



First Policy Forms Approved through Multi-State Review Agreement

Texas, California, Florida Make It Easier for Companies to Offer Annuity Products through Single Source Filing

THE TEXAS DEPARTMENT OF INSURANCE (TDI), along with insurance departments in California and Florida, recently announced simultaneous approval for two annuity products that were each submitted in a single filing. Joint approval was granted in June 2004 to the New England Life Insurance Company for a Single Premium Deferred Annuity policy, and in July 2004 to ING Life Insurance and Annuity Company for an Individual Fixed Deferred Flexible Premium Annuity policy. These approvals were granted after the policy forms were filed, reviewed and accepted under the Multi-State Review Project (MSRP)—an innovative new program that allows single source filing and uniform standards for multi-state approval.

“This is a momentous first step,” said Texas Insurance Commissioner Jose Montemayor. “It addresses the need of large insurers who must deal with a variety of state regulatory environments, without taking away any of the local regulatory control that is so important at the state level.”

Presently, the MSRP is made up of Texas, California, and Florida, though a number of other states have expressed interest in joining. Participation in the MSRP is voluntary and intended to jump-start the “speed to market” national initiative by providing access to multiple states with a single filing.

Commissioner Montemayor praised the efforts of the California and Florida insurance departments in making single source filing a reality, as well as New England Life and ING for being the first to take advantage of the program. “Now that the first filings are approved and the benefits are obvious, we’re looking forward to rapid expansion of the program,”

said Commissioner Montemayor. “I know my colleagues in California and Florida join me in encouraging other insurance companies to get on board.”

The Multi-State Review Project was officially launched in December 2003 when the chief regulators of Texas, California, and Florida signed a Memorandum of Understanding (MOU) to allow multi-state review of form filings for annuity and life insurance products. Specifically, the MOU calls for the participating states to:

- develop a set of combined standards;
- designate a lead review state for each category of product;
- establish a central clearinghouse process to receive submitted forms;
- establish a system to collect required filing fees;
- achieve a 60-day time limit for completion of form reviews; and
- discuss and consider recommendations for necessary legislative changes.

MSRP standards have been developed for eight different types of annuity products, and life insurance standards will be developed in the near future. Since the two recent form approvals, additional filings have been received by the MSRP and are currently under review.

The successful demonstration of single-source filing comes at a time of increasing congressional interest in the establishment of some kind of federal regulation of insurance. Insurance companies have expressed concern that



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Commissioner'sInSight

By **Jose Montemayor**,
Texas Insurance Commissioner

Making Change Transparent

THE REFORMS passed by the 78th Texas Legislature were monumental steps in the modernization of the insurance industry in Texas. Those reforms have provided us with the tools to foster a more competitive and stable insurance market. The bottom line is: Consumers are benefiting from greater protections and a larger variety of coverage choices in a market driven environment. Insurers, too, are able to operate under this new system with more flexibility. One of the most fundamental changes was the establishment of fair rating standards that now apply to all insurers, effectively leveling the playing field. Another key reform element is the transition to "file-and-use" that will occur this December.

The file-and-use system offers alternatives to state promulgated rating plans and greater speed-to-market of new products. That benefits both the insurers and the consumers. The transition to file-and-use may bring some natural uneasiness, as any significant change does, as well as increased scrutiny from industry observers. I expect all stakeholders to act responsibly and efficiently during this transition period to minimize disruptions.

It is worth noting that in this year of change and growth for insurance in Texas, there continues to be a barrage of misinformation. This is where insurance company representatives have a responsibility to educate their customers about how the industry operates, the basics of underwriting and about the rates they charge. Transparent changes are always best.

While many insurance companies are more profitable this year, there were also a series of very bad years prior to this one. The general public, however, does not track the industry's health from year to year. All they know is that the check they're writing for the same coverage is more than it was last year. Examples of the public relations battles being fought today are the headlines touting how, despite legislative reforms, insurers were charging many customers more for the same coverage and collecting huge profits.

If some of the mystery surrounding insurance was eliminated, it would go a long way toward addressing the distrust some people have about the industry. TDI is heavily invested in education and outreach to consumers, but the agency cannot counter all the misinformation the public is subjected to on its own.

Insurers are not happy about some of these portrayals of the industry. Here's my advice: Do something about it. Make it a priority to communicate with customers and address the issues that they're concerned about. Many companies are already doing that, and I congratulate them for their leadership. But others continue to underestimate the sophistication of the public. You could create a lot of goodwill by simply being straightforward about the principles that drive the insurance business. In the long run, transparency serves the customer relationship far better than keeping people in the dark.

TDInSight

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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.

Straight Talk About Insurance

GETTING ACCURATE INFORMATION about insurance in Texas from news reports can be quite a challenge. Are homeowners insurance rates rising or falling? What about auto insurance? Are doctors really seeing an increase in their medical malpractice premiums?

The news media often has a difficult task understanding insurance issues and rarely has the time needed to accurately report on developments in the insurance market. The news that actually winds up being reported is often a hodgepodge of “facts” that does not accurately portray the real event or omits key information that could put the event in context.

To combat any misinformation, the Texas Department of Insurance has created “Straight Talk about Insurance” on the TDI website.

“Straight Talk” lays out issues in the straightforward manner Texans deserve. Topics currently covered in “Straight Talk” include:

- Homeowners Insurance
- Auto Insurance
- Health Insurance
- Medical Malpractice Insurance.

To view TDI’s “Straight Talk,” go to www.tdi.state.tx.us

and click on the “Straight Talk” graphic at the top of the page. TDI will update this section as issues develop, giving you accurate information on insurance topics that are in the news. ☺



Commissioner Tours Storm Damage in Amarillo

AFTER AN EARLY SUMMER STORM pummeled the Panhandle with grapefruit-sized hail stones in June, Texas Insurance Commissioner Jose Montemayor was invited to tour the area with State Representative John Smithee of Amarillo.

Local residents said the June 21 storm was so powerful that hail was being propelled horizontally through windows and walls by the high winds. The icy projectiles smashed through windows and skylights and severely damaged hundreds of roofs in Amarillo. Unprotected vehicles in the storm’s path were left dented and in many cases without windshields. Preliminary estimates calculated the storm damage at more than \$100 million.

Along with seeing the storm-damaged homes, businesses and cars in the area, Commissioner Montemayor also spent time visiting drive-through claim centers set up by

several insurers to handle the flood of claims after the storm. The Commissioner said he was pleased by the quick response of the industry and pointed to the lack of complaints from Amarillo homeowners as evidence that the companies were responding appropriately.

Montemayor assured consumers that TDI staff was prepared to field questions or help file complaints if problems developed down the road. “The industry really does a good job of responding quickly to these large scale disasters, but occasionally things can fall through the cracks. We’re here to make sure that everyone is treated fairly.”

The Commissioner also warned consumers to use caution when choosing contractors to make repairs, urging them to seek references from the Better Business Bureau and use local firms if possible. ☺

TDI Secures Over \$3 Million in Additional Benefits for Minority Policyholders

IN JUNE, Texas-based American National Insurance Company (ANICO) agreed to provide an estimated \$3.2–\$3.5 million in additional benefits to African-American and Hispanic consumers whose policies were affected by race-based pricing. Commissioner Montemayor served as the lead regulatory negotiator for a five-state group that acted on behalf of all the members of the National Association of Insurance Commissioners (NAIC). The other members of the group who signed on to the settlement today are California, Louisiana, Oklahoma and Georgia, the states with the greatest number of affected policies after Texas.

“This settlement is another step in correcting past practices that were just plain wrong,” said Commissioner Montemayor. “The restitution will help restore the value that otherwise would have been available without the consideration of race.”

The settlement affects small face amount life insurance policies, commonly known as industrial life or burial policies, which were sold at a higher cost to African-Americans and Hispanics. Although ANICO stopped this practice in 1964 in the sale of new policies, death and surrender benefits for many older policies were never adjusted. The settlement applies to policies with a face amount of \$1,000 or less, issued by American National between 1936 and 1939 (African-American and Hispanic) and between 1948 and 1964 (African-American only), and where a surrender or death benefit was paid since December 31, 1959.

Restitution will be provided nationwide to approximately 40,000 current and former policyholders or beneficiaries for whom ANICO has records and who previously collected death benefits, surrendered their policy or were still paying premiums after December 31, 1959. The average benefit increase per policy is approximately 22 percent. The actual dollar amount will vary by face amount, plan of insurance, issue age and issue year.

Depending upon the current status of the affected policy, settlement benefits will be paid in the form of an increased face amount (inforce policies) or cash (surrendered, dead or endowed policies).

ANICO has also agreed to fund a national advertising campaign in an effort to notify additional policyholders who are eligible to participate in the settlement, but for whom ANICO no longer has records. Settlement notices will be published in display advertisements in *Parade* and *Ebony* magazines, in major metropolitan daily newspapers located in the Lead Regulatory States and in minority/community newspapers for each state that has at least 200 policyholders. Potential claimants will have 18 months to file their proof of claim in order to share in the settlement.

American National has set up a toll-free number,


1-866-229-9685

to answer questions about the settlement, as well as a website:

www.regulatorysettlement.com

The company's address is

P.O. Box 1900

Galveston, Texas 77553-1900 

Huston-Tillotson College Announces Partnership with Insurance Industry and TDI

Effort Expected to Increase Minority Participation

BEGINNING THIS FALL, Huston-Tillotson College in Austin, Texas will begin offering a course to introduce students to insurance concepts and industry practices. The new three-hour course entitled, "Risk Management and Insurance" is designed to explore the basic uses and functions of insurance as applied to risk.

The effort goes beyond the typical textbook and lecture college course, promising to give students direct access to experts in the field of insurance. The Huston-Tillotson partnership includes insurance companies, industry associations and the Texas Department of Insurance. Professionals from the industry are expected to act as guest professors and resources for the students. Companies and associations participating in the partnership include the American Institute of Chartered Property and Casualty Underwriters and Insurance Institute of America, Farmers Alliance Mutual Insurance Company, Liberty

Mutual Insurance Company, State Farm Insurance Companies, Texas Property and Casualty Insurance Guaranty Association, Independent Insurance Agents of Texas and the Texas Department of Insurance.

The initiative is a first step in an effort to address the shortage of minority representation in the insurance industry and in financial services in general. The effort is part of a pilot program within the school's Division of Professional Studies and Accelerated Business Administration Program. The pilot program includes several components designed to introduce students to various aspects of the financial planning industry.

Students taking the new insurance course will also have an opportunity to participate in internship programs to get a first-hand look at jobs in the industry with the potential to earn additional course credit. Ultimately officials

Please see page 8

TDI Business Development Initiative

TDI HOSTED its first Economic Development Roundtable June 1st. Commissioner Jose Montemayor and Business Development Specialist Donna Reynolds addressed the newly formed group of business men and women from across the state. They explained TDI's vision to encourage insurance company investment in communities, especially distressed communities, furthering the economic development goals of the state.

Guest Speaker, Jeff Moseley, Chief Executive Officer-Economic Development and Tourism from the Office of the Governor gave the Roundtable attendees an update on what is happening on the economic development front in Texas today, how the new enterprise zones will spur growth and what the Governor's Office is doing to actively market this state as a place of business.

Participants exchanged ideas on economic development projects and how the insurance industry could have a larger role assisting Texas cities. Montemayor commended the roundtable participants for their dedication to the state and their help in TDI's efforts in regional economic development of new business and business expansion. 🔄

Fraud Alert Issued for Unauthorized Agency

Agent Takes Auto Premium Payments without Providing Insurance Coverage

TDI ISSUED a fraud alert in July pertaining to the Aguila Insurance Agency, a Dallas-based agency charged with taking in premium payments without providing automobile insurance coverage. The agency is currently under investigation by TDI's Fraud Unit.

The Aguila Insurance Agency operated at 5415 Maple Avenue, Suite 319, in Dallas, Texas. Gustavo Del Aguila, the sole agent, had his insurance license revoked in April 2004. The investigation is looking into allegations that Aguila continued to accept premium payments and solicit new business. In the alert, consumers were advised to check to see if their auto insurance documents were issued by Aguila Insurance Agency and if so, to cease making premium payments and contact the TDI Fraud Division toll-free at

1-888-327-8818.

To date the TDI fraud investigation into Aguila has revealed numerous victims. Among the many complaints received by TDI include those from consumers who have taken their cars in for repair following a collision only to learn that they had no insurance coverage. Other consumers found that they had no auto coverage when they presented their insurance cards in court following a traffic citation.

"To take people's money and lead people to believe that they have insurance when in fact they do not is unconscionable," said Texas Insurance Commissioner Jose Montemayor. "When the Department of Insurance learns of these kinds of scams, we go after them aggressively."

All insurance agents, agencies, and companies must be licensed to operate in Texas. Consumers are encouraged to verify licenses on the TDI website

www.tdi.state.tx.us

or by calling TDI's Consumer Helpline toll-free at

1-800-252-3439.

Consumers can report suspected fraud cases to TDI's Fraud Unit by calling toll-free

1-888-327-8818

or by using TDI's Online Fraud Reporting form at

www.tdi.state.tx.us/fraud/onlinereport.html

Spanish-language assistance is available to callers at both of TDI's toll-free phone numbers. ☎

Nurse Bills Insurer for Services Not Rendered

TDI FRAUD INVESTIGATORS recently referred a case for prosecution involving a registered nurse who billed an insurance company for assisting patients in a home health setting. The scheme netted the nurse \$33,532 according to fraud investigators. Adjusters with the insurance company believed the nurse was assisting patients by transporting them to physicians' offices and providing other nursing related services. The scheme came to light when another company

adjuster discovered the nurse was not on the list of authorized providers. The nurse billed \$70 an hour for services such as consultations with physicians about a patient, waiting time at the physician's office and travel time and mileage between the patient's home and the physician's office. Fraud investigators established that none of the events occurred. The case has also been referred to the State Board of Nurse Examiners. ☎

July 28, 2004

Commissioner's Bulletin No. B-0037-04

To: **All Persons Doing the Business of Insurance in the State of Texas**

Re: **Reporting of Suspected Insurance Fraud**

IN ACCORDANCE with Executive Order RP36 issued July 12, 2004 by Governor Rick Perry, the Texas Department of Insurance Fraud Unit offers this notice regarding the reporting of insurance fraud to an authorized entity.

Timely reporting of suspected insurance fraud directly enhances law enforcements' ability to investigate and take appropriate action, including but not limited to a referral for prosecution of those persons who defraud insurers and consumers. Indirectly, reporting of suspected fraud alerts officials to new schemes that, while not resulting in legal prosecution, helps to identify emerging fraud patterns and results in better allocation of resources. The timely reporting of suspected fraud allows for warnings to the general public of particular fraudulent activities, further enhancing fraud detection and deterrence.

Texas Insurance Code, Article 1.10D Sec. 4 (2) directs each person, including insurers, to report suspected fraud that has been or is about to be committed to a local, state, or federal law enforcement authority. Fraud may be reported to TDI via the internet at

www.tdi.state.tx.us/fraud/

or toll free at

1-888-327-8818.

While Texas law requires reporting to a governmental agency, fraud may also be reported to other non-government organizations including but not limited to the following: the National Insurance Crime Bureau (NICB) at

www.nicb.org

the National Health Care Antifraud Association (NHCAA) at

www.nhcaa.org

and the National Association of Insurance Commissioners at

www.naic.org.

These and similar entities provide services in efforts to detect, study, and prevent fraud. Regardless of the entity to which fraud is reported, it is critical that fraud is reported timely to a federal, state, or local governmental agency in order to be compliant with the *Texas Insurance Code*.

Should you have any questions regarding the reporting of insurance fraud, or comments on how to improve anti-fraud efforts, please contact Carlos Hinojosa at

carlos.hinojosa@tdi.state.tx.us

or at

(512) 305-7627.

Dennis Pompa, Associate Commissioner

TDI Fraud Unit 

Recent Fraud Unit Case Dispositions


June

Ramon Barragon was sentenced in San Antonio to three years deferred adjudication, 120 hours community service and was fined \$1,793.00 for Insurance Fraud, a State Jail Felony.

Arletha Caldwell was sentenced in Houston to two years deferred adjudication, 120 hours community service and was fined \$500.00 for Aggregated Theft, a State Jail Felony.

Deborah Hrinevich was sentenced in Houston to four years confinement for Theft, a Third Degree Felony.

Michael Marella was sentenced in Denton to one year probation, 80 hours community service, was fined \$500.00 and was ordered to pay \$1,200.00 in restitution for Theft, a Class A misdemeanor.

Jay M. Reddy was sentenced in Houston to two years deferred adjudication and 120 hours community service for Insurance Fraud, a Class A Misdemeanor. 

Agreement.

from page 1

filing on a state-by-state basis hinders their ability to offer innovative products in a timely fashion. State regulators maintain, however, that it is important for each state to determine its own standards to ensure consumer protection at the local level. The MSRP offers the best of both worlds, providing greater uniformity for insurers and the local control that state regulators say is vital to protect consumers. All without the creation of yet another Federal bureaucracy.

In response to some of the market concerns of insurers, the National Association of Insurance Commissioners (NAIC) developed the Interstate Compact initiative to standardize



and modernize the current system. Key objectives of the Interstate Compact are to allow for single-source filing based on mutually agreed-upon standards, reciprocal licensing of agents, and adoption of a consensus market conduct law. The Multi-state Review Project initiated by Texas, California and

Florida is a real world example that such a

system, based on voluntarily agreed upon, uniform standards will work.

Because of the need to compete with financial institutions that have been authorized to market life insurance and annuity products, many large national insurers have expressed a willingness to waive certain rights, and to develop products that comply with a higher set of product standards than would otherwise apply in a single state review system. The multi-state review agreement between Texas, California and Florida is a direct result of those discussions and negotiations.

Commissioner Montemayor stressed that adoption of the MSRP does not replace or nullify the Interstate Compact initiative in any way. If anything it is a good example of how such an agreement could be successfully implemented. "Texas continues to be very supportive of the Interstate Compact initiative. Our staff is actively participating in the development of product standards for the Interstate Compact," said Montemayor. "The MSRP provides an immediate opportunity for insurers to have access to three large markets comprising 26 percent of the U.S. population. The Interstate Compact, when it is formalized, will expand that market access to the country as a whole." 🔄

Huston-Tillotson *from page 5*

hope to make scholarships available to Huston-Tillotson College students, and secure the campus as a site for future CPCU examinations.

Texas Insurance Commissioner Jose Montemayor said the effort will ultimately benefit the entire community, as students transition from their educational lives to their professional careers. "Having a working knowledge of insurance will better equip

them to handle their business and personal endeavors in the future. And I'm sure a few of these young men and women will choose to pursue a career in insurance."

The partnership with Huston-Tillotson College and the insurance industry represents the first of its kind at a historically black college. It is anticipated that the model could be used to generate similar programs at other historically black colleges and universities. 🔄

Enforcement Actions Begin on Kickback Rule

D **EPUTY COMMISSIONER** for Title Robert Carter has announced that the enforcement period is now underway for Rule P-53, the anti-kickback rule adopted earlier this year. P-53 prohibits the giving or receiving of a thing of value that in any way subsidizes or defrays any portion of a producer's expenses.

"For the first few months following the April 1 effective date we were in an education mode, answering questions from title agents, real estate agents, and lenders," said Carter. "While most title agents are making efforts to comply, we are now addressing those companies and producers who are not."

Offenders can be fined up to \$10,000 per violation per day and violations can result in license revocation. In addition, the donor and recipient of a rebate has committed a 3rd degree felony under state law, as well as a federal felony under the federal Real Estate Settlement Procedures Act.

Insurance Commissioner Jose Montemayor says that while rebates and referral incentives might be used in other areas of commerce, the Texas Legislature has set a clear policy for title insurance. "Because the state sets rates, expenses have to be limited to the core functions of insurance: paying losses, covering expenses and making a reasonable profit." The Commissioner also indicated that it may be time for Texas to consider a new type of rate regulatory system for title insurance.

Carter encourages title agents to continue reporting suspected violations to TDI's Title Division at

Mail Code 106-2T
333 Guadalupe
Austin TX 78701

Reports should be as specific as possible and include supporting documentation when available. ☺

Fire Extinguisher Rules

APA Proposal

- ▶ The Texas Department of Insurance is proposing amendments concerning fire extinguisher rules. The proposed amendments address certificates of registration, fire extinguisher licenses, fees and examinations, the installation and service of fire extinguishers and "red-tags" used to indicate that corrective action or replacement is necessary for portable fire extinguishers or fixed systems.

These amendments are necessary to clarify existing rules, implement the latest national safety standards, facilitate new state-of-the-art industry practices and amend licensing procedures. These changes will permit the State Fire Marshal's Office (SFMO) to more equitably and efficiently regulate the activities of the industry. The end result will be an increased level of safety to the public which relies on these fire extinguisher systems.

Among the proposed amendments:

- requiring the installation of a new K class type fire extinguisher for new installations protecting appliances that use combustible cooking media
- delineating current required minimum information and equipment a shop must maintain to service and test fire extinguishers or systems
- clarifying authorized business activity permitted under a Type A license
- creating a new specialized license, Type K, for new applicants whose activities are currently a part of a Type A license

It is the department's expectation that affected individuals will be in compliance with the proposed amendments no later than January 1, 2005.

Publication: 28TexReg6879

July 16, 2004

Earliest adoption: August 15, 2004

Additional information: 512 463-6326 ☺



State Fire Marshal Retires

STATE FIRE MARSHAL G. Mike Davis retired as State Fire Marshal effective May 31, 2004. Davis began state service as a Fire Rater with the State Board of Insurance in 1973. He joined the State Fire Marshal's Office in 1982 and was named State Fire Marshal in 1993.

Davis has done an excellent job as State Fire Marshal, according to Jose Montemayor, Commissioner of Insurance.

"G. Mike has been a well known and respected expert on fire issues around the state and the nation. He will be missed as my advisor on fire industry regulation and safety issues as well as by the state's fire industry and local and county officials with whom he has worked so well over the years. I would like to thank G. Mike for his leadership and his hard work dedicated to protecting the lives and property of the citizens of Texas from fire and fire related hazards."

It was under Davis' direction that the State Fire Marshal's Office (SFMO) started its university inspection program. A 1997 lobby fire in a high-rise dormitory on the Lubbock campus of Texas Tech University, which sent five students to the hospital for smoke inhalation, prompted creation of the State University Fire Safety Project, in which Davis directed the Fire Safety Inspection Services Division to inspect all state university high-rise dormitories.

The program has since expanded to include academic buildings and off-campus housing such as fraternities and sororities.

The success of this program caused the SFMO to re-evaluate and augment its service model to be more proactive, with a focus on preventing fires from ever occurring. The SFMO will continue to provide its traditional services, but will be working more actively with local communities to help them take responsibility for their inspections and investigations, fire prevention and education. 🔄

Juvenile Firesetter Intervention Workshop A Success

A POUND of prevention may be worth a pound of cure, but the value of a young life saved from death, injury, or imprisonment through juvenile firesetter intervention is beyond calculation.

During the week of June 14-18, Deborah Johnson, juvenile firesetter intervention program specialist with the Texas State Fire Marshal's Office, coordinated and facilitated an NASFM (National Association of State Fire Marshals) Juvenile Firesetter Intervention Workshop and the Second Texas Biennial Juvenile Firesetter Intervention Conference.

The workshop, presented on June 14 and 15 by Robert Crandall and Susan W. Blaakman of Fireproof Children, Inc., Rochester, NY, was sponsored by NASFM through a grant from the Office of Juvenile Justice and Delinquency Prevention. Texas was one of ten states to receive the workshop in 2004 and will be participating in the NASFM Juvenile Firesetter Intervention and Prevention Pro-

ject. Seven local teams representing several disciplines attended the workshop. The seven teams were from southern Brazoria County, Harris County, Tarrant County, Travis County, San Antonio, Weatherford and Corpus Christi. Each team committed to **1)** implementing a juvenile firesetter intervention and prevention program (JFIP) that draws upon and coordinates existing community resources, **2)** filing quarterly reports regarding progress in program development, and **3)** obtaining systematic data on all fires started by children in their jurisdiction.

Thanks to the State Fire Marshal's Office (SFMO) and its co-sponsors, the Texas Chapter of the International Association of Arson Investigators (IAAI) and TEEX (the Emergency Services Training Institute, Texas Engineering Extension Service of the Texas A&M University System), the second Texas Biennial Juvenile Firesetter Intervention Conference was held in Austin on June 16-18. This two

Continued on page 11

Firesetter Intervention... *continued*

and one-half day conference is the only conference in Texas to offer more than juvenile firesetter intervention “basics.” In the past, intervention program members have had to travel to Arizona, Oregon, Massachusetts or British Columbia to receive such training. Such travel has been cost prohibitive for most local department budgets, resulting in an educational lag in Texas JFIPs.

The theme of this year’s conference was Children and Fire: Tools for the Challenge. Deborah Johnson of the SFMO assembled some of the country’s leading experts in juvenile firesetting issues, as well as local experts in related fields, to present sessions designed for people from the fire service, law enforcement, juvenile justice, school districts, mental health and social service communities.

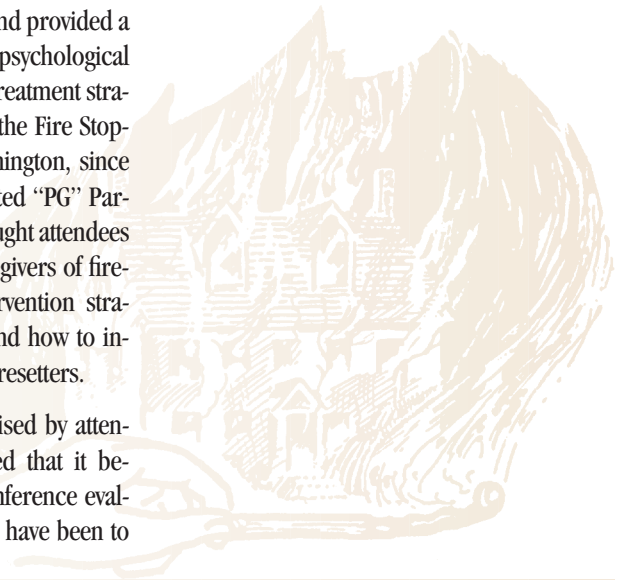
The 80-plus attendees learned new strategies for working with child and adolescent firesetters and their families in classes that addressed such topics as measuring firesetting behavior, clinical approaches to juvenile firesetting, intervention strategies, and development of teamwork between the fire service and mental health professionals.

School fires are frequently under-reported. In *School Fires: A National Fire Problem*, Judith S. Okulich (Statewide Coordinator of the Juvenile Firesetter Intervention Program at the Oregon Office of State Fire Marshal) discussed an Oregon community awareness campaign to educate school personnel on the importance of reporting school fires and identifying the students who set them. A video presentation highlighted the value of school resource officers, school administrators and fire service personnel working together. The Oregon campaign resulted in that state’s State Fire Marshal being appointed to a legislatively appointed Board for the Center on School Safety. One attendee noted that many school officials are reluctant to notify fire departments of small fires because of the disruption to classes that would be involved. He said, this class provided methods I can use to get my school system to report every fire, every time, any size, and anywhere.”

Trauma and Firesetting Behavior, taught by David K. Wilcox, Ed.D., provided an overview of some of the current thinking about the links between trauma and firesetting in youth, to help participants put aside unfounded myths and assumptions and base their understanding of juvenile firesetting on findings from clinical and behavior research conducted over the past 30 years. Wilcox is Clinical Director of the Juvenile Court Clinics in Middlesex County, MA.

In Introduction to Psychology for the Fire Service, Joe Meinecke explained why different psychologists seem to come up with lots of different conclusions about the same kid. He cut through the psychobabble and provided a practical and fun overview of psychological theories, diagnostic issues and treatment strategies. Meinecke has managed the Fire Stoppers Program in Tacoma, Washington, since 1993. Meinecke also taught Rated “PG” Parental Guide Suggested, which taught attendees how to classify the parents/caregivers of firesetters. Attendees learned intervention strategies that work with parents and how to increase their success rate with firesetters.

The conference was highly praised by attendees, many of whom requested that it become an annual event. One conference evaluation read, “Best conference I have been to in years.” 🍷



TDI's Consumer Protection Targeting Goals

AT THE END of the third quarter of the 2004 fiscal year, TDI's Consumer Protection team had already exceeded several of its annual target performance measures, including the number of inquiries answered, number of rate guides distributed, and the number of consumer information publications distributed.

Inquiries

Inquiries include telephone calls answered by Consumer Help Line operators, written inquiries to TDI and hits to the company profile application on TDI's website. Web hits have increased to nearly 70 percent of this measure, while the proportion of telephone inquiries continues to decrease. At the end of the third quarter, Consumer Protection had answered more than 652,000 inquiries, exceeding the 2004 target of 621,565.

Rate Guides

TDI publishes rate guides on auto, homeowners, workers' compensation, Medicare supplement and long-term care insurance, as well as a small employers health benefit plan rate guide. These guides are available in print and on TDI's website. Consumer Protection is on pace to exceed the FY 2004 target of 652,743 rate guides distributed.

As the number of rate guide accessed via the web has increased, the average cost to distribute a rate guide has decreased. The annual target cost is 60 cents per rate guide. So far this year, the actual cost per rate guide distributed stands at just 13 cents.

Publications

Consumer Protection distributes 40 different consumer publications and is responsible for the consumer information on TDI's website. Similar to the rate guides, consumer publications are being accessed in greater frequency online. About 71 percent of the total number of publications distributed in FY 2004 year to date have been distributed via the website. Consumer Protection has exceeded the annual target of 2.2 million publications distributed. More than 2.6 million publications have been distributed to the public, 1.8 million of those online.

Other Key Measures

Complaints

Consumer Protection has resolved 22,704 consumer complaints, or an average of 2,523 complaints each month. Using that average for the last three months of FY 2004, we project that the number of complaints resolved at year end will be more than 30,000. At the end of the third quarter, the average response time to resolve a complaint was 54 days.

Dollars Returned to Consumers

So far in FY 2004, Consumer Protection has returned a total of \$30,077,985 to consumers. This is an average of more than \$3 million each month. TDI projects that it will return approximately \$40 million to consumers during this fiscal year. The average dollar amount returned to consumers per complaint resolved is up by 12 percent as compared to FY 2003. 🍀



InDiscipline

NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
ACCC General Agency, Inc.	Houston	Used unauthorized agents; Non-renewed policies without proper notice; Took more than 15-days to acknowledge claims	\$10,000 fine	40489	5/14/04
Beck, April Michelle	Dallas	Engaged in fraudulent or dishonest acts or practices; Felony conviction directly related to the business of insurance	Insurance Service Representative License denied	40456	5/6/04
Bell, Kenneth Paul	Houston	Failed to comply with continuing education requirements	\$750 fine	40492	5/14/04

May

NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
Brown, Mary F.	Port Arthur	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	General Life, Accident and Health License and the General Property and Casualty License revoked	40518	5/21/04
Castro, Rachel	Haltom City	Engaged in fraudulent or dishonest acts or practices	General Property and Casualty License application denied	40528	5/24/04
Chiarlone, Gary J.	Houston	Felony conviction; Engaged in fraudulent or dishonest acts or practices	General, Life, Accident, Health and HMO License denied	40444	5/5/04
Chubb Indemnity Insurance Company	Warren NJ	Failed to timely file required experience rating data	\$3,000 fine	40488	5/14/04
Cincinnati Life Insurance Company	Cincinnati OH	Alleged race based pricing	\$1,000 Fine and restitution for three affected Texas policies	40490	5/14/04
Clark, William Grady Jr.	Lubbock	Failed to timely respond to requests for information from TDI	General Life, Accident and Health License revoked	40521	5/21/04
Coulter, Gene E.	Bedford	Engaged in fraudulent or dishonest acts or practices; Made a material misrepresentation on a license application	General Life, Accident and Health License, General Property and Casualty License and Limited Lines License revoked	40304	3/31/04
Curtis J. Spier, M.D. Rio Grande Health Center	El Paso	Taught a continuing education course prior to certification	\$2,800 fine	40458	5/6/04
Digby, Richard Lee	Bryan	Engaged in fraudulent or dishonest acts or practices; Attempted to obtain a license by fraud or misrepresentation	Adjuster Property and Casualty License application denied	40520	5/21/04
Dominion Title of Dallas, L.L.C.	Plano	Failed to timely file required annual escrow audit report	\$2,500 fine	40455	5/6/04
Dornbaum, Arthur	Houston	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	General Life, Accident and Health License revoked	40387	4/20/04
Elmore, John Archer	Dallas	Acted as an agent for unauthorized entities; Failed to register change of address	\$15,000 fine subject to a dollar-for-dollar reduction by restitution to \$2,000	40516	5/21/04
Estrada, Maria	Lubbock	Engaged in fraudulent or dishonest acts; Made a material misrepresentation on a license application	Insurance Service Representative License application denied	40445	5/5/04
Gibson, Roderick Paul	San Antonio	Felony conviction; Made a material misrepresentation on a license application; Obtained license by fraud	General Property and Casualty License revoked	40493	5/14/04
Guel, Eric	Houston	Engaged in a crime of moral turpitude	Adjuster Property and Casualty License denied	40517	5/21/04
Medrano, Juan	Mission	Failed to disclose previous felony conviction on license application	\$750 fine; Probated suspension of General Life, Accident, Health and HMO License	40381	4/20/04
Musquiz, Daniel G.	Helotes	Made a material misrepresentation on a license application; Probation for a felony offense	\$750 fine; Probated suspension of Adjuster All Lines License	40491	5/14/04

Continued on page 14

May						
	NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
	Pacific Indemnity Company	Warren NJ	Failed to timely file required experience rating data	\$3000 fine	40487	5/14/04
	Pueblo Leasing, Inc.	Houston	Failed to timely notify TDI of a felony conviction of a licensed agent with the corporation	\$1,500 fine	40457	5/6/04
	Pullen, Scott Nathan	San Antonio	Misappropriated or converted money belonging to an insurer or insured; Misrepresented terms and conditions of an insurance policy	General Life, Accident, Health and HMO License, General Property and Casualty License and Surplus Lines License revoked	40454	5/6/04
	Reyes, Blanca Guadalupe	Houston	Engaged in fraudulent or dishonest acts or practices; Obtained a license renewal by fraud or misrepresentation	\$5000 fine, General Property and Casualty License revoked	40527	5/24/04
	Service & Business Workers of America Local 125 aka Local 125 Fund	Juno Beach FL	Unauthorized insurance	Cease and Desist order	40486	5/14/04
	Thomas, Jami Lee	Fort Worth	Felony conviction directly related to the business of insurance; Made a material misrepresentation on a license application	\$750 fine; Probation of General Property and Casualty License	40515	5/21/04
	Unicare Life and Health Insurance Company	Bolingbrook IL	Taught a continuing education course with an expired certificate	\$3,500 fine	40459	5/6/04
June						
	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
	American Educational Institute, Inc.	Basking Ridge NJ	Taught a continuing education course with an expired certificate	\$3,000 fine	40564	6/8/04
	Arboleda, Fabian	Houston	Serving probation for felony	Probated suspension of Limited Lines License	40549	6/1/04
	CIC Property Owners and Managers Ltd., L.L.P.	Austin	Consent Order: Alleged sale of group property insurance before statutory change	\$95,000 fine	40615	6/17/04
	Insurance Education Institute	Morrisville NC	Taught continuing education courses with expired course certifications	\$1,000 fine	40613	6/17/04
	Investment Services Group, Inc.	Nacogdoches	Misappropriated or converted money belonging to an insurer or insured; Engaged in fraudulent or dishonest acts or practices	General Life, Accident and Health License and General Property and Casualty License revoked	40562	6/8/04
	Line, William Dene	Lewisville	Failed to disclose criminal history on license application	\$750 fine	40629	6/23/04
	Lisa Rieke Hernandez	Garland	Engaged in fraudulent or dishonest acts or practices; Engaged in criminal conduct directly related to the business of insurance	General Life, Accident and Health License application denied	40563	6/8/04
	Madlock, Linda Carol	Tyler	Felony theft conviction	General Life, Accident, and health, License revoked	40627	6/21/04

June	NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
	McCauley, Clell	Midland	Failed to disclose criminal history in license application	\$750 fine; Probated suspension of General Life, Accident and Health License	40557	6/8/04
	Reyna, Enrique	Colorado City	Failed to timely respond to requests for information from TDI	\$2,000 fine	40630	6/23/04
	San Antonio Title Co.	San Antonio	Failed to maintain minimum escrow requirements	\$50,000 fine	40558	6/8/04
	TIF Premium Finance of Texas, L.C.	Tyler	Engaged in the business of financing insurance premiums prior to licensure; Failed to file timely annual reports	\$5,000 fine	40559	6/8/04
	UTMB Health Plans, Inc.	Galveston	Failed to have a full-time medical director currently licensed or authorized to practice in the field of services offered by the HMO	\$15,000 fine	40614	6/17/04
	Zale Indemnity Company	Irving	Failed to make required rate filing; Rate charged was excessive and unfairly discriminatory	\$500,000 restitution	40560	6/8/04

InLicensing

New Companies	COMPANY NAME	LOCATION	LINE	DATE LICENSED
	Amicus Mutual Insurance Company	Baton Rouge LA	Reinsurance all Lines; Workers Compensation	5/7/04
	Affirmative Insurance Company	Bedford Park IL	Auto; Reinsurance All Lines	5/11/04
	Seaworthy Insurance Company	Annapolis MD	Inland Marine; Ocean Marine; Reinsurance All Lines	5/13/04
	Administrative Systems, Inc.	Seattle WA	TPA	5/5/04
	Creative Benefits, Inc.	Vista CA	TPA	5/5/04
	<i>dba</i> CBI Benefits Administrators, Inc.			
	Cypress Dental Administrators	Stockton CA	TPA	5/5/04
	First Cardinal of Texas Ltd.	Irving	TPA	5/5/04
	Insurance Specialists, Inc.	Norcross GA	TPA	5/5/04
	<i>dba</i> Georgia Insurance Specialists, Inc.			
	Mercury Claims & Assistance of Wisconsin, LLC	Stevens Point WI	TPA	5/5/04
	Rebecca L. Ibison	Flower Mound	TPA	5/5/04
	<i>dba</i> True Benefits Administrators			
	Compensation Strategies Administration Services, Ltd.	Beaumont	TPA	5/19/04
	<i>dba</i> Compensation Strategies Group, Ltd.			
	Dreamlife Administration, LLC	Scottsdale AZ	TPA	5/19/04
	Pathmark Administrators, INC.	Lincoln NE	TPA	5/19/04
	Pro-Tec Dealer Services, INC.	Jacksonville FL	TPA	5/19/04
	Advocate, MD Insurance of the Southwest Inc.	Austin	Property & Casualty	5/28/04
	Houston General Insurance Exchange	Austin	Property & Casualty	5/28/04
	Esurance Property and Casualty Insurance Company	San Francisco CA	Auto; Reinsurance All Lines	6/9/04
	FBS Administrators, LLC	Richardson	TPA	6/10/04
	GeniSystems.ca Services Inc.	Toronto ON	TPA	6/10/04
	Health and Life Administrators, INC.	Robert Lee	TPA	6/10/04
	Marcos M. Hernandez <i>dba</i> Marnell & Associates	El Paso	TPA	6/10/04
	Texas Cotton Ginners' Trust	Austin	Workers Compensation	6/29/04
	Aetna Health Administrators, LLC	Blue Bell PA	TPA	6/30/04
	Austin Indemnity Lloyds Insurance Company	Austin	Property & Casualty	6/30/04
	ConExis Benefits Administrators, L.P., <i>dba</i> Complink, LP	Orange CA	TPA	6/30/04
	Fondren Orthopedic Services, INC.	Houston	TPA	6/30/04

InLicensing

Name Changes

COMPANY NAME	LOCATION	CHANGED TO	LOCATION	DATE OF CHANGE
Securitas Life Insurance Company	Edmond OK	Great Cornerstone Life and Health Insurance Company	Edmond OK	5/3/04
Travelers Casualty and Surety Company of Illinois	Naperville IL	Travelers Casualty Insurance Company of America	Hartford CT	5/6/04
The Travelers Indemnity Company of Illinois	Naperville IL	Travelers Property Casualty Company of America	Hartford CT	5/6/04
Anthem Alliance Health Insurance Company	Dallas	OneNation Insurance Company	Indianapolis, IN	5/7/04
Combined Underwriters Life Insurance Company	Tyler	Citizens National Life Insurance Company	Austin	5/13/04
Conseco Annuity Assurance Company	Chicago IL	Conseco Insurance Company	Chicago IL	5/13/04
Provantis Insurance Company	Wilmington DE	Dentegra Insurance Company	Wilmington DE	5/13/04
Prudential Commercial Insurance Company	Wilmington DE	LM Personal Insurance Company	Wilmington DE	5/13/04
Prudential Property and Casualty Insurance Company	Indianapolis IN	LM Property and Casualty Insurance Company	Indianapolis IN	5/13/04
The First Pyramid Life Insurance Company of America	Little Rock AR	Imerica Life and Health Insurance Company	Little Rock AR	5/19/04
Prudential General Insurance Company	Wilmington DE	LM General Insurance Company	Wilmington DE	5/19/04
GE Property & Casualty Insurance Company	Fort Washington PA	AIG Centennial Insurance Company	Fort Washington PA	5/24/04
Gerling Global Life Insurance Company U.S. Branch	Toronto ON	Revios Reinsurance Canada Ltd.	Toronto ON	6/9/04
The Gray Casualty Company	Metairie LA	The Gray Casualty & Surety Company	Metairie LA	6/9/04
Montgomery Ward Insurance Company	Schaumburg IL	Heritage Casualty Insurance Company	Schaumburg IL	6/9/04
U.S. Aegis Energy Insurance Company	Wilmington DE	Darwin National Assurance Company	Wilmington DE	6/16/04
Arkwright Insurance Company	Waltham MA	Coface North America Insurance Company	Boston MA	6/17/04
ERC Life Reinsurance Corporation	Jefferson City MO	Scottish RE Life Corporation	Jefferson City MO	6/23/04
GE Casualty Insurance Company	Fort Washington PA	AIG Premier Insurance Company	Fort Washington PA	6/30/04



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