



Texas Insurance News

Regulatory News Published by the Texas Department of Insurance

Common Sense, Knowing the Rules Can Prevent Compliance Problems

By *Deea Western*, Agent Team Leader, Enforcement Section, Legal and Compliance

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The staff that prepares this newsletter has no role in proposing, drafting, editing, or approving TDI rules or policies or interpreting statutes. **TexasInsuranceNews** 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.

TEXAS HAS approximately 234,000 licensed insurance agents and agencies. While most agents comply with the statutes and rules governing their profession, there are recurring problems which often result in an agent becoming the subject of a TDI investigation or disciplinary action.

The purpose of this article is to assist agents who want to avoid careless and unintentional mistakes that can cause customer complaints, violations of the law and/or potential disciplinary action.

Original License Applications

When applying for a license, an applicant* must provide truthful information concerning previous licensure and disciplinary actions in Texas or elsewhere. In addition, the applicant must furnish details about any misdemeanor and felony charges (by indictment, information or any other instrument) and convictions in Texas or any other state or in a federal court. This disclosure must include offenses for which the applicant received deferred adjudication or probation. Applicants who received deferred adjudication or probation must disclose the period of probation.

TDI can and does deny license applications and revoke existing licenses because of material misstatements made in applications. In addition, making a false statement on a license application can be criminally prosecuted as a third-degree felony pursuant to *Texas Insurance Code* Article 21.47. Applicants or agents who are unsure how to answer a particular application question should call TDI's Agent Licensing Division at 512 322-3503 for guidance on how a specific circumstance relates to an application question.

Some individuals mistakenly assume they can start selling insurance immediately after submitting an original license application to TDI—especially if their license fee checks have been negotiated. However, applicants must receive confirmation from TDI that a license has been issued before they may act as agents. Applicants may check the status of their license applications at www.texasonline.state.tx.us/NASApp/tdi/TdiARManager or by calling TDI's Agent Licensing Division.

License Renewal

Some agents may be eligible to renew their licenses on-line with a credit card. By submitting a renewal application, an agent affirms to TDI that the agent has completed all required continuing education and has truthfully reported his or her criminal history and/or disciplinary actions. A renewal application should report any previously undisclosed disciplinary actions and/or criminal history, including convictions, deferred adjudications, probation or pending charges. Failure to fully and truthfully disclose information concerning any of these matters is grounds for imposition of sanctions.

At least 30 days before an agent's license expires, TDI will send a renewal form to the agent's last known address. A completed renewal form and the required renewal fee are due at TDI before the expiration date of the license. However, if a license has been expired for 90 days or less, an agent may renew it by submitting a completed renewal form, required renewal fee and a late fee to TDI.

Please see **Knowing the Rules** on page 5

* Applicants include individuals, corporations, partnerships and depository institutions.

NewsBriefs

Montemayor Confirmed For Third Term in Office

THE TEXAS SENATE voted 31-0 on April 16 to confirm Governor Rick Perry's appointment of Commissioner Jose Montemayor to a third two-year term in office. Montemayor's new term runs through January 2005.

"Serving as Commissioner of Insurance is an extremely challenging job but it's also one that brings great satisfaction in terms of service to the people of Texas. I'm deeply honored by the Senate's unanimous vote for my confirmation. I will do everything in my power to live up to the confidence that Governor Perry and the Senate have placed in me," Montemayor said.

Montemayor originally was appointed by then-Governor George W. Bush in 1999. At the time, he was associate commissioner of the Financial Program. Montemayor, a retired Air Force major and a certified public accountant, came to TDI in 1993 as head of the Insurer Services Division.

Under Texas law, the Commissioner of Insurance is appointed by the Governor for two-year terms, subject to confirmation by the state Senate. ★

AAIS, USAA Residential Policy Forms Available

THE DEPARTMENT has notified property and casualty carriers that national homeowners and other residential property forms of the American Association of Insurance Services (AAIS) and national dwelling and renters forms of USAA are now available for use in Texas.

Notification was made by Commissioner's Bulletin B-0010-03, which is available on TDI's Web site, www.tdi.state.tx.us.

The new AAIS Homeowners Program approved by TDI provides coverage options for homeowners, tenants and condominium unit owners. It consists of seven new policy forms, 68 new endorsements and one sworn statement in proof of loss form.

The approved AAIS policy forms are the basic, broad, special, contents broad, special building and contents, unit owners and limited forms.

Forms approved for United Services Automobile Association and USAA Texas Lloyds include two new dwelling forms and six new renters forms, plus 22 dwelling endorsements and 19 renters endorsements.

As with other national residential property forms adopted by TDI, the AAIS and USAA forms are

available for use by any insurer. Companies wishing to use these forms must make a filing for approval by TDI and agree to abide by the Department's standing conditions for the use of forms other than the Texas standard forms. These conditions include making rate information filings for two years and offering foundation, mold and certain water damage coverages to policyholders by endorsement. ★

Surplus Lines Stamping Fee Reduction Requested

THE SURPLUS LINES STAMPING OFFICE of Texas has requested Commissioner Jose Montemayor's approval of a substantial reduction in the stamping fee rate.

SLSOT asked to cut the rate from 0.15 percent to 0.1 percent of the gross premium resulting from surplus lines contracts. If approved, the reduction would take effect on July 1, 2003.

The stamping office is a non-profit association, operating subject to TDI supervision, that receives, reviews and records surplus lines policies and evaluates the eligibility of surplus lines insurers writing coverage in Texas. ★

Life Insurers May Use 2001 Mortality Table

THE 2001 COMMISSIONERS standard ordinary (CSO) Mortality Table is now available for the use of life insurance companies in determining minimum reserve liabilities and nonforfeiture benefits.

Deputy Commissioner Ana Smith-Daley of TDI's Life and Health Insurance Division notified insurers by bulletin (B-0014-03) concerning filing requirements for insurers that choose to use the new table.

The 2001 CSO Mortality Table may be used only for new life insurance policies issued on or after May 1, 2003. (Its use becomes mandatory on January 1, 2009.)

Smith-Daley's bulletin provided expedited review requirements when insurers seek to amend previously approved policy forms solely to recognize the use of the new mortality table for determining minimum reserve liabilities and nonforfeiture benefits. In such cases, an insurer must follow the expedited review requirements of 28 TAC Chapter 3 Subchapter A and include the following:

- A new policy page for the table of nonforfeiture values, if applicable.

- A new basis of values page that reflects the 2001 CSO Mortality Table.
- A new maximum cost of insurance rates table and a maximum cost of insurance rates for all issue ages, if applicable.
- A new actuarial memorandum.
- A certification stating that the only change to the approved policy form is to recognize the use of the 2001 CSO Mortality Table.

TDI will immediately begin review of filings that meet these requirements in the order they are received, Smith-Daley said.

The bulletin is available on TDI's Web site, www.tdi.state.tx.us. ★

Fraud Unit Prosecutions

Indictments

Braddock, Glen, was indicted in Weatherford on charges of insurance fraud, a state jail felony.

Ricardo, Raul, was indicted in Austin on charges of making a false statement in a written instrument, a third-degree felony.

Roach, Michael James, was indicted in Austin on charges of making a false statement in a written instrument, a third-degree felony.

Smith, Christopher K., was indicted in Austin on charges of making a false statement in a written instrument, a third-degree felony.

Case Dispositions

Dowlearn, Daryl Calvin, was sentenced in Houston to one-year deferred adjudication and 80 hours of community service for theft, a Class A misdemeanor.

Hurley, James, was sentenced in U.S. District Court, Northern District, in Dallas to 37 months' confinement, three years' supervised probation, a \$100 fine and \$467,035.09 in restitution for mail fraud.

Pollaro, Joseph J., was sentenced in Sherman to eight years' deferred adjudication, 240 hours of community service, a \$10,000 fine and restitution of \$431,336.74 for insurance fraud, a third-degree felony.

Terry, Daniel E., was fined \$100 and was ordered to pay restitution of \$146,075.06 in U.S. District Court, Southern District, in Houston for mail fraud.

Toliver, Shemise, was sentenced in Houston to two years' deferred adjudication, 100 hours of community service and a \$500 fine for theft, a Class A misdemeanor. ★

TDI update

Prime Tempus Is SDR for Millers

PRIME TEMPUS INC. (Craig Koenig) of Dripping Springs has been selected as special deputy receiver for Millers Insurance Co., a property and casualty writer placed in court-ordered receivership in March.

Commissioner Jose Montemayor selected Prime Tempus and Koenig to marshal the assets of Millers and oversee the wind-down of the company.

Contact information for the SDR is:
Prime Tempus Inc.
ATTN: **Craig Koenig**
27310 Ranch Road 12
Dripping Springs, TX 78620
512 894-3705

Prime Tempus and Koenig also are the SDR of Legal Security Life Insurance Co., The Statesman National Lloyds, Bankers Commercial Life Insurance Co. and Colonial Casualty Insurance Co.

Judge Margaret Cooper of the 345th State District Court in Austin placed Millers Insurance Co. into temporary receivership on March 13, 2003, and made the receivership permanent on March 24.

Millers, the oldest Texas-domiciled P&C company (founded in 1898), was insolvent by at least \$12.7 million. The company wrote private passenger and commercial auto, commercial multiple peril and homeowners insurance. It stopped writing new business in November 2001. ★



TDI Ups HO Rate Increase Estimate

HOMEOWNERS RATES of companies exempt from rate regulation have risen an average of 45 percent since 2000, would have risen even more but for TDI actions widening coverage choices, and now appear to be leveling off.

Meanwhile, rates for renters insurance have risen an average of 12 percent, condo insurance by 36 percent and dwelling policies by 54 percent since 2000.

Those were among the conclusions presented to the Legislature in TDI's final report on data gathered from exempt companies (Lloyds carriers and reciprocal exchanges) under the authority of Senate Bill 310.

Noting the 45 percent average homeowner rate increase since 2000, the report said a portion of this increase would have occurred in a rate-regulated market "due to the deterioration in experience, even in the absence of mold claims."

The increase would have been at least 65 percent "without the Department's actions on increasing coverage options to allow flexibility in meeting consumers' needs," the report said.

Commissioner Jose Montemayor removed automatic coverage of mold remediation from the Texas standard HO-B policy in late 2001 while giving consumers the option of buying it back as an endorsement. In 2002, he adopted the State Farm, USAA, Nationwide and ISO national policies for use in Texas. The policies exclude mold remediation and slab foundation water coverage except by endorsement for an additional premium. In addition, a number of large companies reduced their exposure by offering only the Texas standard HO-A policy, usually with enhancements such as the addition of replacement cost coverage for structure and contents and coverage for losses resulting from sudden and accidental water discharges from appliances and plumbing.

Based on the information obtained from the carriers, the report concluded that individual companies' homeowners rates could be reduced anywhere from 0 percent to 25 percent from their current levels.

"Our determination of how much rates might be excessive is based primarily on three factors: **1)** loss trend assumptions; **2)** target net rate of return, or profit, when calculating the premiums; and **3)** accounting for coverage differences and the corresponding reduction in risk exposure," the report said.

The report said profit targets of some of the companies reviewed appeared excessive. Some selected target rates of return on equity of between 12 percent and 20 percent.

"Given today's financial market, a target beyond 8 percent to 11 percent for cost of capital will result in underwriting profit provisions that are too high," the report said. "The target rate of return on equity assumption contributes to the excessive rate levels that are being charged."

One factor whose impact was relatively small in the steep rise in homeowners rates was declining investment results, the Senate Bill 310 report observed.

"Although companies' investment returns on their assets are down, this has had minimal upward pressure on rate levels," it concluded.

The report said rates appear to be leveling off.

"Barring any further destabilization of the market, the Department anticipates this trend to continue on a broad scale, if not improve," the report said.

Lawmakers are considering legislation (Senate Bill 14) that, among other things, would end or modify the Lloyds' and reciprocal exchanges' longstanding exemption from residential property insurance rate regulation. The Legislature passed Senate Bill 310 to obtain rate information that might assist them in their work on that bill.

Previously, using data from the 12 largest carriers exempt from residential property insurance rate regulation, the Department had estimated the average homeowners rate increase since 2000 at 38 percent. The numbers were updated, and the estimate of the increase was raised to 45 percent, because of a reweighting based on 2002 premium volume and the addition of detailed data from 10 mid- and small-sized companies.

In late February, TDI asked 214 companies authorized to write residential property insurance for information on their rates. Sixty-two companies submitted data. The rest certified that they wrote only commercial coverages or were exiting the Texas market.

Of the 62 companies that provided data, 21 companies exempt from rate regulation were "Exhibit A" carriers that were required to produce actuarial support for their rates and other detailed information. Those 21 companies, whose rates were examined in detail, have a combined homeowners market share of about 87 percent. The

Please see **SB310** on page 7

RuleMaking

AUTOMOBILE

Exempt Adoption Terrorism Endorsements

■ Commissioner Jose Montemayor has amended the *Texas Automobile Rules and Rating Manual* by adding endorsements that exclude or cap coverage of commercial auto losses resulting from terrorist acts pursuant to the federal Terrorism Risk Insurance Act of 2002.

One endorsement provides an option with respect to the terrorism risk insurance coverage that insurers must make available pursuant to the Terrorism Risk Insurance Act of 2002. The other endorsement provides disclosure that the promulgated commercial auto policy forms containing coverage for acts of terrorism are subject to the cap on liability for payment of insured losses provided by the federal act.

The new endorsements are:

TE 99 87, excluding acts of terrorism as defined in the federal Terrorism Risk Insurance Act of 2002. Carriers may offer it to each applicant or insured regarding the commercial auto policies named in the endorsement. The endorsement is available for use when an insured rejects terrorism coverage.

TE 99 88, provides notice of the federal cap on losses from acts of terrorism.

Publication: 28TexReg3087, April 11, 2003
Effective date: April 26, 2003
Reference No. A-0203-04-I
Further information: 512 463-6327

FINANCIAL

APA Proposal Provider-Sponsored Organizations

■ The Department has proposed amendments to 28 TAC §§ 11.2301, 11.2305, 11.2306 and 11.2315 concerning financial requirements for provider-sponsored organizations (PSOs). Under the rules, PSOs would be required to comply with the same solvency requirements as HMOs.

The rule change is necessary because of the expiration on November 1, 2002, of a federal law that allowed waiver of state solvency requirements for PSOs participating in the federal Medicare+Choice program.

Under the proposed rule change, PSOs that already have a certificate of authority must show that they satisfy the solvency requirements for an HMO or, alternatively, file a busi-

ness plan demonstrating they will be in compliance by December 31, 2006. PSOs that apply for a certificate of authority after November 1, 2002, must comply with the solvency requirements for HMOs as a condition for obtaining licensure.

Projected publication date: May 2, 2003
Earliest possible adoption: June 2, 2003
Further information: 512 463-6425

APA Adoption 2001 CSO Mortality Tables

■ Commissioner Jose Montemayor has adopted new 28 TAC §§ 3.1307, 3.1406, 3.4509 and 3.9101–3.9106 concerning the adoption by reference of the 2001 Commissioners Standard Ordinary (CSO) Mortality Table. Insurers may begin using the table for new policies issued after May 1, 2003. Companies are required to use it for life insurance products issued on or after January 1, 2009.

Texas Insurance Code Articles 3.28 and 3.44a authorize the Commissioner of Insurance to adopt any mortality table adopted by the NAIC. The NAIC adopted the 2001 CSO Mortality Table at its December 2002 meeting. The table reflects increases in life expectancy since the adoption of the 1980 CSO Mortality Table. The new table is expected to reduce required reserve levels for a number of life insurance products compared with the reserve levels produced by current requirements using the 1980 CSO Mortality Table. Term life reserves are expected to be 30 percent lower in the aggregate. Whole life reserves are estimated to be 10 percent to 15 percent lower in the aggregate. Universal life and variable life products are estimated to experience a reduction in reserves of 5 percent or less.

Copies of the 2001 CSO Mortality Table may be obtained from TDI's Actuarial Division or from the Department's Web site, www.tdi.state.tx.us.

Publication: 28TexReg3056, April 11, 2003
Effective date: April 14, 2003
Further information: 512 463-6327

PROPERTY

APA Proposal FAIR Plan's Plan of Operation

■ The Department has proposed new 28 TAC §§ 5.9910–5.9929, adopting the plan of operation of the state's new FAIR (Fair Access to Insurance Requirements) Plan for residential

property insurance. The plan of operation already is in effect by virtue of an emergency rule adopted by Montemayor on December 6, 2002. However, emergency rules expire, and a permanent rule was necessary.

Highlights of the plan of operation include:

- FAIR plan coverage is 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 may be obtained only through licensed agents, who receive commissions from the FAIR plan on business written.
- 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 must seek coverage in the voluntary market every two years.
- FAIR plan maximum coverage limits are \$1 million for the structure and \$500,000 for the contents of an insured home.
- All licensed property and casualty insurers writing residential property insurance must participate in the FAIR plan. Participation includes paying assessments as needed.

Publication: 28TexReg2873, April 4, 2003
Earliest possible adoption: May 5, 2003
Further information: 512 463-6327

APA Adoption "Underserved Areas" for FAIR Plan

■ Commissioner Jose Montemayor has adopted amendments to 28 TAC § 5.3701 designating all 254 Texas counties as "underserved areas" for residential property insurance coverage. The designation is necessary to qualify the entire state for the FAIR (Fair Access to Insurance Requirements) plan that began operations on December 31, 2002. An emergency rule to that effect was issued October 8, 2002. For the designation to remain in force, a permanent rule was necessary.

The adopted rule makes a finding that "residential property insurance is not reasonably available to a substantial number of owners of insurable property" throughout the state of Texas.

Publication: 28TexReg3058, April 11, 2003
Effective date: April 3, 2003
Further information: 512 463-6327 ★

Knowing the Rules... *from page 1*

An agent cannot renew a license after it has been expired for more than 90 days. An agent may obtain a new license by complying with the requirements for obtaining an original license. Doing the business of insurance with an expired license constitutes unauthorized insurance, which is a felony offense.

Disclosure of Felony Convictions

All license holders have been required since September 1, 2001, to notify the Department of any felony conviction either on a monthly basis or not later than 30 days after the date of the felony conviction. This requirement applies to an individual license holder, a licensed agent for a corporation or partnership or any individual associated with a corporation or partnership that is required to file biographical information with the Department. In addition, if a license holder was convicted of a felony before September 1, 2001, but has failed to disclose that felony conviction on an original or renewal license application, the license holder could be subject to disciplinary action for the misrepresentation.

18 U.S.C.A §1033

Federal law requires an individual to obtain the express written consent of a state insurance commissioner before engaging in the business of insurance if he or she has been convicted of a felony involving dishonesty or breach of trust.

Disclosure of Other Disciplinary Actions

Since September 1, 1999, license holders have been required to notify the Department not later than 30 days after the date of an administrative action taken against the license holder by a financial or insurance regulator in Texas, another state or the United States. Again, if a license holder has been the subject of an administrative action, but has failed to disclose that administrative action on a previous original or renewal license application, the license holder could be subject to disciplinary action for the misrepresentation.

Corporation and Partnership License Holders

A corporation that is licensed as an agent must file a biographical information form for each executive officer and director and each shareholder who is in control of the corporation. A partnership that is licensed as an agent must file a biographical information form for each executive officer and director, any unlicensed partner who administers the entity's operations or any other partner who has the right or ability to control the partnership. If a corporation or partnership is

owned, in whole or in part, by another entity, TDI may request a biographical form for each individual who is in control of the parent entity. Each corporation and partnership must update the biographical information it has filed with the Department to reflect the addition or removal of an officer, director, partner, member or manager not later than the 30th day after the change occurs.

Current Address

Each agent is required to keep TDI informed of his or her current address. Absent a specific written request to change his or her address, an agent's current address is presumed to be the mailing address shown on the most recent license renewal or license application form. Important communications from TDI, such as license renewal applications, inquiries about complaints and notices of legal proceedings, will be sent to an agent's current mailing address. TDI is not required to make an exhaustive search for an agent's current address if a certified mailing to the agent is returned as undeliverable.

Agents can complete an address change form at www.tdi.state.tx.us/agent/forms/addrchg.html. They also may fax a signed address change request to **512 322-3553** or mail one to the following address:

Texas Department of Insurance
Agent License Division (MC 107-1B)
 P. O. Box 149104
 Austin, TX 78714-9104

Tradestyles & Additional Locations

A licensed agent may have additional offices or do insurance business under an assumed name without obtaining an additional license. However, each agent must register any assumed name or additional locations by sending a completed Form LDTL and the required fee to the Agent Licensing Division. Texas law also requires agents to file tradestyle names with their county clerks.

While not required, obtaining TDI's prior approval of a tradestyle is advisable for several reasons. TDI can order an agent to discontinue the use of a name that is shown to mislead the public. TDI rules set certain standards to ensure a "dba" is not deceptive. TDI also maintains a list of the assumed names registered with the Department. If an agent proposes to use a name that another agent already is using, TDI can alert the agent through the pre-approval process and head off confusion and other concerns associated with tradestyle violations. By obtaining confirmation from TDI before using tradestyle names, agents may save themselves time and money.

Salaried Employees and Insurance Service Representatives

Salaried employees cannot perform acts which constitute the business of insurance, such as solicitation or negotiation of insurance, providing premium quotes, explaining policy provisions or issuing binders or other proof of coverage without holding an insurance license. (See *Texas Insurance Code* Section 101.051 for a list of acts which constitute the business of insurance and *Texas Insurance Code* Articles 21.02 and 21.07 §1A(1) for the definitions of agent.) However, a salaried employee may, as part of his or her full-time clerical and administrative services, incidentally take information from customers and accept premiums if the employee does not receive any commissions and the employee's compensation is not varied by the volume of premium taken and received. Agents who have allowed unlicensed employees to do acts for which a license is required have been fined, placed on probation or had their licenses revoked.

Salaried employees of Property and Casualty (P&C) agents may obtain an Insurance Service Representative (ISR) license which will allow the employee to perform acts which constitute the business of insurance exclusively in the office of the P&C agent. However, an ISR may issue binders only with the express approval of the P&C agent supervising the ISR. P&C agents should closely supervise ISRs to ensure they act only within the authority given by their limited license.

Subagents

A General Lines agent may employ a licensed agent as a subagent to act on his or her behalf. The General Lines agent must submit a written appointment form to the Department for each subagent. The subagent must be individually licensed to write each type of insurance he or she is employed to write but is not required to hold each type held by the general agent employing him or her. General Lines agents can be subject to disciplinary action for failing to verify that subagents have the required license(s) before allowing them to perform the acts of an agent. General Lines agents may also be subject to disciplinary action for failing to properly supervise the activities of subagents.

Referral Fees

An unlicensed person may refer a potential customer to a licensed agent but the unlicensed person cannot discuss specific insurance policy terms or conditions with that potential customer unless he or she holds an insurance agent's license. Likewise, an unlicensed person may not

perform any act which constitutes the business of insurance, such as taking, receiving or forwarding an application, receiving or collecting premiums or issuing binders or other proof of coverage, without holding a license. While agents can now pay referral fees to unlicensed persons, payment of referral fees cannot be based upon whether or not the potential customer actually purchased insurance.

Agent Fees

Although agents may charge fees to customers, they must comply with *Texas Insurance Code* Arts. 21.01-2 §2A(a), 21.35A and 21.35B and 28 TAC §§ 19.1501–19.1503 before charging fees for services. Agents must obtain a client's signature on a written disclosure form that notifies the client of any agent fee, service fee or inspection fee to be charged by the agent on the transaction before the agent incurs the expense or provides a service. These statutes and rules also require an agent to provide a complete itemized listing of the fees charged and the services provided. The written disclosure must contain TDI's toll-free telephone number and a boldface statement that the client may call this number for information on how to file a complaint regarding such fees. Agents may not receive a commission and additional fees for services provided to the same client unless that fee is one described in Articles 21.35A or 21.35B.

Appointments

Companies must notify TDI not later than the 30th day after appointing agents to act on their behalf. Although an agent may act on behalf of a company before TDI receives the notice of appointment form, complying with the appointment requirement is important. If the Department determines that a person has solicited insurance contracts or acted as an agent for a company without having been appointed, that person is barred from receiving a license as an insurance agent before the fifth anniversary of the determination.

Continuing Education

Not only have continuing education requirements changed but now all individuals holding a general lines license, limited lines license and adjuster license must comply with the continuing education requirements in *Texas Insurance Code* Article 21.01-1 §3. Commissioner's Bulletin No. B-0034-01 explains the continuing education requirements that apply to license renewals occurring after January 1, 2003. The bulletin can be accessed on TDI's Web site, www.tdi.state.tx.us. License holders are not required to submit proof of completion of continuing education requirements to TDI. However, they must maintain

evidence of each continuing education course completed for a period of four years from the date of completion for purposes of audit.

TDI randomly audits agents and adjusters to verify compliance with continuing education requirements. Agents are required to provide evidence continuing education has been completed upon request of the Department. Failure to complete continuing education requirements and/or the inability to provide evidence of completion may result in license revocation or other administrative penalties.

TDI Inquiries

TDI is authorized to inquire into any matter when it deems an inquiry is necessary for the public good. When TDI receives a complaint or question about an agent, the Department sends the agent a letter of inquiry. *Texas Insurance Code* Section 38.001 requires an agent to answer an inquiry in writing not later than the 10th day after receipt. Commissioner's Bulletin No. B-0040-00 spells out TDI requirements concerning responses to such inquiries and requests for extensions of the deadline for responding. The bulletin can be accessed on TDI's Web site, www.tdi.state.tx.us. Administrative action seeking a fine, penalties or license revocation may be initiated against an agent who fails to properly respond to written inquiries from the Department.

Rebates and Inducements

Numerous provisions in the *Texas Insurance Code* prohibit an agent from offering, paying, allowing or giving, directly or indirectly, anything of value as an inducement to buy insurance. Agents cannot rebate insurance premiums or commissions to an insured nor can they offer any special favor or advantage not specified in an insurance policy for the purpose of writing the insurance. The Department considers an offer such as "one year of free insurance" or "refund of premium at the end of the policy term" to be an unlawful rebate, inducement and/or incentive.

Churning

Agents may be tempted to encourage an insured to switch from an existing policy to a policy issued by another insurer in an attempt to generate a commission. Agents should be extremely cautious about engaging in such conduct, which is commonly called "churning." The *Texas Insurance Code* authorizes sanctions if an agent misrepresents a policy or makes incomplete comparisons regarding the terms and conditions of an insurance contract for the purpose of inducing or attempting to induce the policyholder to forfeit, surrender or allow a policy to expire so the agent can replace that policy with another.

Power of Attorney

An agent cannot require or accept a power of attorney from a consumer for purposes of placing, procuring, instituting, maintaining, canceling or non-renewing insurance coverage or for any other act in connection with placing or initiating coverage. (See 28 TAC § 21.901.)

A notable exception to this rule allows premium finance agreement forms to include a power of attorney that grants the premium finance company authority to cancel coverage when insureds do not make their payments.

Premium Finance Agreements

An agent who collects the full annual premium for a policy from an insured must forward the entire premium to the insurer. Unfortunately, some agents have pocketed such premiums and executed premium finance agreements on behalf of the insureds without their knowledge or consent. Signing an insured's name to a premium finance agreement without his or her knowledge or consent is forgery, which can be prosecuted as a state jail felony. Furthermore, an agent who retains an insured's premium has violated the *Texas Insurance Code* and also can be prosecuted for a felony offense.

Proof-of-Insurance Cards

An agent who issues an automobile liability proof-of-insurance card must secure the automobile insurance coverage shown on the card. Issuing a proof-of-insurance card without securing coverage can be prosecuted as a felony.

A document evidencing proof of a personal automobile insurance policy written for a term of less than 30 days must contain a written statement that Texas law prohibits using the document to obtain an original or renewal driver's license, an automobile registration or motor vehicle inspection certificate. Agents must make a similar written disclosure before accepting any premium or fee for a personal automobile insurance policy or binder for a term of less than 30 days.

Agents should stay abreast of all regulations related to the Texas Automobile Insurance Plan Association (TAIPA), including certification programs and premium financing disclosures.

Advertisements and Representations

TDI rules located in Chapter 21 of Title 28 of the *Texas Administrative Code* set forth standards for truthful and adequate disclosure of information in insurance advertisements and solicitations. Agents are responsible for accurately representing the insurance products they sell. If an agent develops his or her own advertisements for

an insurance product, each ad must include the name of the insurance company whose product is being offered. TDI rules and most agent contracts require an agent to obtain home office approval from an insurer before publishing an ad discussing any of its products.

If agents use lead cards to generate cold leads; they must know, understand and follow TDI's rules. Lead cards often target senior citizens. TDI closely scrutinizes all sales material directed toward older Texans, including lead cards and ads for Medicare supplement and long-term care insurance.

If a company sends sales materials that an agent believes are inaccurate, the agent should question the company about the sales materials. If an agent has questions about the legality of advertising or sales materials received from a company, the agent should send the materials to TDI's Advertising Unit at this address:

Texas Department of Insurance

Advertising (MC 111-2A)

P. O. Box 149104

Austin, TX 78714-9104

Bank Accounts

Although not illegal, commingling funds invites trouble. The best way for an agent to keep records straight and avoid confusion, misunderstandings and complaints to TDI is to maintain separate bank accounts for different purposes, such as a commission account, business operating account, premium account and personal account.

Agents cannot be too careful in handling other people's money. As a matter of law, agents have a fiduciary duty to any client whose premium money they accept. Asking clients to make their premium checks out to the company will best protect an agent and his or her clients.

In addition, agents should always forward premiums to the company, even if the company practices offset accounting. The fact that a company owes an agent a commission does not relieve the agent of the responsibility of forwarding the client's premium to the company.

Surplus Lines Insurance

Texas agents may effect insurance coverage with eligible surplus lines insurers only if the full amount of insurance required cannot be procured, after a diligent effort, from an admitted carrier. Even then, agents should only place clients with carriers on TDI's list of eligible surplus lines insurers. An agent cannot directly or indirectly issue a surplus lines policy unless the agent holds a surplus lines agent's license. An agent without such a license must place the coverage through a licensed Texas surplus lines agent. Agents should not sign certificates of insurance or other documents evidencing coverage issued by an eligible surplus lines insurer unless the agent holds a surplus lines license.

Brokering

Texas does not have a license type with the designation "broker". When a licensed agent uses an individual or agency to secure a client's insurance instead of dealing directly with the company, the "middle-man" or "broker" is acting as an agent and must be properly licensed to write that insurance business. Agents should always verify that a "broker", especially one out-of-state, is properly licensed in Texas. Agents can check on license status through TDI's Web site.

Unauthorized Companies

The basic rules regarding unauthorized insurance are simple — agents must confirm that the entity bearing the risk on the policies they sell is on TDI's Web site as an active authorized or eligible insurer and make certain the identified company has authorized the sale of its products. While there are some exceptions to these two simple rules, the exceptions are so narrow that, if they are argued to an agent, it is far more likely that the insurance is unauthorized than that it fits within an exception.

Commissioner's Bulletin No. B-0009-02 and the February 2002 issue of **TexasInsurance News** provide excellent guidance on recognizing and identifying unauthorized health insurance scams. However, unauthorized insurance scams are not limited to any particular line of insurance. In the past two years, TDI has issued cease-and-

desist orders against the unauthorized sale of coverage for personal auto, personal home, commercial property, commercial liability, nursing home liability, water craft, medical malpractice (professional liability), workers' compensation, hole-in-one, pawnbroker, individual health, group health, stop-loss, commercial and individual surety bonds, title and premium financing.

It is very important that unauthorized plans be recognized early. Generally, TDI does not hear about an unauthorized plan from consumers until it stops paying its claims. Usually, agents are the ones who give TDI early notice of new scams. Agents should know that almost every unauthorized plan is doomed to failure, and when such plans fail it is agents who are left holding the bag, even if they haven't made much money from selling the product.

Any agent with concerns about a product that he or she has been asked to market or sell should contact TDI's **Consumer Protection Division** at **1-800-252-3439**. This number and TDI's Web site can also be used to determine whether individuals and entities marketing or underwriting products are licensed to conduct the business of insurance in Texas. Agents who are approached to sell an unauthorized insurance product are obligated to report that product to TDI. Further, anyone with information about an entity or individual offering health coverage without a state license should contact TDI's **Fraud Unit** at **1-888-327-8818**.

Agents face disciplinary action, including possible license revocation, if it is determined they sold unauthorized insurance. Agents also are liable for all unpaid claims, whether they knew the product was unauthorized or not. Further, *Texas Insurance Code*, §101.106 makes it a third degree felony to directly or indirectly participate in the unauthorized business of insurance.

Conclusion

It doesn't take a great deal of effort for an agent to avoid regulatory trouble, just integrity, prudence and common sense. ★

SB310... *from page 3*

other 41 were "Exhibit B" companies, which had less detailed reporting requirements.

In addition to certain rate information, all 62 companies that submitted data provided information on their use of credit scoring. Twenty-one companies said they use it to slot insureds into

specific rating tiers; three reported using it in establishing rating variables (discounts), 11 use it in underwriting, and 27 said they do not use credit scoring.

"For the companies utilizing credit information in rating or tiering, rates can increase anywhere from 19 percent to 113 percent, depending on

the company, for a person with poor credit compare to a person with excellent credit," the report said.

The full report may be obtained from TDI's Web site at www.tdi.state.tx.us/general/pdf/sb310rpt.pdf. ★

Status of TDI Recommendations to the 78th Legislature

FOLLOWING is the status, as of **Texas InsuranceNews'** printer deadline, of bills carrying out TDI's legislative recommendations.* Updated information on the status of individual bills is available on the Texas Legislature Online Web site, www.capitol.state.tx.us.

The regular legislative session must adjourn on June 2, 2003. The July issue will summarize all enacted bills that amend the *Texas Insurance Code*.

Water Damage Claims and Public Adjusters

SB 127, by Senator Troy Fraser, Marble Falls, requiring insurers to acknowledge water damage claims within 24 hours after receiving them and to send adjusters or other representatives to a claimant's home within 72 hours; requiring state licensure of public adjusters.

Status: Passed by Senate. Referred to House Insurance Committee.

Orderly Withdrawal

HB 1727, by Representative Mike Wise, Weslaco, applying *Texas Insurance Code* Article 21.49-2C, the orderly withdrawal statute, to Lloyds carriers, reciprocal exchanges and county mutual insurers; broadening the statute's applicability; and giving the Commissioner greater authority to disapprove withdrawal plans.

Status: Referred to House Insurance Committee.

Personal Lines Rates, Commercial Auto and Credit Scoring

SB 14, by Fraser, establishing TDI regulation of all homeowners and auto insurance rates; removing the requirement that commercial auto coverage be written on promulgated forms and that rates be subject to the benchmark system; and placing limitations on the use of credit scoring in underwriting and rating.

Status: Passed by Senate. Heard by House Insurance Committee and left pending.

Medical Malpractice

HB 2787, by Representative Craig Eiland, Galveston, requiring rates of the Texas Medical Liability Trust (TMLT) to be just, reasonable, adequate, not excessive and not unfairly discriminatory and bringing the TMLT under TDI's examination authority.

Status: Referred to House Insurance Committee.

Miscellaneous Lines

HB 3031, by Representative Corbin Van Arsdale, Houston, changing rate regulation for fidelity and

surety bonds, personal umbrella, personal liability, GAP, involuntary unemployment, financial guaranty and inland marine insurance from prior approval to file-and-use.

Status: Approved by House Insurance Committee.

Prompt Payment to Providers

SB 418, by Senator Jane Nelson, Flower Mound, amending the prompt payment/clean claim statutes to, among other things, authorize the Commissioner to develop an exclusive set of clean claim elements. Statutory provisions allowing carriers to add or change the elements by contract would be repealed.

Status: Passed by Senate. Approved by House Insurance Committee.

Health Insurance Risk Pool

SB 467, by Senator Kip Averitt, Waco, lowering the Texas Health Insurance Risk Pool's maximum rate from 200 percent to 150 percent of the average rate charged by major Texas health insurers for individual health coverage (the "standard rate").

Status: Heard by Senate State Affairs Committee.

Rulemaking Authority

SB 1281, by Fraser, and **HB 3108**, by Representative William Keffer, Dallas, strengthening the Commissioner's rulemaking authority, including the granting of authority to adopt interim rules to comply with federal requirements.

Status: Senate bill passed by Senate. House bill referred to House Insurance Committee.

JUA Eligibility

SB 421, by Senator John Carona, Dallas, and **HB 784**, by Representative John Davis, Houston, adding assisted living facilities to the list of providers eligible for the medical professional liability JUA.

Status: Senate bill passed by Senate and approved by House Insurance Committee. House bill heard by House Insurance Committee and left pending.

FAIR ("Fair Access to Insurance Requirements") Plan

SB 1605, by Senator Rodney Ellis, Houston, and **HB 1958**, by Representative John Smithee, Amarillo, authorizing the issuance of state bonds, if needed, to fund costs associated with operation of the FAIR Plan.

Status: Senate bill passed by Senate. House bill heard by House Insurance Committee and left pending.

SB 1606, by Senator Rodney Ellis, Houston, and **HB 2737**, by Representative Larry Taylor, Friendswood, removing provisions of *Texas Insurance Code* Article 21.49A that make establishment of the FAIR plan contingent on activity in the residential property Market Assistance Program.

Status: Senate bill approved by Senate Business and Commerce Committee, as amended. House bill referred to House Insurance Committee.

Annuity Non-Forfeiture Interest Rates

SB 681, by Averitt, and **HB 1561**, by Eiland, reducing the minimum non-forfeiture rate of interest for individual deferred annuities from the present 3 percent to an amount more reflective of market interest rates.

Status: Senate bill passed by Senate and referred to House Insurance Committee. House bill heard by House Insurance Committee and left pending.

** On some issues, such as personal lines rate regulation and credit scoring, sponsors were developing or had filed their own bills prior to the submission of TDI's biennial legislative report on December 31, 2002. In those cases, the bills listed are those that most closely correspond to the TDI recommendations. ★*

Deployed Agents Can Get Renewal Extension

TEXAS INSURANCE AGENTS, adjusters, CSRs and other licensees called to active military service in the war with Iraq may be eligible for extension of their license renewal deadlines and of the time allowed for meeting continuing education requirements.

Texas Insurance Code Article 1.10-1 allows licensees called to active military service in a combat theater to apply to TDI for such extensions. A licensee must file the request before the end of the reporting period for which it applies. The application must include:

- a copy of the order to active duty status, service in a combat theater or other positive documentation of military service that will prevent the licensee from complying with the renewal and/or CE requirements;
- a clear request for either an extension or exemption, or both;
- the expected duration of the assignment; and
- any other information the licensee believes may assist TDI or that the Department may request on a case by case basis. ★

KEY TELEPHONE LIST

All numbers are in area code 512.

DIVISION	NAME	PHONE	MAIL CODE
Commissioner of Insurance	Jose Montemayor	463-6468	113-1C
Deputy Commissioner for Policy	Mike Geeslin	463-6464	113-1C
Acting General Counsel & Chief Clerk	Gene Jarmon	305-7351	113-2A
Office of Chief Clerk		463-6326	113-2A
Government Relations	David Durden	463-6651	113-3A
Public Information Office	Robert Black	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	102-4S
Legal & Compliance –Senior Associate Commissioner	Sara Shiplet Waitt	463-6119	110-1A
Insurance Fraud Program –Acting Associate Commissioner	Dennis Pompa	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		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	Margaret Lazaretti	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	Robert York	322-5027	106-2T
Financial –Senior Associate Commissioner	Betty Patterson	322-5040	305-2A
Actuarial –Managing Actuary	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	Scott Kyle	322-3467	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	Valerie Brown	305-8199	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
	Allen, Bonnie	Addison	\$1,000 Fine	Acted as Agent for Unauthorized Health Plan	03-0154	3/7/03
	Barse, David Randolph	San Antonio	\$4,000 Fine, Subject to Dollar-for-Dollar Reduction by Restitution, Down to a Minimum Fine of \$2,000	Acted as Agent for Unauthorized Health Plan	03-0155	3/7/03
	Beatty, Jessica	Cedar Rapids, IA	General Property and Casualty Agent's License Revoked	Fraudulent or Dishonest Acts or Practices; Failure to Notify TDI of License Revocation in Another State	03-0165	3/12/03
	Bibliowicz, Abel Mordechai	Houston	\$3,000 Fine, Subject to Dollar-for-Dollar Reduction by Restitution Down to a Minimum Fine of \$500	Acted as Agent for Unauthorized Health Plan	03-0191	3/21/03
	Byerly, Traudney Latrelle	Jasper	\$750 Fine	Material Misrepresentation on Agent License Application	03-0156	3/7/03
	Elizondo, Hector Jr.	Austin	\$12,500 Fine, Subject to Dollar-for-Dollar Reduction by Restitution Down to a Minimum Fine of \$2,500	Acted as Agent for Unauthorized Health Plan	03-0192	3/21/03
	Godwin, Lynn, dba Lynn C. Godwin Insurance Agency and Essex Insurance Services	Dallas	\$7,500 Fine Plus Restitution of \$16,600 in Illegal Filing Fees	Filed Surplus License Policies on Behalf of Unlicensed Insurance Agency; Failure to Conduct Diligent Search of Admitted Market Before Placing Business With Surplus Lines Carriers	03-0193	3/21/03
	Gonzales, Crystalyn	Austin	\$215 Fine	Acted as Agent for Unauthorized Health Plan	03-0143	3/6/03
	Grissett, Rick Lynn	Houston	\$1,000 Fine	Material Misrepresentation on Adjuster License Application	03-0209	3/25/03
	Mustoe, James F.	Plymouth Meeting, PA	\$12,000 Fine; Revocation of Non-Resident General Life, Accident, Health and HMO License and Non-Resident General Property and Casualty Agent's License	Unauthorized Insurance; Unfair or Deceptive Trade Practices	03-0214	3/27/03
	Orsak, Brett	Frisco	\$750 Fine	Material Misrepresentation on Agent License Application	03-0157	3/7/03
	Riehl, Albert Manuel	Austin	General Life, Accident, Health and HMO Agent's License Revoked; \$25,000 Fine; Cease-and-Desist Order; and Restitution Totaling At Least \$3,733	Fraudulent or Dishonest Acts or Practices; Misrepresentation of Policy Provisions; Acted as Agent for Unauthorized Insurer	03-0166	3/12/03
	Schindler, Lon	Forney	\$750 Fine	Material Misrepresentation on Agent License Application	03-0158	3/7/03
	Thomas, Paula Marie	Dallas	\$1,000 Fine	Material Misrepresentation on Agent License Application	03-0164	3/12/03
	Thompson, Willie Burton Jr.	Kirbyville	Denial of General Life, Accident, Health and HMO Agent's License	Prior License Revocation	03-0118	2/18/03
	Williams, Brian Richard	Porter	\$2,000 Fine, Subject to Dollar-for-Dollar Reduction by Restitution Down to a Minimum Fine of \$1,000	Acted as Agent for Unauthorized Health Plan	03-0194	3/21/03
INSURANCE COMPANIES						
	CGU Life Insurance Company of America	North Quincy, MA	\$30,000 Fine	Sale of Annuities on Unapproved Forms; Failure to Control Activities of Agents	03-0169	3/12/03

Disciplinary Actions

INSURANCE COMPANIES	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
The CUMIS Insurance Society Inc.		Madison, WI	\$2,500 Fine	Failure to File Required Workers' Compensation Rate Information with TDI	03-0163	3/12/03
First Allmerica Financial Life Insurance Co.		Worcester, MA	\$1,500 Fine	Consent Order; Alleged Late Response to Information Request	03-0152	3/7/03
The Gray Insurance Co.		Metairie, LA	\$1,500 Fine	Failure to File Required Workers' Compensation Rate Information with TDI	03-0207	3/25/03
Health Net Life Insurance Co.		Woodland Hills, CA	\$3,500 Fine	Late Filing of Small Employer Health Plan Data	03-0144	3/6/03
National Unity Insurance Co.		San Antonio	\$2,000 Fine	Late Filing of Auto Insurance Rates	03-0208	3/25/03

HMO

SHA, L.L.C.	Amarillo	\$18,000 Fine	Consent Order; Alleged Failure to File Required Information with TDI	03-0145	3/6/03
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Company Licensing

Applications Pending

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Business Administrators & Consultants Inc.	TPA	Columbus, OH
Disability Management Alternatives, LLC	TPA	Salem, MA
ESIS Inc.	TPA	Philadelphia, PA
Farmington Administrative Services Inc.	TPA	Farmington, CT
Healthspring Management Inc.	TPA	Nashville, TN
Hudson Insurance Co.	Fire and/or Casualty	Wilmington, DE
Medco Health, L.L.C.	TPA	Wilmington, DE
Midlands Claim Administrators Inc.	TPA	Oklahoma, OK
National Health Systems Inc.	TPA	Denver, CO
Total Administrative Services Corp.	TPA	Madison, WI

For incorporation

COMPANY NAME	LINE	HOME OFFICE
Abercrombie, Simmons & Gillette Inc.	TPA	Houston, TX
Benometrics Corp. <i>dba</i> EMS Administrators	TPA	Fort Worth, TX
U.S. Legal Services of Texas Inc.	Prepaid Legal	Jacksonville, FL

For name change in Texas

FROM	TO	LINE	LOCATION
All American Flexible Benefit Plans Inc.	All American Benefits Inc.	TPA	Dallas, TX
Benefit Consultants Inc.	Progeny Marketing Innovations Inc.	TPA	Wilmington, DE
Homeplus Insurance Co.	Securian Casualty Co.	Fire and/or Casualty	St. Paul MN
Mitsui Marine & Fire Insurance Company of America	Mitsui Sumitomo Insurance Co. USA Inc.	Fire and/or Casualty	New York, NY
Sumitomo Marine & Fire Insurance Company of America	Mitsui Sumitomo Insurance Company of America	Fire and/or Casualty	New York, NY
Western Diversified Life Insurance Co.	American Specialty Health Insurance Co.	Life, Accident and/or Health	Rosemont, IL
Underwriters Indemnity Co.	Lexon Insurance Co.	Fire and/or Casualty	Houston, TX

Applications Approved

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
EBRX Inc.	TPA	Pittsburg, PA

Company Licensing

Applications Approved

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Intrepid Insurance Co.	Fire & Casualty	Farmington Hills, MI
Lifepans Inc., dba LTC Services Inc.	TPA	Waltham, MA
Memberhealth Inc.	TPA	Cleveland, OH
TMG Health Inc.	TPA	Wilmington, DE

For name change in Texas

FROM	TO	LINE	LOCATION
Anchor National Life Insurance Co.	AIG Sunamerica Life Assurance Co.	Life	Phoenix, AZ
First Standard Security Insurance Co.	Independence America Insurance Co.	Fire & Casualty	Dover, DE
Lyndon Life Insurance Co.	XL Life Insurance and Annuity Co.	Life	Schaumburg, IL
Provident Mutual Life and Annuity Company of America	Nationwide Life and Annuity Company of America	Life	Newark, DE
Provident Mutual Life Insurance Co.	Nationwide Life Insurance Company of America	Life	Berwin, PA

Data Call Reminders

Call for Quarterly Experience

The Call for Second Quarter 2003 Experience is due May 15, 2003. The bulletin and forms may be downloaded from TDI's Web site at <http://www.tdi.state.tx.us/commish/b-0013-03.html>. TDI contact is Julie Jones, 512 475-3030. E-mail address: julie.jones@tdi.state.tx.us

Quarterly Closed Claim Reports

Reports (Long/Short Forms) for claims closed during the first quarter of 2003 were due April 10, 2003. The forms may be downloaded from TDI's Web site at <http://www.tdi.state.tx.us/company/indexpc.html>. TDI contact is

Vicky Knox, 512 475-1879. E-mail addresses: vicky.knox@tdi.state.tx.us

Texas Title Insurance Agent Statistical Report

The call was issued April 16, 2003, and is due May 27, 2003, for hard copy reports and June 10, 2002, for electronic submissions. 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 Data Services, 512 322-5029. E-mail address: Michael.Davis@tdi.state.tx.us

2003 Texas Disallowed Expense Call for Calendar Year 2002 Experience was mailed March 3, 2003, and was due by April 15, 2003. The bulletin and

forms may be downloaded from TDI's Web site at <http://www.tdi.state.tx.us/commish/b-0008-3.html>. TDI contact is Michael Davis, 512 322-5029. E-mail address: Michael.Davis@tdi.state.tx.us

Call for Quarterly Experience, Workers' Compensation Deductible Plans

The Call for Second Quarter 2003 Experience is due May 15, 2003. The bulletin and forms may be downloaded from TDI's Web site at <http://www.tdi.state.tx.us/commish/b-0013-03.html>. TDI contact is Julie Jones, 512 475-3030. E-mail address: julie.jones@tdi.state.tx.us ★



Texas Department of Insurance

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