



# Texas Insurance News

Regulatory News Published by the Texas Department of Insurance

## More Than 60 Insurance Measures Enacted by 78th Texas Legislature

### INSIDE

Health Claim Processing Advisory Committee Appointed 2

HMO Profits Hit \$80.4 Million in First Quarter 3

TDI and Promissor Launch Digital Fingerprinting 3

### TexasInsuranceNews

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

Texas Department of Insurance  
**TexasInsuranceNews**/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:

**TexasInsuranceNews**, MC-113-1A,  
 P.O. Box 149104  
 Austin, TX 78714-9104

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By necessity, summaries of proposed and adopted rules cannot explain their full complexity. Readers interested in complete information about administrative rules should consult the versions published in the Texas Register.

To the best of the staff's ability, information presented in this newsletter is correct as of the publication date, but scheduled dates and proposed rules and amendments may change as the adoption process goes forward.

**I**N A REGULAR SESSION dominated by concerns about escalating homeowners rates, the 78th Legislature acted on major insurance-related issues that included rate regulation, tort reform, prompt payment of health care claims, credit scoring and licensing of mold remediators and public adjusters.

In all, the Legislature passed, and Governor Rick Perry signed, or otherwise allowed to become law, more than 60 bills amending the *Texas Insurance Code* or directly affecting insurers.

The enacted bills included measures that incorporated recommendations contained in TDI's biennial report required by Article 32.022 of the insurance code.

This article summarizes each enacted bill amending the insurance code as well as certain others affecting the insurance industry. Bill summaries are grouped under alphabetical subject headings, from **Automobile** to **Workers' Compensation**. Each summary begins with the bill number, the names of primary sponsors and the bill's effective date. Bills embodying TDI recommendations are marked with an asterisk (\*). SB 14, the session's omnibus insurance reform bill, is summarized under the **Multiple Lines** heading.

The full text of each bill, along with legislative history, bill analyses and fiscal notes, is available on the Texas Legislature On-Line Web site, [www.capitol.state.tx.us](http://www.capitol.state.tx.us).

#### Automobile

\***SB 14**, summarized under the **Multiple Lines** heading.

**SB 1063**, by Senator Florence Shapiro, Addison, and Representative Mike Krusee, Taylor, 9/1/03.

Requires the Texas Department of Transportation (TXDOT) to notify the Texas Department of Public Safety and other law enforcement agencies when it revokes a commercial motor carrier's certifi-

cate of registration for failing to maintain liability coverage. Law enforcement officers must verify that the carrier's vehicles are not operating. Officers may detain or impound vehicles found to be operating without liability insurance until such coverage is properly filed with TXDOT.

**HB 1131**, by Representative Ismael Flores, Mission, and Senator John Carona, Dallas, 9/1/03.

Prohibits insurance companies from owning or acquiring an interest in an automobile repair shop. Grandfathers ownership interests in facilities open for business or under construction on April 15, 2003. Requires the posting of notices informing customers when a repair shop is owned by an insurer. Prohibits various acts that give an owned ("tied") facility advantages over other repair shops. Provides a cause of action for other auto repair shops to seek injunctive relief and civil penalties for violation of this new statute; civil penalties may not be less than \$1,000 for each day of violation.

**HB 3588**, by Representative Mike Krusee, Taylor, and Senator Steve Ogden, College Station, 9/1/03.

"Trans-Texas Corridor" bill. Includes a provision requiring TDI and the Texas Department of Public Safety to conduct a joint study on the feasibility, affordability and practicability of using a database interface software system for verifying whether owners of motor vehicles have established financial responsibility as required by Texas law. Among other things, the study must include findings as to whether such a system is cost-effective and is likely to reduce the number of uninsured drivers. The study must be completed by July 1, 2004. If it is determined that the system should be implemented, the DPS may implement it before January 1, 2005. If implemented, the DPS and TDI would jointly contract with an "agent" to develop and operate the system. Insurers would

Please see **Legislature** on page 4.

## NewsBriefs

### Montemayor Approves TWIA Reinsurance Plan

**COMMISSIONER JOSE MONTEMAYOR** has approved a new reinsurance program for the Texas Windstorm Insurance Association that will further insulate the state's general revenue fund from premium tax offsets if a major hurricane strikes the Texas Gulf Coast.

The new program raises from \$1 billion to \$1.1 billion the losses that would have to occur before TWIA member insurers may recoup assessments through premium tax credits. TWIA's exposure is now more than \$18 billion and growing.

The new reinsurance program is effective from June 1, 2003, through May 31, 2004. The cost will be \$34.1 million compared to \$29 million for the 2002 program.

The increased cost is attributed to the general increase in the cost of reinsurance in the current market and to the fact that the new program provides \$500 million in reinsurance coverage compared with the previous program's \$400 million.

As with the 2002 program, Guy Carpenter & Company Inc. will broker the reinsurance. Forty-one reinsurers, all rated A- or better, participate—10 domestic, 13 from the Bermuda market, 15 from the London market and 3 from the European market. ★

### Claims Processing Technical Advisory Committee Named

**COMMISSIONER JOSE MONTEMAYOR** has appointed a 20-member Technical Advisory Committee on Claims Processing to advise him on HMO and insurance company processing of health care claims submitted by physicians and providers.

The committee was mandated by provisions of Senate Bill 418 of the 78th Legislature.

Committee members are Catherine A. Andrews, Austin Anesthesiology Group, LLP; Robert B. Cook Jr., Baylor Health care Systems, Dallas; Judy B. Dean, Health South Corporation, Birmingham, Alabama; Teresa Devine, Texas Medical Association, Austin; Virgil Dice, TIRR Systems, Houston; Patricia A. Harris, Harris County Medical Society, Houston; Kenneth Janis, Kelsey-Seybold Clinic, Houston; Patricia Anne Koladzey, Texas Hospital Association, Austin; Patricia Fuller McCandless, Unicare Life and Health Insurance Co. and Unicare Health Plans of Texas Inc., Austin; Mary M. McQuire, Covenant Management Systems, Mediview Division, Austin; Melissa L. Paschal,

HCA, Houston; Roy Michael Pollard, Texas Association of Life and Health Insurers, Austin; J. Darren Rodgers, Blue Cross and Blue Shield of Texas, Richardson; Leah Rummel, Texas Association of Health Plans, Austin; Karol Shepherd, Austin Cardiovascular Associates, Austin; Patrick N. Smith Sr., Texas Children's Health Plan, Houston; Jennifer Stevens, Texas Association of Preferred Provider Organizations, Austin; John A. Tietjen, University of Texas M. D. Anderson Cancer Center, Houston; Karen Van Wagner, North Texas Specialty Physicians, Arlington; and Nathalie M. Woolfrey, Cigna Healthcare, Houston. ★

### Fraud Unit Prosecutions

#### Indictments

**Briant, Ricky Lee**, was indicted in Houston on charges of insurance fraud, a third-degree felony.

**De La Garza, Oscar**, was indicted in Austin on charges of making a false statement in a written instrument, a third-degree felony.

**Frederick, Phyllis Banks**, was indicted in Fort Worth on charges of insurance fraud, a state jail felony.

**Marsh, Tony**, was indicted in Austin on charges of misapplication of fiduciary property, a first-degree felony.

**Mrugalski, Stanley Mitchell**, was indicted in Austin on charges of False Statement in a Written Instrument, a third-degree felony.

**Sprinkel, Shawn David**, was indicted in Austin on charges of unauthorized insurance, a third-degree felony.

**Treat, Jay Osborne**, was indicted in Austin on charges of misapplication of fiduciary property and for theft, both first-degree felonies; and for forgery, a state jail felony.

**Tribble, Edward Lee**, was indicted on charges of insurance fraud, a third-degree felony.

#### Case Dispositions

**Boggs, Penny**, was sentenced in Haskell to three years' deferred adjudication, a \$1,000 fine and restitution of \$4,142 for insurance fraud, a state jail felony.

**Keoun, Jerry Donald**, was sentenced in Fort Worth to 10 years' deferred adjudication and restitution of \$28,000 for insurance fraud, a third-degree felony.

**Lowery, Nona**, was sentenced in Eagle Pass to 12 months' deferred adjudication, 75 hours of community service and restitution of \$8,179.51

## RuleMaking

### LIFE AND HEALTH

#### APA Adoption

##### Credit Life and Disability

■ Commissioner Jose Montemayor has adopted amendments to 28 TAC §§ 3.5601–3.5603, 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 rules implement provisions of House Bill 2159 of the 77th Legislature, which changed the law concerning the setting of presumptive rates by the Commissioner of Insurance as well as deviations from those rates.

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.

Previously, insurers could deviate from presumptive rates only after receiving TDI's prior approval. However, the newly adopted rules allow insurers to deviate from presumptive rates by as much as 30 percent above or 30 percent below without obtaining prior approval on a file-and-use basis. Prior approval is required only if an insurer proposes a deviation greater than 30 percent.

Among other things, the new rules also:

- 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.

*Publication: 28TexReg4558, June 13, 2003*

*Effective date: June 18, 2003*

*Further information: 512 463-6327 ★*

for misapplication of fiduciary property, a state jail felony.

**Zapata, Nema Lee**, was sentenced in U.S. District Court, Western District, in Austin to 30 months' confinement, a \$100 fine and restitution of \$230,965.90 for mail fraud.

#### Arrests

**Wayne, David Eugene**, was arrested in Dallas on charges of making a false statement in a written instrument. ★

# TDI update

## HMOs Earn \$80.4 Million In First Quarter of 2003

**B**ASIC SERVICE HMOs, coming off their first profitable year since 1995, reported an industrywide after-tax profit of \$80.4 million on Texas-only business in the first quarter of 2003.

By comparison, the HMOs had a net profit of only \$595,567 in the January-March quarter of 2002, which was their first profitable quarter in six years. The basic service HMOs ended 2002 with an industrywide net gain of \$20 million.

Of the 34 active HMOs, 24 reported after-tax profits in the first quarter of 2003, nine reported losses and one reported breaking even.

Meanwhile, enrollment has declined from 3.3 million a year ago to 2.8 million at the end of the quarter.

"I'm encouraged by the HMOs' continued recovery from the chronic unprofitability that plagued their industry from 1996 to the first quarter of 2002," said Commissioner Jose Montemayor. "The HMO industry is showing signs of becoming more competitive, and I hope that as this happens, the HMOs will become more innovative in the products they offer. Product innovation is a critical element in making a dent in our uninsured rate by offering a wider range of products and prices."

Single-service HMOs had another profitable quarter, reporting net after-tax income of \$5.5 million. Of the 15 active single-service HMOs, 13 were profitable and two reported losses. Enrollment declined from 3.4 million a year ago to 3.1 million in the first quarter of 2003. ★

## Western Indemnity Placed in Receivership

**A** STATE JUDGE has placed Western Indemnity Insurance Co. of Houston in temporary receivership and has issued an order freezing the insolvent insurer's assets and restraining it from doing the business of insurance in Texas.

Judge Margaret Cooper of the 261st State District Court in Austin issued the order in response to a petition filed by Attorney General Greg Abbott's office on behalf of TDI.

The Department will seek a special deputy receiver to marshal Western Indemnity's assets and supervise the wind-down of the company.

Commissioner Jose Montemayor issued an impairment order on June 11, triggering coverage of Western Indemnity's claims by the Texas Property and Casualty Insurance Guaranty Association.

The state's petition for the receivership alleged that Western Indemnity was insolvent by at least \$6.8 million. A TDI financial analysis showed assets of \$21 million and liabilities of \$27.9 million.

Western Indemnity is owned by the troubled Frontier Insurance Group Inc. and was the group's only company not already in receivership or court-directed rehabilitation. The company, which operated in at least 33 states, has been in run-off since its last policies expired in August 2001.

Nationally, Western Indemnity has 368 open claims, including 252 claims against medical malpractice "tail" coverage endorsements. Other lines written by the company were workers' compensation (79 claims) and "other liability" (37 claims). Texas accounts for 131 of the open claims—more than one-third of the total. ★

## Agents' Corner

### Digital Fingerprinting Launched

**TDI AND PROMISSOR**, the Department's vendor for licensing examinations, have started using a new digital method for obtaining and recording the fingerprints of license applicants.

Promissor was scheduled to complete the transition in all of its testing centers the week of June 30, 2003.

Promissor will use ink-based fingerprinting only as a back-up if electronic fingerprinting is temporarily unavailable due to system difficulties. The fee for digital fingerprinting will be \$17.50 per candidate beginning the week of August 4, 2003.

The benefits of digital fingerprinting include:

- It meets strict FBI standards and has a near-zero rejection rate, saving time and money and eliminating the mess of the ink-based fingerprinting method.
- Fingerprinting can be done on the spot at testing centers, enabling an applicant to leave with a high-quality fingerprint card.

TDI soon will have the capability of transmitting fingerprints electronically to the Texas Department of Public Safety (DPS) and the FBI.

For more information from Promissor, including test center locations, hours, exam scheduling and details about the contractor's new fingerprinting service, go to Promissor's Web site, [www.promissor.com](http://www.promissor.com). ★



**Legislature...** *from page 1*

be required to give the agent access to their databases for information that the DPS and TDI determine is necessary to establish and operate the system to verify proof of financial responsibility.

**Child Support**

**HB 1878**, by Representative Harold Dutton, Houston, and Senator Chris Harris, Arlington, 9/1/03.

Adds *Texas Family Code* provisions detailing how insurers must respond to court orders requiring them to withhold workers' compensation benefits to make child support payments.

**Collateral Protection**

**SB 1211**, by Senator Leticia Van de Putte, San Antonio, and Representative Patrick Haggerty, El Paso, 6/20/03.

Allows creditors to require debtors to keep collateral insured in amounts specified by the creditors. Coverage may include the replacement cost of improvements. Notices from creditors concerning their purchase of insurance on real property must tell debtors that lower-cost coverage may be available from the Texas FAIR Plan and include contact information for the plan.

**Debt Cancellation and GAP**

**SB 1429**, by Senator Kip Averitt, Waco, and Representative Dan Flynn, Van, 6/21/03.

Authorizes debt cancellation agreements, debt suspension agreements and gap waivers to be offered in regulated consumer loans, including those made by automobile dealers. The gain made by lenders on such agreements is not considered additional interest under the *Texas Finance Code*. Amounts charged must be reasonable. Lenders may not require borrowers to accept such agreements.

**Financial**

**HB 928**, by Representative Craig Eiland, Galveston, and Senator Ken Armbrister, Victoria, 9/1/03.

Allows stipulated premium companies to have their investments and transactions governed by *Texas Insurance Code* Article 3.33, which now applies only to legal reserve insurers, instead of by Article 3.39. A company must notify TDI in writing of its decision to bring its investments under Article 3.33. The company could revert back to Article 3.39 after two years.

**Fraud**

**HB 1838**, by Representative Senfronia Thompson, Houston, and Senator Kip Averitt, Waco, 9/1/03.

Requires courts to order persons convicted of insurance fraud to pay restitution, including an affected insurer's court costs and attorneys' fees.

**HB 2040**, by Representative Ken Marchant, Carrollton, and Senator Rodney Ellis, Houston, 6/20/03.

Authorizes the sharing of confidential or restricted information held by or for TDI, the Office of the Attorney General, the Texas State Board of Public Accountancy, the State Securities Board and the Public Utility Commission relating to the possible commission of corporate fraud by persons licensed or regulated by these agencies. Agencies obtaining such information must secure it and limit access to personnel needing access for investigative purposes. The agencies may share among themselves, with appropriate law enforcement agencies or prosecutors and under a court order or subpoena.

**Guaranty Associations**

**SB 1192**, by Senator John Carona, Dallas, and Representative Gene Seaman, Corpus Christi, 6/11/03.

Makes technical corrections and clarifications in *Texas Insurance Code* Article 21.28-C, concerning the Texas Property and Casualty Insurance Guaranty Association. One such change deals with staying legal proceedings in which an impaired insurer is a party. The bill provides that if the insurer is not Texas-domiciled, the Commissioner of Insurance may bring an ancillary delinquency proceeding for the limited purpose of determining the application, enforcement and extension of a stay. Another section provides that the association is not liable to pay a first-party claim of an insured with a net worth of more than \$50 million, including the aggregate net worth of a business' corporate parent, subsidiaries and affiliates. The bill caps the association's liability at \$300,000 per policy for losses arising from shareholder derivative actions or other claims for economic loss, regardless of the number of claimants under the policy.

**Health Care**

**SB 10**, by Senator Kip Averitt, Waco, and Representative John Smithee, Amarillo, 9/1/03, applicable to health benefit plans issued, issued for delivery, amended or renewed on or after 1/1/04.

Allows small and large employers to form group health cooperatives for the purpose of buying employee health coverage. Health carriers may not form or join such cooperatives but may assist sponsoring entities, such as trade associations or chambers of commerce, in forming them. Provides certain state premium tax exemptions for

health carriers issuing coverage to group health cooperatives. Coverage plans issued to health group cooperatives are not subject to state requirements. A group health cooperative composed only of small employers is considered a small employer and must be treated as one for such purposes as rating, issuing coverage and renewing coverage.

**SB 121**, by Senator Jon Lindsay, Houston, and Representative Ken Marchant, Carrollton, 9/1/03.

Exempts HMOs created by hospital districts in counties of 190,000 or more from the state's open meetings law when discussing pricing, financial planning or information about a proposed new service or product line not yet announced to the public.

**SB 240**, by Senator Kip Averitt, Waco, and Representative Arlene Wohlgemuth, Burleson, 9/1/03.

Authorizes the Texas Health and Human Services Commission to operate a premium assistance program that would help pay private group health care plan premiums as an alternative to enrolling a child in the Children's Health Insurance Plan (CHIP). The commission also may offer premium assistance for the child's parents or other family members.

**SB 330**, by Senator Jane Nelson, Lewisville, and Representative Jaime Capelo, Corpus Christi, 9/1/03.

Repeals *Health and Safety Code* Sections 181.101 and 181.102. Changes made by SB 1136 (summarized later in this section) now provide the substance of health information privacy regulation in Texas.

\***SB 418**, by Senator Jane Nelson, Lewisville, and Representative John Smithee, Amarillo, 6/1/03.

Revises state laws requiring prompt payment of clean claims submitted by physicians and providers under contract with HMOs and preferred provider plans. Repeals the law allowing insurers and HMOs to add clean claim elements by contract. Authorizes contractual provisions that reduce the number of clean claim elements. Requires 100 percent payment (instead of 85 percent payment) of claims pending audit. Reduces the payment deadline from 45 days to 30 days when a clean claim is filed electronically. HMOs and insurers have a time limit of 180 days to request refunds when claims are overpaid.

The bill establishes ground rules for cases involving preauthorization or verification. If an insurer

has preauthorized medical care or health care services, it may not deny or reduce payment based on medical necessity or appropriateness of care. The bill allows a physician or provider to request verification of proposed services. If an insurer has verified the proposed medical care or health care service, it has guaranteed that it will pay the resulting claim. The bill provides an exception to preauthorization or verification if a physician or provider materially misrepresents the services to be provided or substantially fails to perform them.

Provides for graduated penalties when claims are not paid within the applicable statutory claims payment period. Requires physicians and providers to submit their claims within 95 days after providing the services for which the claims are made.

**\*SB 467**, by Senator Kip Averitt, Waco, and Representative Scott Hochberg, Houston, 6/20/03.

Makes several changes in *Texas Insurance Code* Article 3.77, dealing with the Texas Health Insurance Risk Pool. Deletes the requirement that an insured be a United States citizen so long as he or she is a legal resident of Texas. Authorizes favorable pool coverage for persons eligible for assistance under the U.S. Trade Adjustment Act. Authorizes the pool to provide Medicare supplement insurance to eligible persons 65 and older. Requires TDI to conduct a study concerning expansion of pool eligibility to include people who do not receive health care coverage through employers and are unable to obtain coverage on the open market.

(In its report to the Legislature, TDI recommended that lawmakers consider amending the law capping pool rates at 200 percent of the so-called "standard rate." Reducing the cap to 150 percent would have made the pool eligible for federal aid to help cover its losses. Lawmakers considered such a change but did not enact it.)

**SB 494**, by Senator Eliot Shapleigh, El Paso, and Representative Carlos Uresti, San Antonio, 9/1/03, with compliance deadline of 1/1/04.

Requires HMOs, preferred provider carriers and hospital service corporations to list their network providers on their Web sites, if they have them, and to update the lists at least quarterly.

**SB 541**, by Senator Thomas Williams, The Woodlands, and Representative Larry Taylor, Friendswood, 9/1/03, applicable to policies and plans delivered, issued for delivery or renewed on and after 1/1/04.

Authorizes health insurers and HMOs to offer "standard health benefit plans" that do not contain many of the state-mandated health care benefits. Requires written disclosures in prescribed language listing the mandated benefits that are absent from a health care plan. Requires carriers that issue "standard health benefit plans" also to offer at least one plan containing all of the mandated benefits prescribed by current law. Mandated benefits are defined as coverage for a health-related condition that **1)** includes coverage for specific health care services or benefits; **2)** limits or restricts deductibles, coinsurance, co-payments or annual or lifetime maximum benefit amounts; or **3)** includes a specific category of practitioner from whom an insured is entitled to receive care. However, the bill also makes numerous exceptions to this definition, including federal mandates. Carriers are required to file rates for their standard health benefit plans with TDI for information purposes. Small employer carriers must offer a standard benefit plan but no longer must offer the basic and catastrophic care benefit plans designed by TDI.

**SB 752**, by Senator Chris Harris, Arlington, and Representative John Smithee, Amarillo, 5/15/03.

Extends until 2007 the law (*Texas Insurance Code* Chapter 29) that authorizes competing physicians in a service area to jointly negotiate certain terms and conditions of contracts with health benefit plans. The law had been scheduled to expire on September 1, 2003.

**SB 857**, by Senator Frank Madla, San Antonio, and Representative Arlene Wohlgemuth, Burleson, 9/1/03, applicable to policies, contracts or evidences of coverage delivered, issued for delivery or renewed on or after 1/1/04.

Requires managed care plans that offer vision care to allow a therapeutic optometrist serving on a vision panel also to be a fully participating provider on the plan's medical panels to the full extent of his or her license to practice therapeutic optometry.

**SB 879**, by Senator John Whitmire, Houston, and Representative Corbin Van Arsdale, Houston, 9/1/03 and applicable to adverse determinations under evidences of coverage issued, issued for delivery or renewed on or after 1/1/04.

Makes the outcome of an HMO adverse determination appeal binding on health care plans of political subdivisions that are exempt from ERISA.

**SB 1117**, by Senator Thomas Williams, The Woodlands, and Representative Rob Eissler, The Woodlands, 9/1/03, applicable to policies issued, renewed or issued for delivery on or after 1/1/04.

Prohibits the Teacher Retirement System from offering optional coverages to participants in the Texas school employees uniform group coverage program beyond those that *Texas Insurance Code* Chapter 1577 requires it to offer.

**SB 1136**, by Senator Jane Nelson, Lewisville, and Representative Jaime Capelo, Corpus Christi, 9/1/03, with some sections taking effect 1/1/04.

Amends *Health and Safety Code* Chapter 181 to import federal privacy regulations under the Health Insurance Portability and Accountability Act to govern marketing that uses protected health information. Authorizes the Texas Health and Human Services Commission to administer the chapter and adopt rules consistent with HIPAA.

**SB 1173**, by Senator Kyle Janek, Houston, and Representative Dianne Delisi, Temple, 9/1/03.

Requires prior authorization for coverage of non-formulary gastrointestinal, cholesterol-lowering, anti-inflammatory, antihistamine and antidepressant drugs by the state employee and school employee group health plans.

**HB 508**, by Representative Beverly Woolley, Houston, and Senator Thomas Williams, The Woodlands, 9/1/03, applicable to policies issued, renewed or delivered on or after 3/1/04.

Increases from 30 days to 60 days the notice that insurers must give before increasing premiums for group health, A&H or life, health and accident policies. For group life insurance, the notice period increases from 31 days to 61 days. An insurer may not require an insured to take action to renew the policy sooner than 45 days after receiving notice of a rate increase.

**HB 897**, by Representative Beverly Woolley, Houston, and Senator Jane Nelson, Lewisville, 9/1/03.

Clarifies that a small employer health coalition is a single small employer for all purposes under *Texas Insurance Code* Chapter 26. Prohibits discrimination against small employers and their employees based on health status-related factors or other characteristics. The bill prohibits a small employer carrier from encouraging or directing a small employer to join—or not to join—a particular small employer health coalition or limiting an employer's or employee's choice of benefit plans because of the health status or claim experience of the eligible employees and dependents of that small employer.

**HB 1095**, by Representative Jaime Capelo, Corpus Christi, and Senator Jane Nelson, Lewisville, 5/20/03.

Limits the circumstances under which physicians may delegate prescribing authority to registered nurses, physician assistants and advanced practice nurses. Amends *Texas Insurance Code* Article 21.58D to require the Commissioner to adopt a standardized form for verifying the credentials of physician assistants and advanced practice nurses.

**HB 1163**, by Representative Senfronia Thompson, Houston, and Senator Chris Harris, Arlington, 9/1/03.

Prohibits the exclusion of a licensed podiatrist from an HMO or preferred provider network if the podiatrist joins the practice of a network provider, applies to join the network and complies with the terms and eligibility conditions to be a network provider.

**HB 1268**, by Representative Gene Seaman, Corpus Christi, and Senator John Carona, Dallas, 9/1/03, applicable to Medicare supplement policies delivered, issued for delivery, or renewed on or after January 1, 2004, and to an offer of participation in a prescription drug discount program made on or after January 1, 2004.

Allows Medicare supplement insurers to offer outpatient prescription drug benefit plans and prescription drug discount programs to their customers. Drug benefit plans must receive TDI's prior approval. An offer of participation in a prescription drug discount program will not be considered a violation of the anti-rebating law.

**HB 1446**, by Representative Betty Brown, Terrell, and Senator Kip Averitt, Waco, 9/1/03, applicable to health benefit plans delivered, issued or renewed on or after January 1, 2004.

Amends *Texas Insurance Code* Articles 3.70-2 and 21.24-2 to permit certain health care plans to condition coverage of dependent children older than 25 on the dependent child's status as a full-time student in an educational institution.

**HB 1735**, by Representative Dianne Delisi, Temple, and Senator Kyle Janek, Houston, 6/20/03.

Requires managed health care plans issued under or for the Children's Health Insurance Program, the Teacher Retirement System of Texas, the Employees Retirement System, the Texas Criminal Justice System, the University of Texas, Texas A&M and the Texas Health and Human Services Commission to include "disease management" programs for people with chronic illnesses such as heart disease, respiratory ailments, diabetes, asthma, HIV or AIDS. Disease management includes patient self-management education; provider education; evidence-based models and minimum

standards of care; standardized protocols and participation criteria; and physician-directed or physician-supervised care.

**HB 1797**, by Representative David Farabee, Wichita Falls, and Senator Kip Averitt, Waco, 9/1/03.

Permits group health insurance writers to deliver certificates of insurance electronically, if the policyholder agrees.

**HB 1798**, by Representative David Farabee, Wichita Falls, and Senator Kip Averitt, Waco, 9/1/03.

Permits HMOs to deliver evidence of coverage documents electronically if the contract holder agrees.

**HB 1799**, by Representative David Farabee, Wichita Falls, and Senator Kip Averitt, Waco, 9/1/03.

Permits insurers to deliver group life insurance certificates electronically if the group policyholder agrees.

**HB 1800**, by Representative David Farabee, Wichita Falls, and Senator Kip Averitt, Waco, 9/1/03.

Authorizes HMOs to deliver electronically the disclosure of health plan terms required by *Texas Insurance Code* Section 843.201 if the subscriber agrees.

**HB 3109**, by Representative Bill Keffer, Dallas, and Senator John Carona, Dallas, 6/20/03.

Requires confidentiality for information that reveals the identity of a physician or individual health care provider who makes a review determination for an independent review organization (IRO). Such information, however, must be disclosed to TDI.

**HB 3122**, by Representative Vicki Truitt, Southlake, and Senator Jon Lindsay, Houston, 9/1/03.

Authorizes the creation of a Task Force on Local Health Care Initiatives, which would work with the Texas Health and Human Services Commission on a locally based demonstration project for expansion of Medicaid to the uninsured parents of children receiving Medicaid. The task force and commission also may carry out a demonstration project in which local government entities work with employers to provide health care coverage for low-income uninsured employees whose children are enrolled in Medicaid or CHIP. TDI could be asked to assist in the development of this project.

**HB 3484**, by Representative Dianne Delisi, Temple, and Senator Bob Deuell, Greenville, 9/1/03.

Establishes a work group, including TDI representatives, to develop policy options for improving access to the health care coverage and services necessary to increase employment of disabled persons. The study may include development of a Medicaid buy-in proposal.

### **Holocaust**

**SB 14**, summarized under **Multiple Lines** heading.

### **Legal Service Contracts**

**SB 597**, by Senator Robert Duncan, Lubbock, and Representative Jim Pitts, Waxahachie, 9/1/03.

Transfers regulation of for-profit prepaid legal service plans from TDI to the Texas Department of Licensing and Regulation.

### **Life Insurance and Annuities**

**SB 14**, summarized under **Multiple Lines** heading.

\***SB 681**, by Senator Kip Averitt, Waco, and Representative Craig Eiland, Galveston, 6/20/03.

Reduces the minimum interest rate used in determining minimum non-forfeiture amounts for annuities from 3 percent to an index-based amount of not less than 1 percent.

### **Medical Malpractice**

**SB 339**, by Senator Jane Nelson, Lewisville, and Representative John Smithee, Amarillo, 9/1/03.

Authorizes the Texas Medical Liability Insurance Underwriting Association ("JUA") to issue policies of less than one year in duration and to offer policyholders the option of paying their premiums in installments.

\***SB 421**, by Senator John Carona, Dallas, and Representative John Davis, Houston, 9/1/03.

Adds assisted living facilities to the health care providers eligible for medical liability coverage by the JUA. Allows the Commissioner of Insurance to include additional categories of providers by rule after notice and hearing.

**SB 891**, by Senator Robert Duncan, Lubbock, and Representative Brian McCall, Plano, 9/1/03.

Authorizes the JUA to provide general liability insurance coverage in connection with the medical professional liability insurance issued by the association.

**HB 4**, by Representative Joe Nixon, Houston, and Senator Bill Ratliff, Mount Pleasant, 9/1/03.



General tort reform statute that includes caps on the amounts courts may award for non-economic losses in medical professional liability lawsuits. The basic cap is \$250,000 for individual practitioners and institutional providers. When non-economic damages are assessed against two or more institutional providers, the total limit for all the institutional providers combined is \$500,000. Other provisions include incentives to settle prior to verdict. A party that rejects a settlement that was significantly better than the judgment subsequently received is liable for certain financial penalties. In product liability cases, the bill establishes rebuttable presumptions in favor of defendants whose products complied with federal standards applicable at the time of manufacture or were approved or licensed for sale by a federal agency.

**HJR 3**, by Representative Joe Nixon, Houston, and Senator Jane Nelson, Lewisville.

Provides for a September 13, 2003, election on a Texas constitutional amendment authorizing the Legislature to establish limits on non-economic losses in medical professional liability lawsuits.

### Multiple Lines

\***SB 14**, by Senators Mike Jackson, Pasadena, and Troy Fraser, Marble Falls, and Representative John Smithee, Amarillo, 6/11/03, with various time lines for separate components of the bill.

Brings all licensed auto and residential property insurers under TDI rate regulation, including county mutuals for auto and Lloyds carriers and reciprocal exchanges for residential property.

Rates for insurance offered in Texas must be reasonable, adequate, not excessive to the risks for which they apply and not unfairly discriminatory.

Initially, residential property rates will be subject to prior approval, with the Commissioner authorized to require refunds when filings indicate excessive rates have been charged. The Commissioner may, by rule, provide simplified filing requirements for "small" and "new" residential property insurers. Commercial auto rates, previously under the benchmark system, are now file and use. Rate-regulated private passenger auto writers remain under the benchmark rating system until December 1, 2004. Private passenger auto and residential property rates become file and use on December 1, 2004. Special provisions are made for small and niche auto insurers. For example, county mutuals writing exclusively high-risk auto and having a market share of less than 3.5 percent will be subject to flexible filing requirements based on a rate index.

All companies—not just large "national companies"—may file alternative residential policy forms for TDI approval. Auto writers may file alternatives to the present standard auto forms on a prior approval basis.

Insurers that use credit scoring must file their models with TDI, and the models will be treated as public information. An insurer may not use credit information as the sole basis for denying, canceling or renewing a policy. TDI is required to issue rules limiting how much an insurer's rates may vary solely because of differences in credit scores. The bill limits the type of information that may be incorporated into a credit score. For example, the absence of credit information generally cannot be considered. On request from a consumer, an insurer may grant exceptions for negative credit information arising from such extraordinary events as catastrophic illnesses, unemployment or identity theft.

All companies and residual markets writing personal auto and residential property insurance must file their underwriting guidelines with TDI and update them each time they make a change. The guidelines are subject to the Texas Public Information Act.

All insurers, including county mutuals, Lloyds carriers and reciprocal exchanges, were brought under *Texas Insurance Code* provisions requiring plans of orderly withdrawal when a company intends to reduce its total annual premium volume by 50 percent or more; reduce its annual premium in any line of insurance by 75 percent or more; or reduce its annual auto or residential property premium by 50 percent in the state as a whole or in any rating territory. The Commissioner received authority to modify, restrict or limit a withdrawal plan if necessary to protect consumers.

Several miscellaneous lines whose rates have required prior approval have become file-and-use.

The state received authority to issue up to \$75 million in bonds if necessary to fund the recently created Texas FAIR Plan Association. The Commissioner may establish a service fee assessed against insurers and the association in an amount sufficient to pay debt service on the bonds.

Race-based pricing committed "recklessly" by life insurers was made a state jail felony.

The bill requires the creation of a Holocaust-era insurance registry for the purpose of securing the payment of benefits to Holocaust victims or their heirs from insurance policies sold in Germany, areas occupied by Germany or countries allied with or sympathizing with Germany during the period 1920–1945.

The Commissioner received authority to adopt interim rules as necessary to comply with federal laws, regulations or court decisions. Such rules would remain in effect until the following legislative session has an opportunity to give the Commissioner specific authority to issue rules on the subject matter in question.

The bill reduced the period in which an insurer may cancel a newly issued homeowners policy from 90 days to 60 days and specifies the circumstances that must be met to enable an insurer to cancel a policy within the first 60 days.

An insurer must obtain TDI approval before it can transfer more than 10 percent of its policies to a county mutual.

The bill also amended *Texas Insurance Code* Article 21.49, concerning the Texas Windstorm Insurance Association. A building's eligibility to qualify as "insurable property" is not affected by repairs—other than roof repairs exceeding 100 square feet—that return a building to its pre-loss condition and amount to less than five percent of policy coverage.

### NAIC

**SB 637**, by Senator Jane Nelson, Lewisville, and Representative Elizabeth Jones, San Antonio, 6/1/03.

Requires insurers to pay all costs of preparing and furnishing their annual statements to the NAIC, including any related filing fees.

### Property

\***SB 14**, summarized under "Multiple Lines" heading.

**SB 113**, by Senator Leticia Van de Putte, San Antonio, and Representative Gene Seaman, Corpus Christi, 6/20/03.

Allows residential property insurance discounts of not less than 3 percent for policyholders who have gone at least three years without filing a claim. To qualify, an individual must have been continuously insured by the company or an affiliate during that three-year period. Companies may increase the "claim-free" discount by one percentage point for each additional year without a claim. However, a company is not required to grant a discount of more than 10 percent.

**SB 115**, by Senator Leticia Van de Putte, San Antonio, and Representative Gene Seaman, Corpus Christi, 6/20/03.

Requires insurers to provide written notices explaining any differences between the residential

policies offered upon renewal and the policies currently issued to their customers. TDI is required to develop, with assistance from the Office of Public Insurance Counsel, an "easily read and understood" comparison form. Insurers may be required to draft the comparison form and submit it for TDI approval. At minimum, the form must compare the policy being offered with the standard Texas HO-A and HO-B and at least one other policy form widely in use in Texas.

**\*SB 127**, by Senator Troy Fraser, Marble Falls, and Representative Gene Seaman, Corpus Christi, 6/11/03

Authorizes the Commissioner to issue rules governing adjustment of water claims under residential property insurance policies, including procedures and time frames. Prohibits an insurer from using a prior appliance-related water claim in rating or underwriting if the problem that caused the claim has been properly remediated. Requires public adjusters to be licensed by TDI, with examination and continuing education a condition for licensure. Licenses will be valid for two years at a time. Public adjusters' fees are limited to 10 percent of the amount of the insurance settlement on a claim. However, a public adjuster may not receive a fee based on the amount of settlement when the insurer pays or agrees to pay policy limits within 72 hours after a loss is reported. TDI must adopt a code of ethics for public adjusters.

**SB 310**, by Senator Troy Fraser, Marble Falls, and Representative John Smithee, Amarillo, 2/25/03.

Directed TDI to gather rate data from homeowners insurance for use by the Legislature in shaping a new system of rate regulation. Data was submitted during the legislative session, and the information was used in developing SB 14.

**SB 581**, by Senator Mike Jackson, Pasadena, and Representative Ken Marchant, Carrollton, 9/1/03, applicable to policies delivered, issued for delivery or renewed on or after 1/1/04.

Allows insurers to offer optional homeowners discounts for homes constructed with an insulating concrete form system. The Commissioner will establish the amount of the discount but insurers may deviate from the amount with TDI approval based on actuarial justification.

**\*SB 1606**, by Senator Rodney Ellis, Houston, and Representative Larry Taylor, Friendswood, 6/20/03.

Authorizes activation of the state's FAIR plan if the Commissioner of Insurance determines after

a hearing that residential property insurance is not reasonably available to a substantial number of risks in all or part of the state.

**HB 124**, by Representative Lon Burnam, Fort Worth, and Senator Leticia Van de Putte, San Antonio, 9/1/03, applicable to policies delivered, issued for delivery or renewed on or after 1/1/04.

Gives insurers the option of paying the stated value or actually replacing covered jewelry with items of like kind and quality.

**\*HB 329**, by Representative Elliott Naishtat, Austin, and Senator Troy Fraser, Marble Falls, 9/1/03.

Establishes licensing of mold assessors and mold remediators by the Texas Department of Health (TDH). TDH may require an examination and continuing education as conditions for licensure. Registration of employees supervised by license holders also may be required. TDH will issue rules establishing minimum performance standards and work practices for conducting mold assessments and remediations. Licensees must notify TDH before starting each mold remediation project except when a delay would increase mold contamination. Mold remediators must provide property owners with certificates of remediation on forms prescribed by the Commissioner of Insurance and completed by licensed mold assessors.

The bill adds new *Texas Insurance Code* Article 21.21-11, prohibiting insurers from making residential property underwriting decisions based on previous mold damage if the owner has a remediation certificate or an independent inspector has determined that the property does not show evidence of mold damage.

**HB 730**, by Representative Allan Ritter, Nederland, and Senator Troy Fraser, Marble Falls, 9/1/03.

Creates the Texas Residential Construction Commission to register home builders and oversee a system for resolving disputes between homeowners and builders. Its authority includes approval of third-party warranty companies that builders could use to meet the warranty requirements for new homes that are established by the bill. Among entities the new commission may approve as third-party warranty companies are insurers and entities whose performance is insured by an authorized insurer. Limited statutory warranties and building and performance standards issued by the commission must include standards for mold reduction and remediation. The commission must appoint a task force to advise it on

mold standards. In addition, the commission and task force are required to consider the feasibility of adopting permissible limits for exposure to mold in indoor environments.

**HB 1865**, by Representative Dennis Bonnen, Angleton, and Senator Thomas Williams, The Woodlands, 6/20/03.

Allows the sale of group commercial property insurance to a group of businesses or to an association that constitutes a "large risk" if the businesses in the group have clearly identifiable underwriting characteristics or the association members are engaged in similar undertakings. Adds trade associations to the entities that may purchase workers' compensation insurance on a group basis.

**HB 1338**, by Representative Larry Taylor, Friendswood, and Senator Kip Averitt, Waco, 9/1/03, applicable to mortgages entered into on or after 1/1/04.

Prohibits mortgage lenders from requiring borrowers to buy residential property insurance in amounts that exceed the replacement value of the dwelling. Applies to mobile or manufactured homes as well as to conventional houses.

#### Recodification

**HB 2922**, by Representative Ken Marchant, Carrollton, and Senator Chris Harris, Arlington, 4/1/05.

Continuation of the non-substantive recodification of the *Texas Insurance Code*.

#### State Fire Marshal

**SB 693**, by Senator Mario Gallegos Jr., Galena Park, and Representative Craig Eiland, Galveston, 9/1/03.

Requires an entity that conducts a pyrotechnic show before an audience of 50 or more people to show proof of general liability insurance and obtain a local permit. It also requires those conducting a flame effect display to obtain a new Flame Effects Operator's License through the SFMO.

**HB 472**, by Representative Joseph C. Pickett, El Paso, and Senator Frank Madla, San Antonio, 9/1/03.

Authorizes the State Fire Marshal's Office to contract with testing services to administer the 11 different types of licensing examinations the SFMO now administers.

**HB 2701**, by Representative James Keffer, Eastland, and Senator Craig Estes, Wichita Falls, 9/1/03.



Requires the Commissioner of Insurance, through the State Fire Marshal, to provide fire prevention and safety education and authorizes the acceptance of gifts, grants and donations from any source for that purpose.

### Workers' Compensation

**SB 820**, by Senator Troy Fraser, Marble Falls, and Representative Burt Solomons, Carrollton, 6/20/03.

Establishes a 90-day deadline for disputing an employee's first valid certification of maximum medical improvement and first valid assignment of an impairment rating unless there has been a substantial change of condition, misdiagnosis or physician error.

**HB 145**, by Representative Burt Solomons, Carrollton, and Senator Troy Fraser, Marble Falls, 9/1/03.

Clarifies the authority of the Texas Workers' Compensation Commission to file suit in Travis County to enforce its orders or decisions if a person refuses or fails to comply with an interlocutory order, final order or decision of the TWCC. In such instances, TWCC could be awarded reasonable attorneys' fees and costs of the prosecution and collection of the claim, in addition to a judgment enforcing the order or decisions.

**HB 833**, Representative Scott Hochberg, Houston, and Senator Kyle Janek, Houston, 9/1/03.

Requires TWCC to issue rules allowing injured workers to select name-brand drugs in lieu of generics if they are willing to pay the difference out-of-pocket. Also specifies that TWCC's dispute resolution process may not be used with regard to prescriptions.

**HB 2095**, by Representative Robby Cook, Eagle Lake, and Senator Todd Staples, Palestine, 9/1/03.

Allows employers in the same type of business who belong to a trade association in Texas to join together to self-insure for workers' compensation. Establishes a Group Self-Insurance Guaranty Association. A group must obtain a certificate of approval from TDI in order to self-insure. Requirements for obtaining a certificate include a \$2 million combined net worth for all employers in the group. A group must post security in an amount equal to \$300,000 or 25 percent of its total incurred liabilities for workers' compensation.

**HB 2199**, by Representative Burt Solomons, Carrollton, and Senator Troy Fraser, Marble Falls, 9/1/03.

Requires workers' compensation carriers to begin paying benefits not later than 15 days (instead of the previously required seven days) after receiving written notice of an injury. Provides that failure to meet this deadline does not waive the carrier's right to contest compensability of the injury. Establishes a scale of fines for late payment of initial benefits, based on how late the carrier begins making payments. ★

## Data Call Reminders

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

### Quarterly Closed Claim Reports

Reports (Long/Short Forms) for claims closed during the second quarter of 2003 were due June 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 address: [vicky.knox@tdi.state.tx.us](mailto:vicky.knox@tdi.state.tx.us)

### Closed Claim Reconciliation Report

The 2002 Annual Aggregate Closed Claim Report and 2002 Closed Claim Reconciliation Form will be mailed mid-July. 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 address: [vicky.knox@tdi.state.tx.us](mailto:vicky.knox@tdi.state.tx.us)

### Call for Quarterly Experience

The Call for Second Quarter 2003 Experience was due May 15, 2003. The bulletin and forms may be downloaded from TDI's Web site at <http://www.tdi.state.tx.us/general/download/b-0013-3.exe> TDI contact is **Julie Jones, 512 475-3030**. E-mail address: [julie.jones@tdi.state.tx.us](mailto:julie.jones@tdi.state.tx.us)

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

The Call for Second Quarter 2003 Experience was due May 15, 2003. The bulletin and forms may be downloaded from TDI's Web site at <http://www.tdi.state.tx.us/general/download/b-0013-3.exe> TDI contact is **Julie Jones, 512 475-3030**. E-mail address: [julie.jones@tdi.state.tx.us](mailto:julie.jones@tdi.state.tx.us)

### Texas Title Insurance Agent Statistical Report

The call was due May 15, 2003 for hard copy reports and May 29, 2003 for electronic submissions. The bulletin and forms may be downloaded from TDI's Web site at <http://www.tdi.state.tx.us/commish/bulletins/b-0012-3.html> TDI contact is **Michael Davis, 512 322-5029**. E-mail address: [michael.davis@tdi.state.tx.us](mailto:michael.davis@tdi.state.tx.us)

### Texas Title Insurance Company Statistical Report

The call was due June 20, 2003. TDI contact is **Clare Pramuk, 512 475-3015**. E-mail address: [clare.pramuk@tdi.state.tx.us](mailto:clare.pramuk@tdi.state.tx.us) ★

# Disciplinary Actions

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

AGENTS & AGENCIES	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
A Plus Auto Insurance	Austin		\$1,500 Fine	Material Misrepresentation on License Application	03-0436	5/28/03
Ashford, Thomas Edward	Spring		\$8,600 Fine, Subject to Dollar-for-Dollar Reduction by Restitution, Down to a Minimum Fine of \$2,000	Acted as Agent for Unauthorized Health Insurer	03-0370	5/8/03
Baker, William	Houston		General Life, Accident, Health and HMO Agent's License Revoked	Failure to Meet Continuing Education Requirements	03-0385	5/14/03
Breier, Richard	Plano		\$1,500 Fine, Plus Restitution	Acted as Agent for Unauthorized Health Insurer	03-0395	5/16/03
Cole, Wanda Burks	Sulphur Springs		\$750 Fine	Material Misrepresentation on License Application	03-0437	5/28/03
De la Garza, Oscar	Laredo		General Life, Accident, Health and HMO Agent's License Denied	Felony Conviction; Attempted to Obtain License by Misrepresentation	03-0384	5/14/03
Finch, Bonnie Jo	Weatherford		\$1,000 Fine, Plus Restitution	Acted as Agent for Unauthorized Health Insurer	03-0404	5/21/03
Fisher, Andre Demetri	Arlington		Prepaid Legal Services License Denied	Fraudulent or Dishonest Acts or Practices; Material Misstatement in License Application	03-0228	4/1/03
Fleming, Kenneth Roy Sr.	Nevada, TX		\$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 Insurer	03-0373	5/8/03
Frazier, Deborah Lynn	Gibsonburg, OH		Nonresident General Property and Casualty Agent's License Revoked	Misappropriation or Conversion; Failure to Notify TDI of Out-of-State Disciplinary Action	03-0312	4/25/03
Garcia, Thomas H.	Converse		\$750 Fine	Material Misrepresentation on License Application	03-0438	5/28/03
Green, Jamie Jane	Wake Village		Insurance Service Representative's License Denied	Fraudulent and Dishonest Acts	03-0314	4/25/03
Harvey, Marsha	League City		\$750 Fine	Material Misrepresentation on License Application	03-0369	5/8/03
Horch, Richard E.	Mesquite		\$5,000 Fine, Plus Restitution	Acted as Agent for Unauthorized Health Insurer	03-0396	5/16/03
LaBreche, Nicole	Missouri City		\$750 Fine	Material Misrepresentation on License Application	03-0372	5/8/03
McWhorter, Tracey Clark	Amarillo		General Life, Accident, Health and HMO Agent's License Revoked	Failure to Meet Continuing Education Requirements	03-0400	5/19/03
Melton, Doyle Lee	Plano		\$3,500 Fine	Acted as Agent for Unauthorized Health Insurer	03-0383	5/14/03
Monarch Insurance Services Inc.	Houston		General Lines Property and Casualty Agent's License Revoked	Fraudulent and Dishonest Acts and Practices; Material Misrepresentation of Terms of Insurance Policy; Failure to Remit \$1.9 Million in Premium Taxes, Penalties and Interest to the State	03-0305	4/24/03
Patel, Girish D.	Houston		Qualified Inspector's Appointment Revoked	Failure to Provide Information to Substantiate Windstorm Inspection Certificate	03-0389	5/15/03
Purser, Christopher P.	Houston		General Lines Property and Casualty Agent's License and Surplus Lines Practices; Agent's License Revoked	Fraudulent and Dishonest Acts and Material Misrepresentation of Terms of Insurance Policy; Failure to Remit \$1.9 Million in Premium Taxes, Penalties and Interest to the State	03-0304	4/24/03

# Disciplinary Actions

AGENTS & AGENCIES	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
	Ramirez, Rolando	White Settlement	Adjuster's License Denied	Fraudulent or Dishonest Acts	03-0306	4/24/03
	Rose, Charlotte Louise	Houston	General Life, Accident, Health and HMO License and General Property and Casualty Agent's License Revoked; Restitution of \$28,907	Misappropriation or Conversion of Premium; Fraudulent or Dishonest Acts	03-0276	4/17/03
	Schmiech, Daniel Sterling	Houston	General Life, Accident, Health and HMO Agent's License Revoked	Failure to Meet Continuing Education Requirements	03-0277	4/17/03
	Shumaker, Nettie	Angleton	\$750 Fine	Material Misrepresentation on License Application	03-0371	5/8/03
	Seaman, Jimmie	Spring	\$2,500 Fine and Probated Suspension of Qualified Inspector's Appointment	Failure to Provide Information to Substantiate Windstorm Inspection Certificate	03-0397	5/16/03
	Soliz, Rachel	Alice	Insurance Service Representative's License Revoked	Felony Conviction; Fraudulent or Dishonest Acts or Practices	03-0313	4/25/03
	Sullivan, John Goodwin	Nassau Bay	\$7,500 Fine, Subject to Dollar-for-Dollar Reduction by Restitution to a Minimum Fine of \$2,500	Acted as Agent for Unauthorized Health Insurer	03-0283	4/18/03
	Wagoner, Donald Kirk	Lytle	\$1,000 Fine	Material Misrepresentation on License Application	03-0368	5/8/03

## INSURANCE COMPANIES

MedAmerica Insurance Co.	Pittsburgh, PA	\$7,500 Fine	Placed Long-Term Care Advertisement on Web Site Before Submitting it for TDI Review	03-0353	5/6/03
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# Company Licensing

## Applications Pending

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
AMFirst Insurance Co.	Fire and/or Casualty	Oklahoma City, OK
Ana Compania De Seguros S.A.De C.V.	Casualty	Mexico City, Mexico
Avon Long Term Care Leasers LLC	TPA	Wilmington, DE
Babbitt Municipalities Inc.	TPA	Chicago, IL
Careamerica Life Insurance Co.	Life, Accident and/or Health	San Francisco, CA
CEM Insurance Co.	Fire and/or Casualty	Buffalo Grove, IL
Central States of Omaha Companies Inc.	TPA	Omaha, NE
Ingenium Benefits Inc.	TPA	Omaha, NE
Insurance Administrative Solutions, L.L.C. dba Wakely and Associates, L.L.C.	TPA	Clearwater, FL
Metropolitana Compania De Seguros, S.A.	Casualty	Los Morales, Mexico
Tufts Benefit Administrators Inc., dba Tufts Health Plan	TPA	Waltham, MA
Underwriters Indemnity Co.	Fire and/or Casualty	Houston, TX

## For incorporation

COMPANY NAME	LINE	HOME OFFICE
U.S. Auto Insurance Co.	Fire and/or Casualty	Dallas, TX

## For name change in Texas

FROM	TO	LINE	LOCATION
Charter County Mutual Insurance Co.	Unitrin County Mutual Insurance Co.	Fire and/or Casualty	Dallas, TX
Combined Specialty Insurance Co.	Virginia Surety Co.	Fire and/or Casualty	Glenview, IL

Continued on back page...



# Company Licensing

## Applications Pending

### For name change in Texas

FROM	TO	LINE	LOCATION
Gallagher Braniff Inc.	Arthur J. Gallagher of Texas Inc.	TPA	Houston, TX
The Mountbatten Surety Co. Inc.	First Sealord Surety Inc.	Fire and/or Casualty	Bala Cynwyd, PA
Texas Benefit Planning Inc.	The Pension Co.	TPA	Dallas, TX
USI Administrators Inc.	CBCA Administrators Inc.	TPA	Wilmington, DE
Women's Life Insurance Company of America	Lone Star Life Insurance Co.	Life, Accident and/or Health	Richardson, TX
World Direct Auto Insurance Co.	Response Worldwide Direct Auto Insurance Co.	Fire and/or Casualty	Columbia, OH

## Applications Approved

### For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
American Country Insurance Co.	Fire & Casualty	Chicago, IL
C.L. Frates and Company	TPA	Oklahoma City, OK
Disability Management Alternatives, LLC	TPA	Salem, MA
Esis Inc.	TPA	Philadelphia, PA
Farmington Administrative Services Inc.	TPA	Farmington, CT
General Fire & Casualty Co.	Fire & Casualty	Boise, ID
Medco Health, L.L.C.	TPA	Wilmington, DE
National Health Systems Inc.	TPA	Denver, CO
Western Continental Insurance Company of New York	Casualty	New York, NY

### For incorporation

COMPANY NAME	LINE	HOME OFFICE
Insurance Company of Scott and White	Life	Temple, TX

### For name change in Texas

FROM	TO	LINE	LOCATION
Aetna Health Management Inc.	Aetna Health Management, LLC	TPA	Wilmington, DE
All American Flexible Benefit Plans Inc.	All American Benefits Inc.	TPA	Dallas, TX
Benefit Consultants Inc.	Progeny Marketing Innovations, Inc.	TPA	Wilmington, DE
Conseco Variable Insurance Co.	Jefferson National Life Insurance Co.	Life	Amarillo, TX
General Security Insurance Co.	Unitrin Auto and Home Insurance Co.	Fire & Casualty	De Witt, NY
General Security Property and Casualty Co.	Unitrin Preferred Insurance Co.	Fire & Casualty	De Witt, NY



## Texas Department of Insurance

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