



## Summary of Bills Enacted by the 80th Texas Legislature

**DURING THE 80TH SESSION** of the Texas Legislature, the Department of Insurance tracked 958 bills and 187 of those passed and were sent to the Governor.

This article summarizes some of the enacted legislation that directly impacts TDI or the insurance industry. The summaries are grouped alphabetically by subject headline. Summaries begin with the bill number, and the primary author. Those interested in additional details are encouraged to view the full text of each bill, along with legislative histories, analysis and fiscal impacts at the Texas Legislature’s website at: <http://www.capitol.state.tx.us/>.

### Advertising

**HB 2251 by Taylor; Sponsored by Duncan (Effective on September 1, 2007)**

HB 2251 defines web pages as institutional advertising if they do not describe specific products or provide an opportunity to apply or obtain a quote, even if they contain links to web pages that do describe products or permit applying or requesting quotes. It also allows required disclosures on web pages subject to insurance advertising rules to be provided through links prominently placed on the affected web page. The bill revises rule disclosure requirements regarding Medicare-related insurance products and “guaranteed renewable” accident and health coverage.

### Amusement Rides

**HB 1070 by Laubenberg; Sponsored by Estes (Effective immediately)**

HB 1070 amends the Occupations Code to establish new criteria for liability insurance for amusement rides that operate in a manner similar to a train and have prescribed safety features. The bill also permits a local government to satisfy insurance requirements for operating amusement rides by obtaining liability coverage through an interlocal agreement.

### Auto/Property/Home

**HB 1956 by Hancock; Sponsored by Brimer (Effective on September 1, 2007)**

HB 1956 amends the Water Code to require an owner or operator of an underground petrole-

um storage tank to submit annually to the Texas Commission on Environmental Quality (TCEQ) proof that the owner or operator maintains financial responsibility. In addition, the bill requires an insurance company or other entity that provides financial assurance to notify the TCEQ if the insurance coverage or other financial assurance is canceled or not renewed. The bill provides enforcement authority to the TCEQ, which may order an owner or operator of an underground storage tank that fails to maintain acceptable evidence of financial responsibility to place the tank out of service.

**HB 2551 by T. Smith; Sponsored by Harris (Effective immediately)**

During the 79th Legislature, two different versions of subsections (b-1) and (b-2) of Texas Insurance Code, Article 5.144 concerning refunds of excessive or discriminatory residential property insurance premiums were enacted. This bill consolidates the differing versions. The revised statute authorizes the commissioner to order an insurer to pay interest on the amount of the premium that is excessive and credited or refunded to the policyholder.

**HB 3358 by Smithee; Sponsored by Ellis (Effective on September 1, 2007)**

HB 3358 prohibits an insurer that has filed a petition for judicial review of an order disapproving a rate from filing and using a higher rate in the same line of insurance than the rate in effect for the insurer at the time of petition. If the commissioner requires an insurer to file a rate, the commissioner must issue an order not later than 30 days after the request for filing is made.

**SB 502 by Averitt; Sponsored by Smithee (Effective on September 1, 2007)**

SB 502 amends the minimum liability insurance coverage required for Texas motorists, effective April 1, 2008, to: \$25,000 for bodily injury or

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death to any one person; \$50,000 for bodily injury or death to two or more persons in one accident; and \$25,000 for property damage in one accident. Effective on January 1, 2011, the limits will increase to: \$30,000 bodily injury or death for one person; \$60,000 for bodily injury or death to two or more persons; and \$25,000 for property damage.

## **SB 611 by Lucio; Sponsored by Martinez (Effective immediately)**

SB 611 requires the Department of Insurance, in conjunction with the Office of Public Insurance Counsel, to establish and maintain a single Internet website that provides information to enable consumers to make informed decisions relating to the purchase of residential property insurance and personal automobile insurance. The website must include, among other things, side-by-side comparisons of the features of policy forms, rates, and other types of information.

## **SB 704 by Lucio, et al.; Sponsored by Lucio III (Effective on September 1, 2007)**

SB 704 requires the Texas Building and Procurement Commission to maintain a small contractor participation assistance program for small contractors participating in public works projects that will involve a contract or multiple contracts with an estimated cost of more than \$1 million.

The program must provide several types of assistance to small contractors, including assistance with preparing bond applications and obtaining bonds required to participate in the program.

## **SB 978 by Watson; Sponsored by Eiland (Effective on September 1, 2007)**

SB 978 raises the number of claims required before an insurer is allowed to assess a premium surcharge at renewal on certain residential pro-property policies from one claim in the preceding three policy years to two claims. It does not change the requirement that the amount of the surcharge must be based on solid actuarial principles.

## **SB 1138 by Duncan; Sponsored by Smithee (Effective on September 1, 2007)**

SB 1138 requires that post secondary educational institutions provide a risk management

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# TDInSight

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Texas Department of Insurance  
**TDInSight** /MC-113-1A  
P.O.Box 149104  
Austin, TX 78714-9104

**512 463-6425**  
**512 463-6461** fax

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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.



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program, at least once during each academic year, for members of student organizations registered at the institution.

## Financial

### **HB 1590 by Smithee; Sponsored by Averitt (Effective on June 1, 2007)**

HB 1590 allows the minimum standard of valuation of a universal life insurance contract to include a lapse rate of up to two percent per year in the calculation of reserves for a secondary guarantee.

### **SB 1253 by Averitt; Sponsored by Hancock (Effective on September 1, 2007)**

SB 1253 allows the Department of Insurance to examine an insurance carrier as often as necessary, but not less frequently than once every 5 years. The bill requires a certified Workers' Compensation Health Care Network to pay for the expenses of an examination.

### **SB 1542 by Fraser; Sponsored by Eiland (Effective on September 1, 2007)**

SB 1542 makes Texas law consistent with other states by requiring that Texas domestic insurance companies file a holding company registration statement (Form B) on an annual basis along with a summary of material changes from the prior year's annual registration statement as specified by rule. The bill also eliminates the requirement that an insurer registering under the holding company provisions must file a copy of the charter or articles of incorporation or bylaws of the insurer's holding company and subsidiaries.

## Fraud

### **HB 716 by Solomons, et al.; Sponsored by Averitt (Effective on September 1, 2007)**

HB 716 sets up a mortgage fraud task force headed by the Office of the Attorney General, with participation from representatives of various agencies including the Department of Insurance. The bill also sets forth certain penalties and notice requirements relating to mortgage fraud.

### **HB 2569 by Thompson; Sponsored by Fraser (Effective immediately)**

HB 2569 repeals Chapter 702 of the Texas Insurance Code, Motor Vehicle Theft and Motor Vehicle Insurance Fraud Reporting, Insurance Code Chapters 701, Insurance Fraud Investigations and 702 relate to the reporting of insur-

ance fraud. Chapter 702 was enacted in 1985 (Article 21.78), six years prior to the enactment of Article 1.10D (the predecessor to Chapter 701). Chapter 702 is much narrower in scope than Chapter 701, pertaining only to fraud committed against auto insurers, specifically motor vehicle theft or motor vehicle insurance fraud. Once Article 1.10D was enacted, it established the Fraud Unit and the guidelines for reporting and investigating all lines of insurance fraud, thus eliminating the need for a statute that only pertains to motor vehicle fraud.

### **SB 1627 by Carona; Sponsored by Martinez (Effective immediately)**

SB 1627 provides that a person who commits workers' compensation fraud may be prosecuted under Chapter 418 of the Labor Code. The bill gives prosecutors the flexibility to use the penalty provisions in the Penal Code so that workers' compensation fraud can be punished in the same manner as fraud committed against other lines of insurance. Workers' compensation fraud under Chapter 418, Labor Code, is a state jail felony.

## Life/Health/Licensing

### **HB 522 by Woolley, et al.; Sponsored by Duncan (Effective immediately)**

HB 522 establishes an advisory committee and a pilot program regarding the electronic data exchange of health information. The advisory committee is to issue a final report to the commissioner by December 1, 2008. The bill also requires the commissioner to designate a county or counties for initial participation in an identification card pilot program to begin no later than May 1, 2008.

### **HB 1066 by Delisi; Sponsored by Nelson (Effective immediately)**

HB 1066 creates the Texas Health Services Authority, a non-profit corporation, as a public-private collaborative to implement state-level health information technology functions and serve as a catalyst for the development of a seamless electronic health information infrastructure.

### **HB 1594 by Zerwas; Sponsored by Carona (Effective on September 1, 2007)**

HB 1594 provides for expedited credentialing and payment for a physician who joins an established medical group that is currently contracted

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with the carrier. It also provides for the recovery of payment differences if the physician fails to meet the credentialing requirements, and prohibits the physician from balance billing the enrollee for the difference.

**HB 1847 by Hancock; Sponsored by Averitt (Effective immediately)**

HB 1847 allows an insurer to include a noninsurance benefit that is reasonably related to a policy or certificate as part of the policy or certificate. Types of benefits include discount cards for health programs, financial planning and will preparation, and contributions for education savings.

**HB 1919 by T. Smith; Sponsored by Van de Putte (Effective on September 1, 2007)**

HB 1919 requires coverage for certain treatment of acquired brain injuries under a health benefit plan, other than a small employer health benefit plan. It requires coverage for reasonable expenses related to periodic reevaluation of the care of an individual who has incurred an acquired brain injury; has been unresponsive to treatment; and becomes responsive to treatment at a later date.

The bill also requires that a small employer health benefit plan may not exclude coverage for cognitive rehabilitation therapy, cognitive communication therapy, neurocognitive therapy and rehabilitation, neurobehavioral, neurophysiological, neuropsychological, or psychophysiological testing or treatment, neurofeedback therapy, remediation, post-acute transition services, or community reintegration services necessary as a result of an acquired brain injury.

The bill further requires that, at a minimum, a health benefit plan must provide coverage as provided by this section to an enrollee older than two years of age and younger than six years of age who is diagnosed with autism spectrum disorder.

**HB 1977 by Taylor; Sponsored by Averitt (Effective on June 30, 2007, with some provisions effective January 1, 2008)**

HB 1977 amends eligibility for coverage under the Texas Health Insurance Risk Pool (THIRP) and exempts the THIRP from any state tax, regulatory fee, or surcharge. It provides for a feasibility study of a program that allows an individual covered by a group Health Benefit

Plan (HBP) to also secure coverage through THIRP as secondary coverage. It amends the list of coverages not qualifying as an HBP and removes eligibility for persons whose premiums are paid for by a government-sponsored program or health care provider.

**HB 2015 by Smithee; Sponsored by Duncan (Effective on September 1, 2007)**

HB 2015 incorporates federal statutory definitions of “Group Health Plan” and “Health Insurance Issuer” among others, and requires a health insurer to provide claim information requested by a plan, plan sponsor or plan administrator not later than 30 days of receipt of a written request.

**HB 2252 by Taylor, et al.; Sponsored by Williams (Effective immediately)**

HB 2252 relates to disclosure of information about health care related services provided to persons covered by health benefit plans, and provides that such disclosures would not be considered discrimination or inducements. The bill includes definitions for both “health-related services” and “health-related information.” In connection with a health insurance benefit plan, the issuer may provide health-related services or health-related information to insureds or other covered persons or disclose information about availability of additional services to prospective insureds or other covered persons. It also would provide a parallel provision for HMO enrollees and prospective enrollees or contract holders.

**HB 2467 by Solomons; Sponsored by Van de Putte (Effective on September 1, 2007)**

HB 2467 allows a small or large employer health benefit plan issuer to modify a small or large employer benefit plan if the modification occurs at the time of renewal, the modification is effective uniformly among all employers covered by that plan, and the issuer provides notice to the commissioner and the employer not later than 60 days before the modification.

**HB 2548 by T. Smith; Sponsored by Averitt (Effective immediately)**

HB 2548 prohibits a preexisting condition in an individual accident and health policy from applying to an individual who was continuously insured for an aggregate period of 18 months

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by creditable coverage that was in effect not more than 63 days before the effective date of the individual coverage.

The bill also changes the eligibility requirements for the Health Insurance Risk Pool in two situations:

- Part-time employees who are eligible to participate in an employer plan are eligible to participate in the Risk Pool if the coverage provided by the employer is more limited or restricted than the Pool's coverage and the employer does not provide any contribution to the premium.
- Individuals who were eligible for COBRA benefits (Consolidated Omnibus Budget Reconciliation Act) who did not elect coverage or whose election lapsed or was canceled are eligible for Pool coverage subject to a 180 day exclusion for charges or expenses incurred for preexisting conditions.

#### **HB 2549 by T. Smith; Sponsored by Averitt (Effective on September 1, 2007)**

HB 2549 amends the specifications regarding the coverage of children and grandchildren. It allows coverage under a group life insurance policy to be extended to cover children who are unmarried and younger than 25. It also adds the ability to extend coverage to grandchildren who are unmarried and younger than 25 and a dependent of the insured for federal income tax purposes.

#### **HB 2761 by Eiland; Sponsored by Averitt (Effective on September 1, 2007)**

HB 2761 establishes standards and procedures regarding recommendations made to consumers involving the purchase or exchange of annuities. It requires an agent or insurer, prior to the execution of a purchase or sale of an annuity, to obtain information regarding the consumer's financial status, tax status, and investment objectives. The agent must determine that the annuity purchase or exchange is suitable for the consumer. The commissioner may order an insurer, agent, or managing general agent to take reasonably appropriate corrective action for any consumer harmed by a violation of the law, and has authority to sanction violators.

#### **HB 2762 by Eiland; Sponsored by Averitt (Effective on September 1, 2007)**

HB 2762 establishes standards and procedures

regulating the activities of insurers and agents concerning the replacement of existing life insurance and annuities (e.g., existing policy is lapsed, surrendered or converted to paid-up insurance). The law sets forth the Duties of Insurers and Agents; Duties of Insurers That Use Agents; Duties of Replacing Insurers That Use Agents; Duties of Existing Insurer; and Duties of Insurers Regarding Direct Response Solicitations.

#### **HB 2765 by Eiland; Sponsored by Averitt (Effective on September 1, 2007)**

HB 2765 allows the issue of private placement variable insurance contracts to accredited investors or qualified purchasers. The law applies only to a private placement contract that is delivered, issued for delivery, or renewed on or after January 1, 2008.

#### **HB 3064 by Delisi; Sponsored by Nelson (Effective on September 1, 2007)**

HB 3064 makes the Texas Department of Licensing and Regulation (TDLR) responsible for the registration and regulation of discount health care plans operating in Texas. It requires program operators to be registered in Texas before offering discount health care programs.

#### **SB 10 by Nelson, et al.; Sponsored by Delisi (Effective on September 1, 2007 with one provision effective on June 14, 2007)**

SB 10 establishes new initiatives, principally related to the state Medicaid program, which propose studies, programs and mandates aimed at increasing coverage for the poor through creative funding, reducing fraud, and promoting healthy lifestyle choices through incentives. The bill requires that licensed entities permit access to their databases to identify the primary obligor on a Medicaid claim. It also requires the development of a premium payment assistance program to assist uninsured and low-income people in obtaining and maintaining health benefit coverage. It provides for agent training regarding the health insurance premium payment reimbursement program and its eligibility requirements and allows agents to receive continuing education credit. It requires a study on the feasibility and impact of creating a Healthy Texas Program, through which small employer health insurance would be offered to eligible persons.

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**SB 22 by Nelson; Sponsored by Delisi  
(Effective on March 1, 2008 with one provision effective on September 1, 2007)**

SB 22 creates a Partnership for Long-Term Care Program to be administered as part of the medical assistance program by the Health and Human Services Commission with the assistance of the Texas Department of Insurance. The commissioner of insurance, in consultation with the Health and Human Services Commission, shall adopt minimum standards for a long-term care benefit plan that may qualify as an approved plan under the partnership for long-term care program. The bill also creates a Long-Term Care Insurance Awareness and Education Campaign. The law takes effect March 1, 2008; a provision regarding eligibility for home and community-based services is effective September 1, 2007.

**SB 303 by Harris; Sponsored by Eiland  
(Effective on September 1, 2007)**

SB 303 clarifies the statutory child support calculation for determining the net resources of an obligor by specifying in greater detail the manner in which health care coverage may be deducted from net resources.

**SB 382 by Carona; Sponsored by Taylor  
(Effective on September 1, 2007)**

SB 382 requires each individual policy or group policy and certificate to include a written notice stating that if the underlying debt is terminated early, the debtor is entitled to a refund of unearned premium. The notice must also state that the holder of the debt shall, by not later than 60 days, provide notice to the insurer of the termination of the debt. The law applies to a credit life or credit accident and health policy issued or delivered after January 1, 2008.

**SB 1254 by Averitt; Sponsored by Taylor  
(Effective on January 1, 2008)**

SB 1254 amends eligibility requirements for coverage under the Texas Health Insurance Risk Pool (THIRP). The bill allows a “federally defined eligible individual” to be eligible for THIRP coverage, even if they had terminated previous THIRP coverage within the preceding 12 months. The bill applies only to an application for initial or renewal coverage that is filed with THIRP on or after January 1, 2008.

**SB 1255 by Averitt; Sponsored by Taylor  
(Effective on September 1, 2007)**

SB 1255 allows a health group cooperative to consist of either only small employers, only large employers, or both small and large employers. The bill also allows a cooperative to restrict membership to small and large employers within a single industry grouping, and allows a small employer to join a group of small employers or small and large employers and allows a large employer to join any type of group. A health group cooperative that is composed of small and large employers may be treated as a large employer.

**SB 1263 by Brimer et al.; Sponsored by Eiland  
(Effective on September 1, 2007)**

SB 1263 creates two new license types: “personal lines property and casualty (P&C) agent” and “life agent.” The personal lines P&C license is required of a person acting as an agent selling P&C insurance to individuals and families primarily for personal or household use and a subagent. The life agent license is required of a person acting as an agent and writing coverage on human lives, disability, industrial life, fixed or variable annuities, and stipulated premium in excess of \$15,000 on any one life. Agents with other types of limited licenses (e.g., life under \$15,000 or funeral prearrangement life) are not required to obtain a life agent license. The new license types were added into current Continuing Education (CE) requirements. Effective on January 1, 2008, persons with broader licenses may receive the new license without reexamination.

**SB 1391 by Uresti; Sponsored by T. Smith  
(Effective on September 1, 2007)**

SB 1391 prohibits insurance carriers from issuing or offering a health benefit plan in Texas that requires an insured/enrollee to travel to a foreign country to receive coverage for a health care service under the health benefit plan. The law applies only to a health benefit plan that is delivered, issued for delivery, or renewed on or after January 1, 2008.

**SB 1731 by Duncan; Sponsored by Isett, et al.  
(Effective on September 1, 2007)**

SB 1731 requires TDI to collect data concerning health benefit plans’ aggregate reimbursement rates paid by the plan for services and to

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disseminate the information for geographical regions in this state. The legislation requires additional information elements to be added to the HMO annual report and requires the annual report to be available on TDI's website. A similar report is required of insurers' preferred provider benefit plans. Also, the bill provides that a health benefit plan must provide notice to enrollees that a facility-based physician may not be included in the plan's provider network and that such healthcare provider may balance bill the enrollee. The bill requires the plan to identify facilities within the network in which facility based physicians do not participate. The bill provides that a health benefit plan must, upon request of an enrollee, provide an estimate of payment that will be made for any health care service and amount for which the enrollee is responsible, such as applicable deductibles, copayments and coinsurance. The legislation also requires a non-contracted facility-based physician that bills a patient to provide specified information with the billing statement.

Insurers and HMOs are required to provide information upon request regarding whether a physician or other provider is a participating provider in the network, whether health care services are covered by the health plan and other information.

### **SB 1884 by Williams; Sponsored by Thompson (Effective on September 1, 2007)**

SB 1884 revises the formula for calculating a penalty on an underpaid claim to allow for the deduction of the contracted rate. It lengthens the time frame in which a physician or a provider has to notify an HMO or a PPBP of an underpayment of a claim to 270 days after receipt of an underpayment. It shortens the time frame HMOs and PPBPs have to pay the balance of the claim to on or before the 30th day in order to avoid liability for a penalty on an underpaid claim.

### **State Agencies/Recodification**

#### **HB 2636 by Smithee; Sponsored by Brimer (Effective on September 1, 2007 and nonsubstantive changes effective April 1, 2009.)**

Continuation of the non-substantive revision of the Texas Insurance Code.

#### **HB 3430 by Strama et al.; Sponsored by Hegar et al. (Effective on October 1, 2007)**

HB 3430 requires an agency, prior to adopting a rule that may have an adverse economic impact on small businesses, to prepare an economic impact that estimates the number of small businesses subject to the proposal, projects the economic impact of the rule on the small businesses, and describe alternative methods of achieving the purpose of the proposed rule. It requires a regulatory flexibility analysis that includes the agencies considerations of alternative methods of achieving the purpose of the proposed rule.

### **State Fire Marshal**

#### **HB 539 by W. Smith et al.; Sponsored by R. West (Effective immediately with one provision effective January 2, 2008)**

HB 539 amends the Occupations Code and the Local Government Code to add certain pop rockets to the list of fireworks that are not permitted, beginning January 2, 2008. The bill adds to the periods when fireworks may be sold to the public to include sales between May 1 and May 5 in certain counties near the Texas-Mexico border. It also raises the minimum age of a person to whom fireworks may be sold from 12 years of age to 16 years of age.

#### **HB 2118 by Pickett; Sponsored by Van de Putte (Effective on September 1, 2007)**

HB 2118 establishes a new "Residential Fire Alarm Technician" License for the installation of fire alarms in one- or two-family dwellings. The bill also requires working smoke detectors in one- or two-family dwellings constructed in this state and in sorority or fraternity houses in accord with building codes in effect in the political subdivisions in which they are located.

#### **HB 2935 by P. King, et al.; Sponsored by West (Effective on January 1, 2009)**

HB 2935 requires a manufacturer of cigarettes that are sold in Texas to test the flammability of its product using prescribed methods and to certify to the state fire marshal that the cigarettes have been tested and meet the required performance standard.

The bill requires that cigarettes must be marked and brought into compliance by January 1, 2010.

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## Title

### **HB 3271 by Eiland; Sponsored by Janek (Effective on September 1, 2007)**

HB 3271 provides that a title agent or title underwriter may bring suit in district court for relief from a data or statistical call if it is unduly burdensome or not reasonably related to the discovery of information to be used in fixing rates or other matters pending in the biennial rate hearing. The bill applies only to the premium rate applicable to a title insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2009.

### **SB 1153 by Carona; Sponsored by Deshotel (Effective on September 1, 2007)**

SB 1153 authorizes title companies to sell personal property lien protection and requires the Department of Insurance to adopt appropriate forms and rates for these new products. Before a premium rate may be fixed and forms adopted for personal property title insurance under this new law, the department must provide reasonable notice and a hearing must be afforded to title insurance companies, title insurance agents, and the public. The law applies only to a title insurance policy or contract delivered, issued for delivery, or renewed on or after January 1, 2008.

## Workers' Compensation

### **HB 34 by Solomons; Sponsored by Brimer (Effective on September 1, 2007)**

HB 34 imposes an administrative violation on an insurance adjuster, case manager, or other person if that person offers to pay, pays, solicits, or receives an improper inducement relating to the delivery of benefits to an injured employee or improperly attempts to influence the delivery of benefits to an injured employee, including through the making of improper threats.

### **HB 472 by Solomons; Sponsored by Van de Putte, et al. (Effective on September 1, 2007)**

HB 472 amends the definition of administrator to include persons collecting premiums or adjusting or settling claims for workers' compensation benefits, and expands the regulatory requirements for administrators.

### **HB 473 by Solomons; Sponsored by Van de Putte (Effective on September 1, 2007 with one provision effective on January 1, 2011)**

HB 473 allows for deviation from fee guidelines by "informal or voluntary" workers' compensation health care networks. It further requires these networks to be certified by January 1, 2011.

### **HB 724 by Solomons; Sponsored by M. Jackson (Effective on September 1, 2007)**

HB 724 provides that a dissatisfied party to a medical fee or medical necessity dispute is entitled to an administrative review through a contested case hearing (CCH) if the review concerns a health care provider fee dispute where the reimbursement amount in dispute is under \$2,000; if the appeal is of an IRO decision regarding the retrospective medical necessity of a health care service under \$3,000; or where the review concerns an IRO decision concerning the concurrent or prospective medical necessity for health care services. A benefit review conference is not a prerequisite to the CCH under this change.

The bill also provides for the payment of death benefits to surviving eligible parents of the deceased. A payment of death benefits made under this subsection may not exceed one payment per household and may not exceed 104 weeks.

### **HB 886 by Giddings; Sponsored by Watson (Effective immediately)**

HB 886 requires the commissioner of workers' compensation to establish an optional preauthorization plan for eligible employers who participate in the return-to-work pilot program for small employers. To participate in the preauthorization plan, an employer must submit a proposal to the division that describes the workplace modifications the employer would make to accommodate an injured employee's return to work. The bill requires the division to guarantee that an approved employer would be reimbursed from the workers' compensation return-to-work account for the expenses incurred in implementing the modifications, up to the account's \$2,500 reimbursement limit, unless the division determines that the modifications differ materially from the employer's proposal.

### **HB 888 by Giddings et al.; Sponsored by Watson (Effective immediately)**

HB 888 requires a health care provider, on the written request of an ombudsman for the Office

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of Injured Employee Counsel (OIEC), to provide copies of the injured employee's medical records to the ombudsman at no cost. The bill requires the workers' compensation insurance carrier to reimburse the provider for the cost of the copies, prohibits the carrier from deducting that cost from any benefit to which the employee is entitled, and provides that the cost be the amount prescribed by commissioner of workers' compensation rules for copying medical records.

### **HB 1003 by Giddings; Sponsored by Watson (Effective on September 1, 2007)**

HB 1003 requires that an independent review organization (IRO) that uses doctors to perform reviews of health care services may only use doctors licensed to practice in this state. It further provides that the definition for IRO as used in Labor Code is the same as in Insurance Code Chapter 1305.

### **HB 1005 by Giddings; Sponsored by Van de Putte (Effective on September 1, 2007)**

HB 1005 clarifies that a healthcare provider who fails to submit a medical bill within 95 days after the services are provided to the injured employee, as required by statute, does not forfeit the right to reimbursement if 1) the provider submits proof that the bill was timely filed with a group accident and health insurer, an HMO that issues coverage under which the injured employee is covered, or a workers' comp carrier other than the carrier liable for payment; or 2) the commissioner determines that the failure resulted from a catastrophic event that substantially interfered with the provider's normal business operations. The provider is required to submit the claim to the correct insurer within 95 days of being notified of the erroneous submission.

### **HB 1006 by Giddings; Sponsored by Watson (Effective on September 1, 2007)**

HB 1006 requires that URAs and insurance carriers use doctors licensed to practice in Texas for performing utilization review or review conducted under the Workers' Compensation Act or Insurance Code. The bill provides that the definitions for "credentialing" and "retrospective review" in Labor Code Chapter 401 are the same as in Insurance Code 1305, and that the definitions for "utilization review" and "Utilization Review Agent" are the same as in Insurance Code 4201.

### **HB 2004 by Giddings; Sponsored by Lucio (Effective on September 1, 2007)**

HB 2004 requires that doctors performing peer review, utilization review, independent review, required medical examination or as a designated doctor must be certified in the specialty appropriate to the care the injured employee is receiving. The bill further requires that providers reviewing dental or chiropractic services must be licensed in these specific areas.

### **SB 458 by Watson, et al.; Sponsored by Giddings (Effective on September 1, 2007)**

SB 458 amends the Labor Code to define "orthotic device" and "prosthetic device" and to include the provision and fitting of, change or repair to, and training in the use of such devices within the meaning of "health care" as the term relates to workers' compensation benefits.

### **SB 471 by Brimer; Sponsored by Eiland (Effective on September 1, 2007)**

SB 471 requires the commissioner of insurance to establish by rule the information that must be reported on workers' compensation claims and the reporting requirements for insurance companies relating to those claims, and removes provisions specifying such information and requirements. The bill authorizes the commissioner to reduce or eliminate reporting requirements for insurance companies whose workers' compensation insurance business falls below a specific minimum premium volume established by the commissioner.

### **SB 1169 by Janek; Sponsored by Elkins (Effective on September 1, 2007)**

SB 1169 requires reimbursement from the subsequent injury fund to an insurance carrier for any overpayment of workers' compensation benefits made by the insurance carrier based on an opinion by a designated doctor if that opinion is reversed or modified by a final arbitration award or a final order or decision of the commissioner of workers' compensation or a court. The bill specifies that an insurance carrier is entitled to reimbursement from the subsequent injury fund for the amount of death benefits as well as income benefits paid to a worker with multiple employment that are based on employment other than that during which the compensable injury occurred.

# InDiscipline

NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
<b>Aetna Health, Inc.</b>	Dallas	Failed to timely and accurately process and pay certain contracted provider claims	\$45,000 fine	070421	05/30/07
<b>Alamo Title Company of Tarrant County, Inc.</b>	Fort Worth	Allowed an employee to act as an escrow officer without a proper license	\$13,000 fine	070367	05/11/07
<b>Alegnani, Joshua</b>	Plano	Felony offense	General Life, Accident, and Health Insurance Agent License denied	070288	04/20/07
<b>Arreguin, Doris Belen</b>	Devine	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	\$1,350 restitution; General Life, Accident and Health License revoked	070345	05/07/07
<b>Baggett, Nicholas James</b>	San Antonio	Failed to comply with continuing education requirements	\$3,000 fine	070377	05/15/07
<b>Barrera, Catherine Cecilia</b>	Corpus Christi	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 County Mutual License revoked	070289	04/20/07
<b>Blanc, Heidi</b>	El Paso	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	\$28,310 Restitution; Limited Lines License revoked	070276	04/17/07
<b>Church, Jeffrey E.</b>	South Padre Island	P-22 violation, closing transactions for which an insured closing and settlement letter was issued without an Escrow Officer License	\$2,500 fine	070397	05/21/07
<b>Davis, Wilma J.</b>	Houston	Failed to comply with Commissioner's Order	General Property and Casualty License and General Life, Accident and Health License revoked	070340	05/02/07
<b>Diaz, Carlos</b>	Laredo	Failed to comply with Commissioner's Order regarding continuing education requirements	\$1,500 fine; Must complete 15 hours of continuing education	070410	05/25/07
<b>Dulaney Abstract Company</b>	Haskell	Failed to timely file annual trust fund account audit reports; Failed to timely remit guaranty fees	\$10,000 fine	070415	05/25/07
<b>Eaden, Ilene</b>	Nacogdoches	Failed to comply with Commissioner's Order regarding continuing education requirements	\$1,275 fine	070411	05/25/07
<b>Edwards, Lloyd Jason Reid</b>	Rockwall	Engaged in fraudulent or dishonest acts or practices	General Life, Accident and Health License and General Property and Casualty License revoked	070317	04/27/07
<b>Eley, John McBride</b>	Sugar Land	Failed to comply with continuing education requirements	\$750 fine	070378	05/15/07
<b>Employers Direct Health , Inc., dba Galaxy Title Services; Caldwell, Michael dba Galaxy Title Services</b>	Dallas; Durham, NC	Allegedly engaged in fraudulent or dishonest acts or practices; Allegedly engaged in unfair settlement practices	\$150,000 fine	070287	04/20/07
<b>Ervin, Randal Leon</b>	Pasadena	Failed to comply with continuing education requirements	\$1,500 fine	070399	05/21/07
<b>Esquivel, Sandra</b>	San Benito	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	\$364.79 restitution; General Life, Accident and Health License and County Mutual Agent License revoked	070347	05/07/07
<b>Fussell, David Lee</b>	Dallas	Allegedly acted as an agent for unauthorized entities	\$15,000 fine	070275	04/17/07
<b>Galaxy Industries, Inc. dba Galaxy Title Services; Caldwell, Michael dba Galaxy Title Services</b>	Arlington, Dallas	Unauthorized title insurance; Engaged in unfair and deceptive acts or practices	\$500,000 fine; Cease and Desist Order	070293	04/25/07
<b>Groves, Brent A.</b>	Lubbock	Felony conviction directly related to the business of insurance	Adjuster Property and Casualty License application denied	070414	05/25/07
<b>Hart, Monica Patricia</b>	Pearland	Made a material misrepresentation on a license application	General Life, Accident and Health License revoked	070292	04/25/07
<b>Hill, Lyndale R.</b>	Spring	Failed to comply with continuing education requirements	\$3,000 fine	070348	05/07/07
<b>Hirsch, Clouse Dunn, LLP</b>	Dallas	Allegedly taught continuing education courses without valid course certifications	\$1,200 fine	070318	04/27/07
<b>Horton, Jessica Lee</b>	Harper	Engaged in fraudulent or dishonest acts or practices; Criminal conduct	Insurance Adjuster License revoked	070346	05/07/07

NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
<b>Imbert, Richard C</b>	Amityville, NY	Failed to timely file Annual Agent Reports for Risk retention and Purchasing Groups	\$7,000 fine	070284	04/20/07
<b>Independence Title Company</b>	Austin	Allegedly allowed attorneys who were not licensed escrow officers to close title transactions for which an insured closing and settlement letter had been issued	\$22,000 fine	070365	05/11/07
<b>Jams, Inc.</b>	Dallas	Taught continuing education courses without valid course certifications	\$6,300 fine	070412	05/25/07
<b>John, James Neal</b>	Denton	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	\$261,778 restitution; General Life, Accident and Health License revoked	070290	04/20/07
<b>Johnson, Adrew P., dba Dimmit County Land Title Company</b>	Carrizo Springs	Failed to timely provide an annual trust fund account audit report; Failed to timely remit title insurance policy guaranty fees	\$5,500 fine	070277	04/17/07
<b>McCann, Jimmy D.</b>	Lubbock	Placed on probation for a felony offense directly related to the business of insurance	Probated suspension of Insurance Adjuster license	070366	05/11/07
<b>Mortensen, Mike L.</b>	Montgomery	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	\$33,394 Restitution; General Property and Casualty License and General Life, Accident and Health License revoked	070338	05/01/07
<b>Nixon, Michael Anthony</b>	Houston	Failed to comply with continuing education requirements	\$1,500 fine; Must complete 15 hours of continuing education	070349	05/07/07
<b>Reliable Title Company</b>	Houston	Failed to timely provide an annual trust fund account audit report	Title Insurance Agent License revoked	070319	04/27/07
<b>Revoir, Autumn Dawn</b>	Mansfield	Acted as an escrow officer without a proper license	\$4,500 fine	070368	05/11/07
<b>St. Paul Travelers</b>	Hartford, CT	Used credit scoring model before filing it with TDI	\$25,000 fine	070285	04/20/07
<b>Security Title</b>	Corpus Christi	Failed to timely remit title insurance policy guaranty fees	\$2,500 fine	070400	05/21/07
<b>Smith, Lawrence J.</b>	Fort Worth	Felony offense	Probated suspension of General Life, Accident and Health License	070336	05/01/07
<b>Texas Nations Title Agency, Inc.</b>	Houston	Failed to timely remit title insurance policy guaranty fees	\$5,800 fine	070401	05/21/07
<b>Vail, Samuel John</b>	San Antonio	Engaged in fraudulent or dishonest acts or practices	General Life, Accident and Health License placed on probation for two years	070265	04/09/07
<b>Weekley, Carrie Lee</b>	San Benito	Engaged in fraudulent or dishonest acts or practices; Felony offense; Made a material misrepresentation on a license application	Escrow Officer License revoked, and Escrow Officer License renewal application denied	070369	05/11/07

## Name Changes

COMPANY NAME	LOCATION	CHANGED TO	DATE OF CHANGE
<b>American Physicians Insurance Exchange</b>	<b>Austin, TX</b>	<b>American Physicians Insurance Company, Reciprocal to Stock P &amp; C (14 TO 07)</b>	<b>04/02/07</b>
<b>Ace American Reinsurance Company</b>	<b>Philadelphia, PA</b>	<b>R&amp;Q Reinsurance Company</b>	<b>04/03/07</b>
<b>Allamerica Financial Life Insurance and Annuity Company</b>	<b>Worcester, MA</b>	<b>Commonwealth Annuity and Life Insurance Company, Southborough, MA</b>	<b>04/03/07</b>
<b>Financial American Life Insurance Company</b>	<b>Overland Park, KS</b>	<b>Cardif Life Insurance Company</b>	<b>04/25/07</b>
<b>Acordia National, Inc. - TPA</b>	<b>Charleston, WV</b>	<b>Wells Fargo Third Party Administrators, Inc.</b>	<b>04/27/07</b>
<b>Magellan Behavioral Health Systems, LLC - TPA</b>	<b>Sandy, UT</b>	<b>added DBA Magellan Health Solutions</b>	<b>04/27/07</b>
<b>Medical Eye Services, Inc. - TPA</b>	<b>San Francisco, CA</b>	<b>added DBA Mesvision</b>	<b>04/27/07</b>
<b>American Life Insurance Company of New York, The</b>	<b>New York, NY</b>	<b>Wilton Reassurance Life Company of New York, RYE BROOK, New York</b>	<b>05/10/07</b>
<b>Administration Systems Research Corporation, International, DBA ASR Corporation - TPA</b>	<b>Grand Rapids, MI</b>	<b>changed DBA name to ASR Health Benefits</b>	<b>05/31/07</b>
<b>Group Executive Insurance Marketing, Inc. - TPA</b>	<b>Phoenix, AZ</b>	<b>added DBA Gem Administrators</b>	<b>05/31/07</b>

# InLicensing

## New Companies

	LOCATION	LINE	DATE LICENSED
<b>Riverport Insurance Company</b>	Minneapolis, MN	Property & Casualty	04/03/07
<b>Santa Fe Auto Insurance Company - Restrictions on C/A</b>	Santa Fe, NM	Property & Casualty	04/19/07
<b>1-2-1 Claims, Inc. - TPA</b>	Helotes, TX	Third Party Administrator	04/27/07
<b>Advanced Insurance Brokerage of America, Inc., DBA Advanced Insurance Administration - TPA</b>	Little Rock, AR	Third Party Administrator	04/27/07
<b>Majestic Insurance Company</b>	San Francisco, CA	Property & Casualty	05/01/07
<b>Elder Health Insurance Company, Inc.</b>	Wilmington, DE	Life & Health	05/14/07
<b>ROCKWOOD Casualty Insurance Company</b>	Rockwood, PA	Property & Casualty	05/14/07
<b>American Continental Insurance Company</b>	Brentwood, TN	Life & Health	05/18/07
<b>SFM Mutual Insurance Company</b>	Bloomington, MN	Property & Casualty	05/22/07
<b>Multinational Underwriters, LLC - TPA</b>	Milwaukee, WI	Third Party Administrator	05/31/07



## Texas Department of Insurance

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