



Texas Insurance News

Regulatory News Published by the Texas Department of Insurance Agreement Ends Dispute with Farmers

INSIDE

TAIPA Seeks 49.9 Percent Rate Increase 2

Tesseyman Indicted in Fraud Unit Case 3

FAIR Plan's Operating Plan OK'd 4

Texas Insurance News

is published each month. For a one-year subscription (12 issues), contact TDI's Publications Division at:

Texas Department of Insurance
Texas Insurance News/MC-9999
P.O.Box 149104
Austin, TX 78714-9104

Enclose a check for \$30 made out to the Texas Department of Insurance.

If you have questions about subscribing, call Publications at (512) 322-4283.

Direct questions or suggestions about content to (512) 463-6425 or write:

Texas Insurance News, MC-113-1A,
P.O.Box 149104
Austin, TX 78714-9104

The staff that prepares this newsletter has no role in proposing, drafting, editing, or approving TDI rules or policies or interpreting statutes. Texas Insurance News should not be construed to represent the policy, endorsement or opinion of the Commissioner of Insurance or the Texas Department of Insurance.

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, THE OFFICE OF the Attorney General and Farmers Insurance Group reached an agreement on November 30, 2002, that concluded the state's lawsuit and administrative enforcement actions against Farmers for alleged unfair homeowners insurance rating practices.

As a result of the agreement, Texas consumers will receive \$100 million in combined savings and restitution, and Farmers will continue selling homeowners insurance policies in Texas.

"This agreement is good news for consumers and will have a positive impact on the Texas homeowners market," said Commissioner Jose Montemayor. "Farmers Insurance has a long standing relationship with Texas and I am happy that they will continue to play a vital role in the Texas insurance market."

In August, former Attorney General John Cornyn sued Farmers for violations of Texas Insurance Code Articles 21.21, 21.21-6 and 21.21-8 and the state's Deceptive Trade Practices Act. The lawsuit alleged discrimination against some groups of

home owners. In addition, TDI initiated two enforcement actions, including a cease-and-desist order, requiring Farmers to halt certain pricing practices deemed to be unfair to consumers. In November, a temporary standstill agreement was negotiated that allowed Farmers to continue doing business in Texas while negotiations continued.

"TDI, the Attorney General's Office, and representatives from Farmers Insurance have been working diligently over the past few weeks to find a solution to allow Farmers to continue selling homeowners policies and for Texas law to be satisfied. Our agreement accomplishes both goals to the benefit of Farmers policyholders, Farmers agents and all Texas consumers," Montemayor said. "I believe that this agreement will begin a new, positive relationship between TDI and Farmers Insurance."

The settlement is the largest P&C settlement in Texas history.

Terms of the settlement are summarized in the table below:

Prospective Consumer Relief: effective January 1, 2003	Value
<ul style="list-style-type: none"> • Rate reduction of 6.8 percent effective until September 1, 2003. • Adjusted discounts for credit score and age of home; move to indicated discounts and freeze upper discount range at 47 percent for credit score and 40 percent for age of home. • Territory relativities adjusted with TDI approval. • Homeowners and auto credit scoring disclosures acceptable to the Attorney General. 	\$35,000,000
Restitution to Consumers	
<ul style="list-style-type: none"> • Refund or premium credit for overcharges due to unfunded catastrophe load and management fee for policies written from December 28, 2001, through November 10, 2002; payable at end of policy period by premium credit on renewal statement; premium refund due within 45 days if policyholder does not renew with Farmers. • Refund or premium credit for overcharges due to improper credit score or age-of-home discounts and territory relativities for policies written beginning December 28, 2001; payable at end of policy period by premium credit on renewal statement; premium refund due within 45 days if policyholder does not renew with Farmers. • Refunds for incorrect credit scores and payment of credit reports, for homeowner and auto customers whose credit scores were incorrect due to errors on credit reports, which they were unable to correct due to inadequate notice by Farmers; funds to be transferred to an escrow account for stated purpose, to be supplemented by Farmers if necessary. Also includes reimbursement for state's investigative and attorneys' fees. 	\$35,000,000 *\$25,000,000 \$5,000,000+
Total: \$100,000,000+	

* If necessary refunds are less than stipulated amount, balance is payable to the state's General Revenue Fund.

NewsBriefs

TWIA's Home Rates Left at 2002 Levels

COMMISSIONER JOSE MONTEMAYOR has denied the Texas Windstorm Insurance Association's request for a 10 percent increase in its residential rates while approving a 10 percent increase in rates for coverage of commercial risks. The new commercial rates took effect January 1.

TWIA is the state's residual market for wind and hail coverage in the 14 Texas coastal counties and portions of Harris County on Galveston Bay. TWIA currently insures more than 80,000 residential and 28,000 commercial structures. ★

TDI Issues Bulletin on Vehicle Protection Plans

TDI HAS NOTIFIED insurers that issue policies backing vehicle protection products that they must comply with certain requirements, including a clear statement of the insurance company's coverage obligations.

Associate Commissioner Marilyn Hamilton of the Property and Casualty Program issued the notification as Commissioner's Bulletin B-0067-02. The bulletin is available on TDI's Web site, www.tdi.state.tx.us.

Senate Bill 714, the "Vehicle Protection Product Regulatory Act" passed in 2001 by the 77th Legislature, requires warrantors of such products to establish financial security in one of two ways. One is to obtain a reimbursement insurance policy from an admitted carrier or an eligible surplus lines company.

Hamilton's bulletin reminds carriers that:

- Each reimbursement insurance policy must contain prescribed language obligating the insurer to pay covered amounts for which the warrantor is legally obligated to pay or to provide service the vehicle warrantor is legally obligated to perform under products issued or sold to consumers by the warrantor. The policy also must obligate the insurer to pay money or provide service directly to the consumer if the warrantor fails to perform within 60 days after receiving a proof of loss from the consumer.
- Insurers must provide at least 10 days' notice before cancelling a reimbursement insurance policy.
- Admitted carriers must file their policy forms, rules and rates with TDI. Forms and endorsements are subject to prior approval. Rates and rules are file and use. ★

Hearing Set on Proposed TAIPA Rate Increases

COMMISSIONER JOSE MONTEMAYOR will hold a January 9, 2003, public hearing (Docket 2542) on the Texas Automobile Insurance Plan Association's request for private passenger auto rate increases averaging 49.9 percent state wide.

The hearing will be in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

TAIPA, an assigned risk plan, is the state's residual market for automobile liability, PIP and uninsured/underinsured motorist coverage. An estimated 66,000 Texans applied for coverage through TAIPA in 2002.

In its private passenger auto rate filing, TAIPA requested approval of the following increases:

- Bodily Injury Liability, 51.1 percent
- Property Damage Liability, 47.3 percent
- Personal Injury Protection, 104.6 percent
- Uninsured/Underinsured Motorists, 44.6 percent

TAIPA requested no change in its commercial auto rates. ★

Med Malpractice Insurers Told of NH Requirements

MEDICAL PROFESSIONAL liability insurers have been advised of the need for compliance with new laws concerning medical liability coverage of for-profit nursing homes.

Associate Commissioner Marilyn Hamilton of the Property and Casualty Program issued Commissioner's Bulletin B-0066-02 to the carriers. The bulletin may be accessed on TDI's Web site, www.tdi.state.tx.us.

Senate Bill 1839 of the 77th Legislature brought medical liability coverage of for-profit nursing homes under *Texas Insurance Code* Articles 5.15-1 and 5.13-2. This means that policy forms and endorsements for coverage of for-profit nursing homes must be filed for TDI's approval. Rules and rates for such policies are file and use.

Insurers that have not filed these forms, rules and rates previously and that intend to provide coverage for for-profit nursing homes should refer to TDI's on-line publication, *Filings Made Easy*. The link to the publication is www.tdi.state.tx.us/company/rspceasy.html. ★

Data Call Reminders

(Failure to comply with TDI's reporting requirements may result in disciplinary action)

Call for Quarterly Experience

The Call for Fourth Quarter 2002 Experience was mailed December 31, 2002, and is due by February 15, 2003. 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

Call for Quarterly Experience, Workers' Compensation Deductible Plans

The Call for Fourth Quarter 2002 Experience was mailed December 31, 2002, and is due by February 15, 2003. 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 ★



Fraud Unit Prosecutions

Arrests

Munoz, Arturo, was arrested in Denton on a warrant issued in Travis County alleging the making of a false statement in a written instrument, a third-degree felony.

Indictments

Hall, Alesha D., indicted in Dallas on charges of theft, a state jail felony.

Meek, Vickie L., indicted in Austin on charges of theft, a third-degree felony.

Mitchell, Van Alton, was indicted in Dallas on charges of insurance fraud, a state jail felony.

Montgomery, Morris J., indicted in Dallas on charges of misapplication of fiduciary property, a state jail felony.

Case Dispositions

Sowunmi, Olanrewaju, was sentenced in Greenville to five years' deferred adjudication, 120 hours of community service, a \$1,000 fine and restitution of \$7,979.15 for insurance fraud, a state jail felony. ★

TDI update

Basic Service HMOs Show 3rd Consecutive Profitable Quarter

BASIC-SERVICE HMOs reported an industrywide profit of \$23.4 million, after taxes, on their Texas-only business in the third quarter of 2002.

It was the basic-service HMO industry's third consecutive profitable quarter after sustaining 23 quarters of losses from 1996 through 2001. For the first three quarters of 2002, combined, industrywide net income after taxes was a positive \$39.5 million.

Quarterly financial reports from the 35 active basic-service HMOs indicate that all but 12 were profitable in the third quarter. Another HMO reported zero profits and zero losses as it is in the final stage of withdrawal.

"The positive trend that began with the first quarter obviously is continuing," said Commissioner Jose Montemayor. "Barring a fourth quarter surprise, the HMO industry appears to be on track for a total profit of \$50 million in 2002. This is quite a contrast to the massive losses the HMOs sustained over the preceding six years.

"I'm very encouraged that regulatory improvements and the industry's renewed sense of financial discipline have combined to produce this turnaround. The HMOs' third quarter profitability makes me very optimistic that they are heading for a solid performance in 2003."

Texas-only enrollment in basic-service HMOs at the end of the third quarter was 3,235,573.

Of the 16 single-service HMOs, 12 reported third-quarter profits in Texas while four reported losses. Texas-only net income for the single-service HMOs in the third quarter was \$6,434,358. Texas enrollment was 3,374,051. ★

Patterson Wins NAIC's Dineen Award

BETTY PATTERSON, senior associate commissioner in charge of TDI's Financial Program, is one of the year's two winners of the 2002 Robert Dineen Award, the most prestigious individual award presented by the NAIC.

Patterson and Wisconsin Deputy Commissioner Randy Blumer received the award at the NAIC's December meeting in San Diego, California.

The NAIC also announced that Texas' financial solvency regulation program, which Patterson has directed since 1999, has been reaccredited for another five years.

"Betty Patterson has been a leader in a number of important solvency and market conduct efforts over the past 10 years and has been a staunch advocate of improving communication between the states to improve regulation across state

lines," said Iowa Insurance Commissioner Teri Vaughan, president of the NAIC. "Betty's contributions to solvency and financial monitoring will have lasting effects on the system of state regulation. Her initiatives epitomize the values and best traditions of state regulators and the NAIC."

"This is a great day for Texas," said Commissioner Jose Montemayor. "Betty Patterson richly deserves the Dineen Award, and the outstanding regulatory efforts of Betty and her staff paid off with reaccreditation of TDI."

NAIC accreditation standards require that insurance departments have adequate statutory and administrative authority to regulate an insurer's corporate and financial affairs and that they have the necessary resources to carry out that authority. ★

Enforcement Actions

Tesseyman Indicted in Insurance Fraud Case

ATRAVIS COUNTY grand jury in Austin has indicted John William Tesseyman III of Tyler for unauthorized insurance activities that may have left dozens of petroleum product truckers and fireworks display companies without the automobile, liability and property coverage they paid for.

The six-count indictment lists premium payments totaling more than \$1.8 million from 35 different customers. Several of the premium payments were in six figures, including one for \$655,858. The premiums were deposited into the bank account of the Teshler Corp. of Tyler, owned by Tesseyman.

The indictment alleges that Tesseyman's unauthorized insurance activities occurred from October 1, 2001, to June 5, 2002, when a warrant was issued for his arrest and Commissioner Jose Montemayor issued an emergency cease-and-desist order to stop those activities.

Unauthorized insurance is a third-degree felony. The maximum penalty is 10 years in prison and a \$10,000 fine.

Travis County District Attorney Ronald Earle's office obtained the indictment following a joint investigation with TDI's Insurance Fraud Unit. (In Texas, the Travis County district attorney has state-wide jurisdiction in insurance fraud cases.) Additional charges are pending.

According to the indictment and/or the TDI staff application for the cease-and-desist order, Teshler Corp. was licensed in 2001 as an insurance agency. The corporation's license permitted it to sell life and health insurance but not P&C coverages. TDI denied Teshler Corp.'s application for a P&C agent's license. The P&C policies in question are alleged to have been illegally sold or marketed by the corporation.

In a separate administrative action, Texas Department of Insurance attorneys are seeking the revocation of Tesseyman's individual licenses as an insurance agent. The Teshler Corp. is in court-ordered receivership.

In addition to unauthorized insurance, TDI staff have alleged that Tesseyman and the incorporated agency failed to provide actual policies to customers, misrepresented policy terms or failed to secure the coverages that policyholders had been promised. They also have alleged that Tesseyman and Teshler Corp. collected premiums for policies with companies that Tesseyman no longer represented. TDI staff further allege that Tesseyman failed to remit premiums to insurers and failed to refund premiums collected for insurance that was not procured. ★

Agents' Corner

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

Examination Locations. TDI's new agent and adjuster license examinations vendor, Promissor, began administering Texas exams October 1, 2002, at its existing test centers in Arlington, Austin, El Paso, Houston, San Antonio and Shreveport. Since then, Promissor has added new test locations in Abilene, Amarillo, Corpus Christi, Houston (southeast), Lubbock, McAllen, Midland, Tyler and Waco. License applicants also may take examinations at Promissor locations outside of Texas. A full schedule of testing dates for each Texas location and Shreveport is available at www.promissor.com.

Scheduling an Examination. Applicants for agent and adjuster licenses may schedule examinations by calling Promissor at **888 204-6244**. Companies that want testing for a group of 10 or more people should call the same number and ask for a group testing session.

Obtaining an Application. License applications and candidate handbooks for licenses requiring a TDI (Promissor) examination are available at www.promissor.com or by calling Promissor at **888 204-6258**. Applicants for licenses that do not require an exam and for licenses that require an insurance company-administered exam should use the TDI application form, which is available at www.tdi.state.tx.us on the Agent Forms list or by calling the Licensing Division at **512 322-3503**.

Submitting an Application. If your license requires a Promissor exam, you must complete the Promissor application and send it to Promissor. All other candidates should complete a TDI application and send the application to TDI.

Transition from Previous Vendor. Applicants who passed an Experior Assessments examination but have not submitted their license applications should send their applications and a copy of their Experior Assessments exam score report to:

Applications Unit, Mail Code 107-1A
Texas Department of Insurance
 P.O. Box 12069
 Austin TX 78711-2069.

Persons who passed a Promissor examination and previously submitted an application to Experior Assessments should contact TDI's Licensing Division for instructions. For these issues and other transition questions, the Licensing Division may be reached by phone at **512 322-3503** or by e-mail at license@tdi.state.tx.us. ★

Montemayor Approves FAIR Plan of Operation

COMMISSIONER JOSE MONTEMAYOR has approved the plan of operation for Texas' newly activated FAIR ("Fair Access to Insurance Requirements") plan, which will be the residual market for insurable homes that insurers will not cover voluntarily.

The plan also was expected to submit proposed rates, policy forms and underwriting rules to the Commissioner for final approval in December.

FAIR plan coverage will be available only when at least two admitted carriers have refused to insure a home and the consumer has not received a valid offer of comparable coverage from any other licensed insurance company. Coverage must be obtained through a licensed agent, and the plan will pay commissions on the business it writes.

To be eligible for coverage, a home must be insurable. A home is subject to inspection by the FAIR plan if necessary to establish that it meets the plan's standards for insurability.

Property owners insured by the FAIR plan will be required to reapply to insurance companies every two years. To remain in the plan, a property owner will have to show that at least two licensed companies have declined to cover his or her home and no other valid offer has been received.

The FAIR plan will be able to provide coverage of up to \$1 million for the structure and \$500,000 for the contents of an insured home.

The plan's governing committee is expected to contract with one or more servicing carriers to service its policies.

All licensed property and casualty insurers writing residential property insurance must participate in the FAIR plan. Participation includes paying assessments as needed if the plan's claims and other expenses exceed the premiums paid for coverage.

★

Unauthorized Health Plans Ordered to C&D

COMMISSIONER JOSE MONTEMAYOR has issued an emergency cease-and-desist order directing 33 individuals and entities to immediately halt unlicensed health insurance operations conducted primarily under the names of Privilege Care Inc., Professional Industrial and Trade Workers Union (PITWU), Southern Plan Administrators Inc. (SPA) and American Heartland Health Administrators, Inc. (AHHA).

Privilege Care Inc. has addresses in Moorestown, New Jersey, and Oklahoma City, Oklahoma. It operated in concert with PITWU, a purported labor union based in Cherry Hill, New Jersey. The Texas Department of Licensing and Regulation fined Privilege Care Inc. \$5,000 in August for operating a staff leasing service without the required license from that state agency.

Nationally, the Privilege Care/PITWU plans had at least 2,800 enrollees. These included 825 Texans, not counting their dependents.

Health care claims left unpaid nationwide by these unauthorized health care plans may exceed \$7 million, according to Texas Department of Insurance investigators. Some unpaid claims are for medical services provided as far back as 11 months ago.

David Weinstein, who has addresses in Oklahoma City and Moorestown, New Jersey, is shown as the controlling person of Privilege Care. A Florida court convicted Weinstein in August of two felony

counts of communications fraud in connection with an unauthorized health care plan that was shut down by the Florida Department of Insurance.

Southern Plan Administrators and American Heartland Health Administrators are affiliated third-party administrators based in Houston. They provided coverage to the employees of at least 64 Texas employers through their own plans. Starting November 1, 2002, SPA became the administrator of the Privilege Care/PITWU plan.

TDI learned of the unauthorized insurance activities of SPA and AHHA from complaints about unpaid claims.

SPA and AHHA also have been involved with MarkeTrends Insurance Ltd. and North American Indemnity, NV, European entities previously investigated by TDI. On October 31, 2002, Montemayor ordered MarkeTrends and North American Indemnity to cease and desist conducting unauthorized insurance operations in Texas. TDI staff allege that AHHA and SPA have continued accepting premiums and paying claims for MarkeTrends in violation of the cease-and-desist order.

"Requiring health insurance plans to be licensed isn't a mere legal technicality, it's essential to protect consumers," Montemayor said. "Operators of unauthorized health plans knowingly operate outside the law and inevitably leave their customers in the lurch." ★

Requesting Public Information from TDI

By Norma Garcia, Deputy Commissioner, Legal and Compliance Division.

Editor's Note: *TexasInsuranceNews* is providing the following summary of open records rights and requirements in two parts. The February installment will deal with confidentiality and charges for information.

EACH YEAR, TDI receives and responds to several thousand requests for information, also referred to as open record requests. The following information is provided to assist you in understanding the Public Information Act (the Act) and TDI's open records procedures.

"Public information" is defined as information that is collected, assembled, or maintained under a law or ordinance or in connection with the transaction of official business: **1)** by a governmental body; or **2)** for a governmental body, and the governmental body owns the information or has a right of access to it. *Texas Government Code* §522.002(a). The general forms of public information are books, papers, letters, documents, printouts, photos, film, tapes, microfiche, microfilm, photostat, sound recordings, maps, drawings, and voice, data, video representation held in computer memory. As such, any information in any format, whether maintained by TDI or on behalf of TDI, may be subject to a request under the Public Information Act.

Procedure to request public information

TDI information is public unless it is confidential by law or falls within an exception to the Act. A request for public information is processed by the TDI division that has the documents. If the public information you request is held in several divisions, you may receive a response from each.

If you know the TDI division that maintains the information you are seeking, you should send your request to that division. Your request should be in writing and may be hand-delivered, mailed, faxed or sent by e-mail. *Texas Government Code* §552.301(c). If you do not know the proper division, you may send your request to the Agency Counsel Section of the Legal and Compliance Division.

If the information you requested is open to the public, TDI will provide it to you within a reasonable time after receiving your request. If TDI cannot provide the information within 10 business days, TDI will state in writing a date and hour within a reasonable time when the information will be available for inspection or copying. *Texas Government Code* §552.221(d). TDI also will

notify you if there are no records responsive to your request. Your request must ask for records or information already in existence. The Act does not require TDI to respond to a request to supply periodic updates to the request.

If your request is unclear, you may be contacted by a TDI employee for clarification. If the documents you are seeking are voluminous, a TDI employee may talk to you about narrowing the scope of the request. You will not be asked why you want the information.

Including the following information will help expedite your request: **1)** your name and mailing address; **2)** your phone number, and **3)** a list or description of the specific information you want, including the time periods covered by the information. If you request information that TDI maintains electronically, please indicate if you want the information on a diskette or other storage medium or sent by e-mail. If you would like to view the requested information instead of receiving copies, please say so in your request and call the proper TDI division for an appointment.

Indicate in your request if you want certified copies of documents. The charge for certified copies is \$11 plus the cost of copies. Please state whether you need a negative certification in the event that TDI does not have the information you requested. A negative certification is \$11.

Confidential or Exempt Information

Some information maintained by TDI may be protected from disclosure by the Public Information Act, the *Texas Insurance Code* or other statutes. For example, examination reports, private medical information and medical records are confidential by law and cannot be released by TDI. In addition, TDI is permitted, but not required, to withhold other specific types of information such as pending investigation or litigation files; certain intra-agency memoranda containing advice, opinion or recommendations; and bids or proposals submitted to TDI before a contract is awarded.

In most cases, if TDI believes that responsive information is exempt from disclosure, TDI must request an open records opinion from the Attorney General. *Texas Government Code* §552.301. To withhold information from public disclosure, TDI must notify the Attorney General of the exceptions to disclosure that apply to the information by the 10th business day after receiving the request.

Texas Government Code §552.301(d). By the 15th business day, TDI must submit samples of the requested information along with arguments supporting exemption from disclosure. *Texas Government Code* §522.301(e). You will receive a copy of TDI's letter to the Attorney General if TDI seeks to withhold any of the information you requested. TDI will usually attempt to contact you before seeking an Attorney General's opinion to explain why TDI believes that some of the requested information is exempt from disclosure.

The Attorney General is required to issue an opinion within 45 working days after receiving a request. The Attorney General may extend this deadline by 10 working days by notifying you and TDI. *Texas Government Code* §552.306. The Attorney General's decision will be sent to you and to TDI.

Please state in your request letter if you do not wish to receive information that is considered confidential or otherwise exempt from public disclosure. Alternatively, you may sign a form indicating that you do not wish to receive information that TDI considers confidential or exempt from disclosure. The form is available from TDI's Web site, a TDI open records liaison or the Agency Counsel Section. If you indicate that you are not seeking information that is considered exempt from disclosure, TDI will remove all confidential information and may remove information protected by other exceptions in the Public Information Act. ★

Small Employer Rate Guide

TDI HAS PLACED a region-specific rate guide for small employer health care plans on its Web site, www.tdi.state.tx.us.

The rate guide shows sample rates for insurers and HMOs that have elected to offer coverage to small employers in the designated areas. Rates are shown for 11 different cities. The guide provides rates for HMOs, preferred provider plans and indemnity plans.

Rates are subdivided by gender and age group, showing estimated costs for male and female employees, ages 25, 40 and 55, with and without dependents. The guide shows rates for carriers' most popular plans and for the standard "basic" and "catastrophic plans" mandated by the Legislature.

★

RuleMaking

ADMINISTRATION

APA Proposal Summary Procedures for Routine Matters

■ The Department has proposed amendments to 28 TAC §§ 1.702–1.705, regarding summary procedures for handling routine matters. The rules set forth activities designated by the Commissioner as routine because they are voluminous, repetitive, believed to be noncontroversial and of limited interest to persons other than those immediately involved or affected. The proposed rule would delegate authority to act on such matters to designated associate and deputy commissioners.

The proposed rule changes add the following to the list of routine matters for which summary procedures are appropriate:

- Viatical and life settlement certificates of registration.
- Utilization review and independent review organization certificates.
- Third-party administrator certificates of authority.

In addition, the changes would eliminate from the list of routine matters so-called “a” rates for commercial general liability and certain other casualty lines; rates for excess rate or umbrella coverages; and cessation of acceptance of small premium workers’ compensation policies. Due to statutory changes, “a” rates are no longer accepted; personal umbrella rates are subject to prior approval; and commercial umbrella rates are submitted to TDI on a file-and-use basis. Statutory provisions concerning small premium workers’ compensation policies were repealed in 1993.

Other proposed changes reflect organizational changes at TDI by redesignating the deputy and associate commissioners to whom the Commissioner has granted authority to sign off on routine matters. The amendments would provide that in the event of future reorganizations, the delegation of authority to act on routine matters would follow the appropriate associate or deputy commissioner assuming responsibility for those matters.

Finally, the proposed changes would add electronic transmission as a means for notifying a person of an action taken on a matter requiring final disposition by TDI.

AUTOMOBILE

Exempt Proposals Multi-Car Discounts

■ Commissioner Jose Montemayor will conduct a January 22, 2003, public hearing on separate proposals by TDI staff and the Insurance Council of Texas to change Rule 74.D of the *Texas Automobile Rules and Rating Manual* concerning the applicability of the multi-car discount to autos assigned to youthful operators.

The existing rule provides that no auto assigned to a youthful operator may receive the multi-car discount or be used to qualify other automobiles for the discount.

The proposed rule changes are summarized below.

TDI Staff (Docket 2544)

An insurer would have the option of offering the discount to vehicles assigned to youthful drivers and/or of using such vehicles to qualify other autos for the discount. Either action would be optional with the company and would not be mandatory.

Insurers could apply the entire multi-car discount (both the mandatory and the optional portions) to all autos meeting the rule’s eligibility and ownership requirements if the vehicles are covered with one company, regardless of whether the coverage is through more than one policy.

Insurance Council of Texas (Docket 2543)

The mandatory multi-car discount would be applicable to all classes of drivers. In addition, the discount could be applied to as many autos as the named insured has with one company.

Exempt Adoptions Utility Vehicles

■ Commissioner Jose Montemayor has amended the *Texas Automobile Rules and Rating Manual* and the Texas Standard Provisions for Automobile Policies to make personal auto coverage available for many utility vehicles that have been excluded because of their weight.

The change approved by Montemayor raises the cut-off for coverage under the Personal

Auto Policy from the present 10,000 pounds gross vehicle weight (g.v.w.) to 25,000 pounds, starting February 18, 2003.

Under the old rule, utility vehicles with a g.v.w. greater than 10,000 pounds had to be insured under a Business Auto Policy, which is more expensive than the Personal Auto Policy and does not carry the same discounts. The 10,000-pound cut-off was established in 1990. Since then, the size of many popular vehicles has come to exceed that limit.

“By raising the g.v.w. limitation to 25,000 pounds for otherwise qualified utility vehicles not used in business, today’s action will achieve more fairness in rating these vehicles,” the Commissioner’s adoption order said.

Companion Policy Discount

■ Commissioner Jose Montemayor has amended Rule 74 of the *Texas Automobile Rules and Rating Manual* so that insurers may offer personal auto policy discounts of up to 10 percent when a companion policy is bought from the same company or company group. Each company may specify the types of policies it considers to be a companion policy. A life or health policy does not qualify as a companion policy.

The *Personal Lines Manual* already allows companion policy discounts on residential property policies when the policyholder has an auto or other policy with the same company or group.

Auto insurers that elect to give the newly approved discount must apply it to premiums for bodily injury and property damage liability, PIP, medical payments, collision, comprehensive and specified cause of loss coverages. Insurers must apply the discount uniformly across the applicable coverages.

Some auto insurers already are able to offer companion policy discounts because they included them as subclassifications in rating manual filings approved by TDI.

The new rule will save time for both the Department and insurers by eliminating the need for individual company filings for companion policy discounts of 10 percent or less. Insurers may seek approval for larger discounts but must support them statistically.

Insurers must notify TDI before offering companion policy discounts.

Projected publication date: December 20, 2002
Effective date: January 4, 2003
Further information: 512 463-6327

FINANCIAL

APA Proposal

Payment of Regulatory Fees

■ The Department has proposed amendments to 28 TAC § 7.1301 and the addition of new 28 TAC § 7.1302 concerning the establishment of a billing system for certain filings by life, health and accident insurers and HMOs. A companion rule proposed as an amendment to 28 TAC § 11.301 is summarized in this section under the HEALTH CARE heading.

The proposed new system would largely replace the present system that requires regulated entities to pay the necessary fees when they make their filings. If the rule is approved, the Department will issue a bulletin announcing the implementation date along with appropriate instructions.

Under the new system, TDI would send invoices itemizing all filings for which processing has been completed, along with the amount of the fee for each.

Regulated entities would be required to notify TDI in writing, including e-mail, if they change their addresses or billing contact persons.

Invoices would be due and payable upon receipt. If an invoice becomes past due by 120 days or more, TDI would place a hold on the regulated entity's filing fee account. Filings received after a hold goes on the account would not be accepted until all filing fee amounts have been paid.

Publication: 27TexReg11476, December 6, 2002
Earliest possible adoption: January 6, 2003
Further information: 512 463-6327

APA Adoption

Ownership of Securities

■ Commissioner Jose Montemayor has amended 28 TAC § 7.86, regarding an insurer's or HMO's demonstration of ownership of its certificated and uncertificated securities.

Texas Insurance Code Article 21.39-B requires insurance companies to have their securities registered in their names except for securities held under custodial agreements. The article directs the Commissioner to adopt

rules authorizing domestic insurers to demonstrate ownership of an uncertificated security in a manner consistent with the common practices of securities exchanges and markets. The existing rule establishes certain requirements that custodians must meet. In addition, custodial agreements are required to contain specified provisions.

The amendments approved by the Commissioner apply the rule to HMOs as well as to insurance companies. In addition, they:

- Change the definition of "qualified broker/dealer" by raising a securities firm's tangible net worth requirement from \$100 million to \$250 million.
- Require an insurer or HMO to maintain evidence that the custodian meets the requirements to be a qualified bank or a qualified broker/dealer as defined in the rules.
- Remove the provision that allowed an insurer to demonstrate ownership by having its securities registered in the insurer's name on the books of the securities issuer and/or the securities issuer's transfer agent.
- Change the standard of care for a custodian from a fiduciary standard to the reasonable commercial standards of the custodial business.
- Clarify that the records of clearing corporations or the Federal Reserve Book Entry System relating to the custodied securities are not subject to examination by an insurer or HMO.
- Delete an obsolete requirement that TDI may require a custodian to supply an affidavit certifying the custodian's safekeeping responsibilities relative to the custodied securities.
- Clarify that a custodian holding securities for an insurance company or HMO must maintain the "usual and customary insurance coverage for custodial banking risks."
- Require a custodian to notify TDI when an insurer or HMO withdraws all securities held by the custodian.

Publication: 27TexReg11559, December 6, 2002
Effective date: December 15, 2002
Further information: 512 463-6327

HMO Investments

■ Commissioner Jose Montemayor has amended 28 TAC § 11.803, concerning loans, investments and other assets of HMOs. The amendment makes the requirements for custodial agreements uniform for both insurers and HMOs by deleting the language in that

section concerning custodial agreement requirements for HMOs and incorporating the requirements of 28 TAC § 7.86 for HMO custodial agreements.

Publication: 27TexReg11561, December 6, 2002
Effective date: December 15, 2002
Further information: 512 463-6327

HEALTH CARE

APA Proposal

Billing for HMO Filing Fees

■ The Department has proposed amendments to 28 TAC § 11.301 concerning certain filings made by HMOs. The rule is to be considered in tandem with proposed new 28 TAC § 7.1302, described under the FINANCIAL heading of this section. Both rules would move TDI away from requiring submission of fees with filings and toward a new system in which regulated entities are billed for the required fees.

The new billing system should reduce the need for issuing refunds when payments exceed actual fee amounts and should eliminate the rejection of filings due to insufficient fee payments. It also will enable HMOs to submit a single payment for numerous filings instead of a separate payment for each filing.

Under the proposed rule, TDI would bill HMOs for their fees for the following types of filings:

Filings Requiring Approval

- Evidence of coverage and related forms as described in 28 TAC §§ 11.501.
- Descriptions and maps of service areas.
- Any material changes in emergency care procedures.

Filings for Information

- Formula or method for calculating the schedule of charges.
- Physician and provider contract forms and substantive changes to previously filed contract forms.
- Written descriptions of health care plan terms and conditions made available to current and prospective group contract holders and enrollees.
- Material changes in network configurations.
- Descriptions of quality assurance programs.

The proposed rules also provide for TDI to issue electronic notices of incomplete HMO filings.

Continued on page 8

RuleMaking

Publication: 27TexReg11478, December 6, 2002
 Earliest possible adoption: January 6, 2003
 Further information: 512 463-6327

LIFE AND HEALTH

APA Proposals Form Filing Submission Requirements

■ The Department has proposed new 28 TAC §§ 3.1–3.8, a complete rewriting and restatement of the requirements for filing policy forms, certificates, riders, amendments and endorsements for life, accident and health insurance (including credit products), prepaid legal plans and annuities. Simultaneously, TDI proposes the repeal of the existing requirements, codified as 28 TAC §§ 3.1–3.21.

Revision of the filing requirements is necessary to streamline and clarify the overall process by which forms are filed for statutory and regulatory review and approval.

The proposed rules specifically authorize insurers to file electronically, using a form and format determined by TDI. This form and format currently is the NAIC-supported System for Electronic Rate and Form Filing (SERFF). TDI will be able to receive SERFF filings after all necessary rules are adopted.

The proposed new rules will further streamline the filing process by enabling TDI to notify companies of the Department's decisions by letter in lieu of stamping a duplicate copy of the forms submitted. This will eliminate the need for filing duplicate copies of forms.

In addition, the proposal would combine the filing requirements for regular, general and expedited review into a single filing process by consolidating the information into a single transmittal checklist with a transmittal form for miscellaneous documents. This would eliminate the need for separate transmittal checklists for regular, general and expedited review.

The proposed rules include the information that must be submitted, including contact person, form specifications, specimen language, variable material, matrix and insert page filings, limited/partial refilings, outlines of coverage, supplemental coverage, policy or contract forms and rates/actuarial information.

One proposal would clarify that if the cumulative increase in premium rate is equal to or greater than 50 percent during any 12-month

period, actuarial information must be provided to support the rate increase.

Another proposal would raise from \$50 to \$100 the filing fee for rates that are subject to TDI review and approval when filed separately from the applicable policies or contracts. TDI currently assesses a \$100 fee for other rates filed for review. The rules also would require a filing fee of \$50 for each form, with a maximum fee of \$500, for each matrix filing since these filings can be used to create multiple contracts or policies through the combination of various matrix provisions.

The proposed rules eliminate the requirement to submit a check for payment of filing fees along with the filing. The company submitting the filing will be billed by itemized invoice from the Department.

Publication: 27TexReg11455, December 6, 2002
 Earliest possible adoption: January 6, 2003
 Further information: 512 463-6425

Credit Life and Disability

■ The Department has proposed amendments to 28 TAC §§ 3.5103, 3.5105, 3.5106, 3.5602–3.5603, 3.5605–3.5610, 3.5701, 3.5702, 3.5801 and 3.6011, dealing with credit life and credit accident and health (disability) insurance. The changes are intended to update language, improve application and policy provisions, make the rules concerning disability claim payments more understandable and introduce greater flexibility into TDI data calls.

The rules also would implement provisions of House Bill 2159 of the 77th Legislature, which changed the law concerning deviations from presumptive rates set by the Commissioner of Insurance.

Among other things, the proposed rules would:

- Require each policy and application to show the age and the birth date of the covered debtor. This will help in verifying the debtor's identity where necessary.
- Specify that the required description of coverage be a prominent statement on the first page of the policy or certificate. The description would have to identify whether the policy is a credit life or credit disability policy; identify the premium payment mode and spell out limitations affecting the policy, such as truncated or critical period coverage.

- With respect to disability claims under policies that provide for periodic payment, require that accrued benefits be paid during the period for which the insurer is liable. Balances remaining unpaid at the end of this period would have to be paid in full after receipt of written proof of loss.
- Delete instructions for data calls from the rules. These instructions now are provided with the forms for submitting the required data.
- Direct the public to the correct sources for obtaining the Consumer Bill of Rights for Credit Life, Credit Disability and Involuntary Unemployment Insurance.

Implementation of House Bill 2159, which amended *Texas Insurance Code* Article 3.53 is a major component of the proposed rule amendments.

In the past, the Commissioner was allowed to set presumptive rates only after a contested case hearing. House Bill 2159 made credit insurance cases rulemaking proceedings instead of contested case proceedings.

Currently, insurers may deviate from presumptive rates only after receiving TDI's prior approval. However, the proposed rules would allow insurers to deviate from presumptive rates by as much as 30 percent above or 30 percent below on a file-and-use basis. Prior approval would be required only if an insurer proposed a deviation greater than 30 percent.

Publication: 27TexReg11465, December 6, 2002
 Earliest possible adoption: January 6, 2003
 Further information: 512 463-6327

PROPERTY

APA Proposals Windstorm Resistant Construction

■ The Department has proposed new 28 TAC § 5.4009 and amendments to 28 TAC §§ 5.4008 and 5.4603 concerning the building codes to be applied in inspections to qualify newly constructed, remodeled or repaired buildings for wind and hail coverage by the Texas Windstorm Insurance Association (TWIA).

Commissioner Jose Montemayor will hold a public hearing (Docket No. 2539) on the proposed rules at 9:30 a.m., January 2, 2003, in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

The proposed changes are authorized by Senate Bill 365 of the 77th Legislature, codi-

RuleMaking

fied as *Texas Insurance Code* Article 21.49, Section 6A. They were recommended by the state's Advisory Committee on Building Code Specifications and Maintenance. The stated objective of the change is better coordination between the building specifications in the TWIA plan of operation and the building code requirements enforced by coastal cities so as to achieve consistent standards for wind-resistant construction in similarly located catastrophe areas.

The proposals include adoption of the International Residential Code (IRC) and, for structures outside the scope of the IRC, the International Building Code (IBC). The changes would apply to construction and repairs starting on and after February 1, 2003.

The codes are published by

International Code Council
5203 Leesburg Pike, Suite 600
Falls Church, VA 22041.

Specific wind speed requirements are included in the proposed rules, as follows:

- Structures seaward of the Intracoastal Canal would have to be designed and constructed to resist a three-second gust of 130 miles per hour.
- Between the Intracoastal Canal and a line drawn 25 miles to the east, plus a portion of Harris County on Galveston Bay, construction would be required to resist a three-second gust of 120 miles per hour.
- Inland and west of the 25-mile boundary line, structures would have to be designed and built to resist a three-second gust of 110 miles per hour.

The proposed rules include new and revised inspection forms for certifying that construction meets the requirements of the IRC and IBC.

In addition to prescribing the use of new building codes, the rules would exempt historic buildings from the general requirement that TWIA may cover only structures built to certain codes. A structure would qualify for the exemption if it met at least one of the following conditions:

- It is listed or is eligible for listing on the National Register of Historic Places.
- It is a Recorded Texas Historic Landmark.
- It has been specifically designated by official action of a city or county authority as having historical or architectural significance, is at least 50 years old and is subject

to municipal or county requirements for construction, alteration or repair to maintain its historical designation.

Publication: 27TexReg11475, December 6, 2003

Earliest possible adoption: January 6, 2003

Further information: 512 463-6327

TWIA Deductibles

■ Commissioner Jose Montemayor will hold a January 8, 2003, public hearing (Docket 2541) on a proposed amendment to 28 TAC §5.4501, concerning the adoption by reference of the manual for wind and hail insurance issued by the Texas Windstorm Insurance Association. The hearing will be at 9:30 a.m. in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

The proposed changes, recommended by TWIA's board of directors, would revise TWIA's range of deductibles for policies on commercial risks. The current deductible options and corresponding credits are:

- \$250 deductible with a 3 percent premium credit for policies with limits of up to \$49,999.
- \$500 deductible with a 6 percent premium credit for policies with limits from \$50,000 to \$99,999.
- \$1,000 deductible with a 12 percent premium credit for policies with limits of \$100,000 or more.

The proposal before Montemayor would replace the current flat amount deductible options with new deductibles based on one-half percent of policy limits, with a schedule of premium credits corresponding to 16 specific ranges of insured amounts. The range would begin with \$100,001 to \$200,000, with a credit of 8 percent, and end with \$25 million in coverage, with a 37 percent credit. The minimum deductible would be \$500.

Publication: 27TexReg11717, December 13, 2003

Earliest possible adoption: January 6, 2003

Further information: 512 463-6327

TWIA Policy Forms

■ Commissioner Jose Montemayor will hold a January 8, 2003, public hearing (Docket 2540) on proposed 28 TAC §§ 5.4101 and 5.4401, which would adopt by reference amendments to the dwelling, commercial and mobile home policies issued by the Texas Windstorm Insurance Association (TWIA). The hearing will be at 9:30 a.m. in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

In each case, the forms would be amended to exclude coverage of the cost of:

- Removing mold, fungi or other microorganisms from covered property.
- Tearing out and replacing part of a building to gain access to mold, fungi or microorganisms.
- Testing to confirm the absence or presence of mold, fungi or microorganisms.

The proposed exclusions, however, would not apply to mold, fungi or other microorganisms located on portions of the covered property that must be repaired or replaced because of sudden, accidental, direct physical damage from wind or hail that is a covered loss under the policy. Not covered would be removing mold away from the property that got wet, testing away from the immediate area of the loss, decontamination of the residence, increase in loss of use or debris removal coverage or diminution in value.

Publication: 27TexReg11716, December 13, 2003

Earliest possible adoption: January 6, 2003

Further information: 512 463-6327

APA Adoption

Denial Based on Water Claim

■ Commissioner Jose Montemayor has adopted new 28 TAC § 21.007, concerning denial of residential property insurance based on a water damage claim.

The rule prohibits insurers from using underwriting guidelines based solely upon a single prior claim for water damage, either by the consumer or on the property sought to be insured, in deciding whether to write residential property insurance policies.

Failure to comply would be an unfair trade practice in violation of *Texas Insurance Code* Article 21.21.

Insurers are not prohibited from applying the surcharge and renewal provisions of *Texas Insurance Code* Article 21.49-2B, Section 7.

In its reasoned justification for the rule, TDI noted that denying a policy because of a single water claim is unfair to consumers who may be offered policies with greatly reduced water coverage from that contained in the standard Texas HO-B or HO-C. Insurers now have several options that reduce their exposure to water losses, not to mention the standard Texas HO-A, which offers limited or no water coverage. The Department further observed

Continued on page 10

RuleMaking

that declining to write residential property insurance solely because of a single water claim “is unfair to consumers because, instead of underwriting each home based on the actual condition of the property, this practice denies coverage to a broad class of homes and applicants.”

*Projected publication date: December 20, 2002
Effective date: December 26, 2002
Further information: 512 463-6327*

UTILIZATION REVIEW AGENTS

APA Proposal

Utilization Review of Workers' Compensation Cases

■ The Department has proposed amendments to 28 TAC §§ 19.2001, 19.2003–19.2006, 19.2010, 19.2012, 19.2015, 19.2017, 19.2019 and 19.2020 concerning utilization review for medical benefits provided under

workers' compensation policies. The amendments would implement changes made by House Bill 2600 of the 77th Legislature and are necessary to conform to other statutory changes and to rules adopted by the Texas Workers' Compensation Commission (TWCC).

Among other things, the proposed rule changes would:

- Make the definition of utilization review (UR) consistent with House Bill 2600, which added the concept of concurrent review and subjected requests for spinal surgery to preauthorization.
- Add a requirement that utilization review plans for workers' compensation benefits include written procedures for ensuring that doctors who perform reviews for the UR agent are on TWCC's list of approved doctors.
- Allow a UR agent to use doctors licensed in other states to perform reviews but require

that such reviews be performed under the direction of a doctor licensed in Texas and that the reviews comply with TWCC requirements.

- Add a requirement that a UR agent's notification of an adverse determination include a plain-language notification informing the employee of the right to timely request reconsideration pursuant to TWCC rules.

*Projected publication date: December 20, 2002
Earliest possible adoption: January 20, 2002
Further information: 512 463-6425 ★*



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
	Bailey, Joseph Matthew	San Antonio	\$5,000 Fine; Restitution of \$3,509.50; and Revocation of General Property and Casualty Agent's License	Misappropriation or Conversion	02-1200	11/19/02
	Burkes, Angi Lee	Kingwood	Denial of Felony Conviction Waiver under 18 USC 1033	Fraudulent and Dishonest Acts	02-1198	11/19/02
	Daily, Terrill A., P. E.	Crosby	\$5,000 Fine and Probated Suspension of Qualified Inspector's Appointment	Consent Order, Alleged Failure to Provide Substantiating Information to TDI	02-1155	11/6/02
	Davis, Sherron Lea	Mount Pleasant	General Life, Accident, Health and HMO and General Property and Casualty Agent's Licenses Revoked; \$5,000 Fine	Misappropriation or Conversion	02-1199	11/19/02
	Hardee, Marty Richardo	Dallas	General Lines Agent Life, Accident, Health and HMO License Revoked	Misappropriation and Conversion	92-1049	10/4/02
	Hernandez, Jaime Maldonado	Houston	General Property and Casualty Agent's License Revoked	Failure to Pay Fine Ordered by TDI	02-1183	11/15/02
	Kloss, Howard Warren	Waco	General Lines Agent Life, Accident, Health and HMO License Revoked	Fraudulent or Dishonest Acts or Practices; Material Misstatements on License Application	02-1132	10/31/02
	Nash, Leroy James	McAllen	General Property and Casualty Agent's License Revoked; Restitution of \$25,875.92	Misappropriation or Conversion	02-1152	11/4/02
	Sims, Chad Jacob	Kingwood	\$5,000 Fine; Restitution; Revocation of General Life, Accident, Health and HMO Agent's License	Acting as Agent for Unauthorized Insurer	02-1220	11/25/02

Disciplinary Actions

AGENTS & AGENCIES	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
	Stevens, Albert John Jr.	Spring	\$3,000 Fine, Subject to Dollar-for-Dollar Reduction by Restitution Down to Minimum Fine of \$1,000	Acting as Agent for Unauthorized Insurer	02-1156	11/6/02
	Walker, Clint Ryan	Amarillo	General Lines Agent Life, Accident, Health and HMO License Revoked	Felony Conviction; Material Misstatements on Agent License Application	02-1115	10/28/02
	Velasquez, Ruben Martinez	Uvalde	\$5,000 Fine; Restitution of \$1,716.88; and Revocation of General Life, Accident, Health and HMO Agent's License	Misappropriation or Conversion	02-1209	11/20/02
	Zander, James P.	Dallas	\$4,000 Fine, Subject to Dollar-for-Dollar Reduction by Restitution, Down to Minimum Fine of \$2,000	Acting as Agent for Unauthorized Insurer	02-1197	11/19/02

INSURANCE COMPANIES

Amil International Insurance Co.	Austin	\$5,000 Fine	Failure to Submit Data on Small Employer Health Plans	02-1222	11/25/02
Benchmark Insurance Co.	Shawnee Mission, KS	\$4,000 Fine	Consent Order; Alleged Failure to Submit Data on Small Employer Health Plans	02-1208	11/20/02
Metropolitan Life Insurance Co.	New York, NY	Restitution of \$1.6 Million	Consent Order; Alleged Race-Based Pricing of Life Insurance	02-1171	11/13/02
Southwest Service Life Insurance Co.	Fort Worth	\$18,000 Fine	Consent Order; Alleged Use of Obsolete Health Policy Language that Resulted in Denial of Valid Claims	02-1224	11/25/02

TITLE COMPANIES

NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
Chicago Title Insurance Co. Chicago Title-Austin Chicago Title-Dallas Chicago Title-Los Angeles	Chicago, IL	\$100,000 Fine	Consent Order; Alleged Quoting of Rate Deviating from Texas Promulgated Rates	02-1179	11/14/02
Titlestar of Texas LLC	Addison	\$25,000 Fine	Use of Title Evidence from Unlicensed Title Plants and Other Violations	02-1219	11/25/02

Company Licensing

Applications Pending

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
American Country Insurance Co.	Fire and/or Casualty	Chicago, IL
The Custom Rail Employer Welfare Trust Fund	MEWA	Washington, DC
The GSA Employers Welfare Trust Fund	MEWA	Washington, DC
National Benefits Partner Insurance Agency, LLC	TPA	Salt Lake City, UT
LifePlans Inc. (doing business under the assumed name of LTC Services Inc.)	TPA	Waltham, MA
Wellington Insurance Co.	Fire and/or Casualty	Oklahoma City, OK

For incorporation

COMPANY NAME	LINE	HOME OFFICE
ECCA Managed Vision Care Inc.	TPA	San Antonio, TX
Jersey Life Insurance Co.	MEWA	Pearland, TX

For name change in Texas

FROM	TO	LINE	LOCATION
Ace Guaranty Re Inc.	Ace Guaranty Corp.	Fire and/or Casualty	Baltimore, MD

Company Licensing

Applications Pending

For name change in Texas

FROM	TO	LINE	LOCATION
Prudential Health Care Plan Inc.	AET Health Care Plan Inc.	HMO	Houston, TX
Sierra Insurance Company of Texas	Sierra Insurance Co.	Fire and/or Casualty	Dallas, TX
Winterthur International America Underwriters Insurance Co.	XL Select Insurance Co.	Fire and/or Casualty	Oklahoma City, OK
Underwriters Insurance Co.	Platte River Insurance Co.	Fire and/or Casualty	Omaha, NE

For Certificate of Authority

Intercultural Health Plans, L.L.C	Provider Services Organization	Houston, TX	
-----------------------------------	--------------------------------	-------------	--

Application for doing business as (dba)

FROM	TO	LINE	LOCATION
United Dental Care of Texas Inc.	Fortis Benefits Dental Care	HMO	Dallas, TX

Applications Approved

For admission to do business in Texas

	COMPANY NAME	LINE	HOME OFFICE
	Caterpillar Insurance Co.	Fire & Casualty	Jefferson City, MO
	Columbian National Title Insurance Co.	Title	Topeka KS
	Financial Designs Inc.	TPA	Novi, MI
	Sompo Japan Fire & Marine Insurance Company of America	Fire & Casualty	New York, NY
	United Home Life Insurance Co.	Life	Indianapolis, IN

For incorporation

	COMPANY NAME	LINE	HOME OFFICE
	America First Lloyd's Insurance Co.	Fire & Casualty	Dallas, TX
	Fidelity National Lloyds	Fire & Casualty	Austin, TX

For name change in Texas

FROM	TO	LINE	LOCATION
The Accident Fund Co.	Accident Fund Insurance Company of America	Casualty	Lansing, MI
Industrial County Mutual Insurance Co.	AAA Texas County Mutual Insurance Co.	Fire & Casualty	Houston, TX
Innovative Resource Group, LLC	Innovative Resource Group, LLC, <i>dba</i> APS Healthcare Midwest	TPA	Waukesha, WI
SBLI USA Financial Services Life Insurance Co. Inc.	S.USA Life Insurance Co. Inc.	Life	Phoenix, AZ
Tri-State Insurance Co.	Esurance Insurance Co.	Fire & Casualty	Tulsa, OK



Texas Department of Insurance

P. O. Box 149104

Austin, Texas 78714-9104

Presorted Standard
U. S. Postage Paid
Austin, Texas
Permit No. 1613