reports to TDI	02-0269	3/22/02
	Fireman's Fund Insurance Co.	Novato, CA	\$5,000 Fine	Failure to Provide Auto Experience Rating Data	02-0265	3/21/02
	General Casualty Company of Wisconsin	Sun Prairie, WI	\$3,000 Fine	Late Payment of Workers' Compensation Maintenance Tax Surcharge Refunds; Late Filing of Reports to TDI	02-0284	3/28/02
	Horizons Insurance Group Inc.	Dallas	\$2,000 Fine	Consent Order; Alleged Advertising Violation	02-0194	3/4/02
	Providence Washington Insurance Co.	Providence, RI	\$2,000 Fine	Late Payment of Workers' Compensation Maintenance Tax Surcharge Refunds; Late Filing of Reports to TDI	02-0270	3/22/02
	Regent Insurance Co.	Sun Prairie, WI	\$3,000 Fine	Late Payment of Workers' Compensation Maintenance Tax Surcharge Refunds; Late Filing of Reports to TDI	02-0285	3/28/02
	Star Insurance Co.	Southfield, MI	\$3,000 Fine	Late Payment of Workers' Compensation Maintenance Tax Surcharge Refunds; Late Filing of Reports to TDI	02-0271	3/22/02
	VHP Dental Inc.	Austin	\$10,000 Fine	Quality of Care Violations Found in Triennial Examination	02-0277	3/26/02
	Virginia Surety Co., Inc.	Chicago, IL	\$10,000 Fine	Late Payment of Workers' Compensation Maintenance Tax Surcharge Refunds; Late Filing of Reports to TDI	02-0278	3/26/02

Company Licensing

Applications Pending

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Eldorado Claims Services Inc.	TPA	Phoenix, AZ
Forté Information Services Inc.	TPA	Riverside, CA

For incorporation

COMPANY NAME	LINE	HOME OFFICE
Freeman Administrative Solutions Inc.	TPA	Addison, TX
Germania Select Insurance Co.	Fire and/or Casualty	Brenham, TX
Health Plan Administrators, Inc. (doing business under the assumed name of HP Management Services	TPA	San Antonio, TX
Insurors Indemnity Lloyds	Fire & Casualty	Waco, TX
MDRX Inc.	TPA	Austin, TX

For name change in Texas

FROM	TO	LINE	LOCATION
Aetna Insurance Company of America	ING Insurance Company of America	Life, Accident and/or Health	Tampa, FL
Aetna U.S. Healthcare Dental Plan Inc.	Aetna Dental Inc.	HMO	Houston, TX
Aetna U.S. Healthcare Inc.	Aetna Health Inc.	HMO	Houston, TX
Methodist Care Inc.	Unicare Health Plans of Texas, Inc.	HMO	Houston, TX
Aetna U.S. Healthcare of North Texas Inc.	Aetna Health of North Texas Inc.	HMO	Dallas, TX
Foundation Health Systems Life & Health Insurance Co.	Health Net Life Insurance Co.	Life, Accident and/or Health	Woodland Hills, CA
Methodist Health Insurance Co.	Unicare Health Insurance Company of Texas	Life, Accident and/or Health	Houston, TX
Painewebber Life Insurance Co.	UBS Painewebber Life Insurance Co.	Life, Accident and/or Health	San Francisco, CA
Sorema North America Reinsurance Co.	General Security National Insurance Co.	Fire and/or Casualty	New York, NY

Applications Approved

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Addison Insurance Co.	Fire & Casualty	Lombard, IL
America First Insurance Co.	Fire & Casualty	Keene, NH
Citizens Fire Insurance Co. doing business under the assumed name Citizens Insurance Co.	Fire	Louisville, KY
Premier Access Insurance Co.	Life	Sacramento, CA
Roche Surety and Casualty Co. Inc.	Casualty	Tampa, FL

For incorporation

COMPANY NAME	LINE	HOME OFFICE
Baker Benefits Administrators, Inc.	TPA	Corpus Christi, TX
Homesite Lloyd's of Texas	Fire & Casualty	Austin, TX

For name change in Texas

FROM	TO	LINE	LOCATION
American General Annuity Insurance Co.	AIG Annuity Insurance Co.	Life	Amarillo, TX
American Psych Systems Inc.	APS Health Care Bethesda, Inc.	TPA	Des Moines, IA
American Surety and Casualty Co.	Encompass Indemnity Co.	Fire & Casualty	Petersburg, FL
Atlantic Alliance Fidelity and Surety Co.	Guarantee Company of North America USA, The	Casualty	Mt. Laurel, NJ
Commercial Union Insurance Co.	Onebeacon America Insurance Co.	Fire & Casualty	Boston, MA
Green Tree Insurance Co., The Philadelphia, PA	The Aires Insurance Co.	Fire & Casualty	Miami, FL
Gulf Atlantic Insurance Co.	Lion Insurance Co.	Casualty	Tallahassee, FL

Certain Agents Must Take Exams by May 31

DEPUTY COMMISSIONER MATT RAY of the Licensing Division has notified certain categories of agents that their licenses will expire on May 31 unless they take and pass a required examination by that date.

Ray sent reminder letters to the individual agents in April. TDI previously communicated the same information to insurers and agents in Commissioner's Bulletin B-0034-01 on August 28, 2001. The requirement, established by House Bill 414 of the 77th Legislature in 2001, affects approximately 2,300 agents.

Agents who received a license listed below on or after January 1, 2001, must pass the examination for the new license type no later than May 31, 2002. If an agent does not pass the examination by that date, the license will expire on May 31, 2002.

Ray's notice to agents included the following tabular explanation of the requirement:

Ray advised individuals holding the County Mutual Agent and Life Insurance Not Exceeding \$15,000 Agent licenses to contact their appointing insurance companies for assistance in scheduling examinations.

TDI has contracted with Experior Assessments LLC (Experior) to administer the Limited Lines Agent exam on behalf of the Department. Experior has testing centers in 16 Texas cities and in other states. Agents may schedule examinations with Experior by calling 1-800-697-6838 or registering on-line at www.experioronline.com.

Agents may verify their licenses on-line by going to the "Occupational and Professional Licenses" section of www.texasonline.com, or to www.texasonline.state.tx.us/NASApp/tdi/TdiARManager. ★

BETWEEN JANUARY 1, 2001 AND SEPTEMBER 1, 2001, IF YOU WERE ISSUED A LICENSE FOR...	WHICH IS NOW CALLED LICENSE TYPE...	YOU MUST, BY MAY 31, 2002, TAKE AN EXAM ADMINISTERED BY...
Stipulated Premium Life Under \$15,000 (02-91)	Life Insurance Not Exceeding \$15,000 Agent	an insurance company.
County Mutual (02-06)	County Mutual Agent	an insurance company.
Credit Insurance (02-05)	Limited Lines Agent	Experior Assessments, LLC.
Ticket Agent Selling Accident and Health (02-07)	Limited Lines Agent	Experior Assessments, LLC.
Job Protection (02-10)	Limited Lines Agent	Experior Assessments, LLC.
Agricultural Agent (03-00)	Limited Lines Agent	Experior Assessments, LLC.



Texas Department of Insurance
 P.O. Box 149104
 Austin, Texas 78714-9104

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