



## TDI Participates in Sunset Review Process

**T**DI IS SCHEDULED for Sunset Review by the 81st Texas Legislature in 2009. The Sunset process allows the Legislature to examine the mission and operations of a state agency to determine the future existence and any necessary management changes of the agency. The Sunset Advisory Commission (SAC) reviews about 130 agencies subject to the Sunset Review Act and makes recommendations to the Legislature. Agencies are typically reviewed once every 12 years.

The basic steps in the Sunset Review process include:

- Agencies submit Self-Evaluation Reports
- SAC evaluates agencies, publishes reports, holds public hearings and recommends action
- SAC reports to Legislature
- Legislature considers SAC recommendations

TDI completed the first major step in the Sunset process by submitting its Self-Evaluation Report (SER) to the Sunset Advisory Commission in August 2007. TDI's SER can be accessed on the agency website at: [www.tdi.state.tx.us/general/sunset.html](http://www.tdi.state.tx.us/general/sunset.html).

The SER describes the agency's functions and identifies issues that the agency feels should be considered during the Sunset Review. Insurance Commissioner Mike Geeslin named the steering committee to guide TDI's Sunset Review process. The steering committee employed a variety of methods to prepare the agency's SER, including:

- develop an online employee survey to collect employee input about services in each TDI program area
- initiate an intranet resource page to invite employee input and inform staff of SER progress
- create an e-mail account to capture employee input and ideas
- encourage information sharing between management and employees
- use workgroup discussions and staff meetings to identify improvement opportunities

### TDI completed the first major step in the Sunset process by submitting its Self-Evaluation Report (SER) in August 2007.

- establish various subcommittees to collect information, and
- organize a discussion series focused on the future of Texas.

During the self evaluation phase of the Sunset process, the Sunset Advisory Commission gathers information from a broad range of sources, including:

- TDI's Self Evaluation Report
- interviews with TDI personnel
- agency performance report, publications and operational data, and
- input from external stakeholders.

In May 2008, Sunset Commission staff will issue a report based on their evaluation of the agency. The Sunset Commission will hear public testimony on the agency and the recommendations of the Sunset staff. Based on this input, the Sunset Commission will adopt recommendations for the full Legislature to consider beginning in January 2009.

TDI invites stakeholders to share ideas about the agency with the Sunset Advisory Commission. (See box on page 4 for more details.)

### InSideInSight



<b>TDI Prohibits Marketing of Medicare Advantage Plans by Temporary Agents</b> .....	<b>5</b>
<b>Top 10 Fraud Cases</b> .....	<b>7</b>
<b>Disciplinary Actions</b> .....	<b>9</b>

# Commissioner Approves TWIA Rate Increase with Plan to Replenish Reserves

**T**HE TEXAS DEPARTMENT OF INSURANCE (TDI) granted a portion of rate increases requested by the Texas Windstorm Insurance Association (TWIA) in mid-November. As part of the rate change, TDI targeted a larger portion of premium dollars for adding to TWIA's catastrophe reserves.

TWIA is the state's insurer of last resort for windstorm coverage.

**Much of the rate increase approved by the Commissioner comes from raising the portion of the rate intended for adding to TWIA's Catastrophe Reserve Trust Fund (CRTF) to 25 percent.**

Insurance Commissioner Mike Geeslin approved rate increases of 8.2 percent for residential and 5.4 percent for commercial properties, effective February 1, 2008. TWIA had requested a 10 percent increase for both types of property in a filing made in August. Much of the rate increase approved by the Commissioner comes from raising the portion of the rate intended for adding to TWIA's Catastrophe Reserve Trust Fund (CRTF) to 25 percent.

"This increase is a necessary part of our long-term strategy to improve the financial health of the windstorm association," Commissioner Geeslin said. "Money put into the CRTF is available as a safety net to pay losses in the event of a major hurricane." The Commissioner noted that other measures are under consideration as well to shore up the financial strength of TWIA, including alternate funding sources, loss mitigation efforts, and administrative controls.

Based on estimated average annual premium for a residential TWIA policy of \$1,023, the rate increase would add \$84 per year to the cost of the typical policy. TWIA policyholders would see the increase at the time of their policy renewal, beginning on February 1, 2008.

# TDInSight

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[www.tdi.state.tx.us/pubs/tdipubs6.html](http://www.tdi.state.tx.us/pubs/tdipubs6.html)

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

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

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

# House Committees Receive Interim Study Assignments

**T**EXAS SPEAKER OF THE HOUSE Tom Craddick recently issued interim study charges to various House committees prior to the convening of the 81st Legislature in January 2009. The following interim charges relate to TDI and its regulatory responsibilities. The full text of the interim charges is available on the House of Representatives website at: [www.house.state.tx.us/committees/charges/80interim/wholeInterimCharges.pdf](http://www.house.state.tx.us/committees/charges/80interim/wholeInterimCharges.pdf)

## Appropriations

### (Rep. Warren Chisum, chair)

- Study state employee compensation and benefit packages and recommend alternatives designed to attract and retain superior management personnel and other areas of potential professional shortages. Review executive director salaries, classification schedules, merit and bonus pay, pay ranges, and agency flexibility.
- Study the state's current and long-range need for physicians, dentists, nurses, allied health and long-term care professionals. Make recommendations regarding strategies related to both geographic distribution and barriers to recruitment of high-need professions, especially for primary care providers and long-term care professionals. (Joint Interim Charge with the House Committees on Border and International Affairs and Public Health)

## Business & Industry

### (Rep. Helen Giddings, chair)

- Study the problem of identity theft and the impact of identity theft legislation enacted in recent legislative sessions. Examine the problem of electronic data breaches, as well as the feasibility of requiring periodic destruction of records for businesses and state entities to limit exposure to identity theft. Examine the issue of personal information contained in publicly available government records. Recommend any legislative changes needed to combat the problem.
- Study the original purposes, development, and current need for the Subsequent Injury Fund and determine whether this fund should be continued or altered.
- Monitor the Texas workers' compensation system, and the continued implementation of the reforms of HB 7, 79th Legislature,

Regular Session, by the Texas Department of Insurance and other state agencies. Specifically evaluate the recent decision by the Texas Supreme Court in *Entergy v. Summers* in terms of its impact on the system. (Joint Interim Charge with the House Committee on Insurance)

## Civil Practices

### (Rep. Byron Cook, chair)

- Study the cumulative effects of Texas civil justice reforms enacted since 2003, with particular attention toward effects on Texas job creation, judicial efficiency, medical access, and medical malpractice insurance rates.
- Examine whether health care professionals are adequately protected from liability when rendering charitable care either in emergency situations or as part of a charitable preventive care program.

## County Affairs

### (Rep. Wayne Smith, chair)

- Study the issues surrounding the sale, use, and regulation of fireworks in urbanized, unincorporated parts of the county.

## Defense Affairs and

## State-Federal Regulations

### (Rep. Frank Corte, Jr., chair)

- Study and make recommendations to address the need to identify essential personnel necessary to enter a disaster area to restore critical infrastructure.
- Examine the State of Texas' preparedness level to handle a public health emergency. (Joint Interim Charge with the House Committee on Public Health)
- Review the current requirements for driver's license and identification cardholders in Texas in order to recommend legislative measures to prevent these documents from being used to further criminal activities and recommend ways to enhance homeland security. (Joint Interim Charge with the House Committee on Transportation)

## Energy Resources

### (Rep. Richard "Rick" Hardcastle, chair)

- Discuss further the issue of financial assurance in relation to oil and gas wells, and evaluate the current bonding structure.

*Continued on page 4.*





## Sunset Review of TDI Stakeholders Encouraged to Provide Input

**T**HE MISSION AND PERFORMANCE of the Texas Department of Insurance are currently being reviewed by the Legislature as required under the Texas Sunset Act. The Act provides that the Sunset Commission, composed of legislators and public members, periodically evaluate a state agency to determine if the agency is still needed, and what improvements are needed to ensure that state funds are well spent. Based on the recommendations of the Sunset Commission, the Texas Legislature ultimately decides whether an agency continues to operate into the future.

The Sunset review involves three steps. First, Sunset Commission staff will evaluate the Texas Department of Insurance and, in May 2008, will issue a report recommending solutions to problems found. The Sunset Commission will then meet to hear public testimony on the agency and the recommendations of the Sunset staff. This meeting will likely be scheduled for June 2008. Please refer to our website or call our office for updated meeting schedule information. Based on public input and the Sunset staff report, the Sunset Commission will adopt recommendations for the full Legislature to

consider when it convenes in January 2009.

Through the Sunset review, every Texan has the opportunity to suggest ways in which the mission and operations of the Texas Department of Insurance can be strengthened. The Texas Department of Insurance's Division of Workers' Compensation has been removed from Sunset review for the 2009 legislative session by the Legislature and will not be part of the Sunset staff review. If you would like to share your ideas about the Department, please contact Chloe Lieberknecht of the Sunset staff. Suggestions are preferred by December 17, 2007, so they can be fully considered by the Commission staff.

### Sunset Advisory Commission

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Information about the Sunset process, including information on Sunset Commission meetings, can be found at:

[www.sunset.state.tx.us](http://www.sunset.state.tx.us)

## Interim Study Assignments *Continued from page 3*

### Financial Institutions

(Rep. Burt Solomons, chair)

- Monitor the implementation of HB 716, 80th Legislature, Regular Session, to determine if there is a need to further legislate the protection of homebuyers in mortgage fraud schemes, emphasizing the impact in the foreclosure process.
- Study the adequacy and effectiveness of existing regulation of prepaid funeral benefits that are funded by insurance or annuity products and make recommendations for statutory changes necessary to further strengthen the regulatory system for protecting consumers.

### Government Reform

(Rep. William "Bill" Callegari, P.E., chair)

- Review authorized offices of inspector generals and assess the benefit of having a

statewide office of inspector general for all executive branch agencies.

- Review a wide variety of state agencies with an eye to streamlining state government. Recommend the amendment or repeal of unnecessary statutory requirements, the deregulation of certain industries if in the public interest, and ways to implement agency efficiency recommendations identified by the Legislative Budget Board, the State Auditor's Office, and the Sunset Advisory Commission.
- Evaluate and make recommendations, if necessary, regarding state contracts with pharmacy benefit managers. Assess the feasibility of combining prescription drug programs of state health insurance programs. All recommendations should take into consideration any budgetary impacts. (Joint Interim Charge with the House Committee on Pensions and Investments)

*Continued on page 5*



# Interim Study Assignments *Continued from page 4*

## Insurance

### (Rep. John Smithee, chair)

- Examine states that have made the transition from heavily regulated health insurance markets to less regulated markets in order to assess the impact on market competitiveness, prices, consumer satisfaction, and regulatory costs in those states.
- Study the practice of balance billing by medical providers and determine which portions of the cost out-of-network care patients, insurers and providers should ultimately be responsible for paying.
- Research state and federal law to determine whether Texas may enact legislation that mandates proof of financial responsibility for vehicles entering the United States through Texas, as Texas citizens are required to provide when they enter Mexico.
- Study and make recommendations on increasing the portability of health insurance in an increasingly fluid Texas labor market.
- Make recommendations on potential alternatives to the Texas Health Insurance Risk Pool for providing private health insurance to otherwise uninsurable individuals.
- Study and make recommendations regarding the feasibility of establishing a "health insurance exchange" in Texas.
- Study the need for a state catastrophe fund to protect the Texas economy against major disasters. Examine the structure and performance of such funds in other states and assess the potential of such a fund to reduce the reinsurance costs and premiums borne by Texas homeowners.
- Research and evaluate the potential costs and benefits to the State of Texas of providing coverage for bariatric surgical procedures for state employees who have a specified minimum years of service with the state.
- Monitor the continued implementation of the Texas Financial Responsibility Verification Program authorized by Senate Bill 1670, 79th Legislature, Regular Session, and determine whether any further statutory enhancements are needed to reduce the

number of uninsured motorists in Texas. (Joint Interim Charge with the House Committee on Transportation)

- Monitor the Texas workers' compensation system and the continued implementation of the reforms of House Bill 7, 79th Legislature, Regular Session, by the Texas Department of Insurance and other state agencies. Specifically, evaluate the recent decision by the Texas Supreme Court in *Entergy v. Summers* in terms of its impact on the system. (Joint Interim Charge with the House Committee on Business and Industry)
- Monitor the agencies and programs under the committee's jurisdiction.

## Public Health

### (Rep. Dianne White Delisi, chairman)

- Monitor and evaluate the full array of wellness initiatives undertaken by the State of Texas to include the newly adopted state employee wellness and prevention legislation (HB 1297, 80th Legislature, Regular Session) and a pilot program to encourage healthy lifestyles, such as smoking cessation within the Medicaid program (SB 10, 80th Legislature, Regular Session) and for state employees. Develop strategies for maximizing potential health benefits and optimizing the return on the State of Texas' investments in wellness. Include a review of other state and private sector programs for employee wellness that result in prevention cost savings.
- Examine the status of asthma in Texas, and make recommendations to prevent asthma and to assist children and adults with asthma to more effectively manage their disease. Develop strategies for decreasing the direct medical and indirect related costs associated with asthma.





## TDI Prohibits Marketing of Medicare Advantage Plans by Temporary Agents

**PRIOR TO THE START** of the annual enrollment period for Medicare Advantage health and prescription drug plans on November 15, 2007, an emergency rule was enacted by the Texas Department of Insurance (TDI) to establish qualifying agent license types for persons marketing the plans under federal marketing guidelines published by the Centers for Medicare and Medicaid Services (CMS).

TDI also cautioned consumers to consider carefully before making any changes to their Medicare coverage and to beware of deceptive and fraudulent Medicare sales practices.

The Medicare Advantage plans are complex health care benefit plans which can have a significant impact on the ability of beneficiaries to obtain medical assistance. According to reports received by TDI, temporary insurance agents had solicited some Medicare beneficiaries to enroll in unsuitable Medicare plans.

The emergency rule prohibits marketing of Medicare Advantage plans by a temporary insurance agent as defined in the Texas insurance code. A temporary agent is appointed by an insurer, a health maintenance organization or another insurance agent to market insurance products.

TDI and CMS are acting cooperatively to elim-

**According to reports received by TDI, temporary insurance agents had solicited some Medicare beneficiaries to enroll in unsuitable Medicare plans.**

inate abuses in the marketing of Medicare plans. The emergency rule incorporates a requirement in CMS guidelines that organizations give notice to TDI of licensed insurance agents they employ or contract with to market Medicare Advantage plans and to notify TDI when an agent is terminated for cause.

In November, TDI released a consumer alert resulting from complaints about the marketing of Medicare Advantage plans. In addition to offering tips for consumers to protect themselves against improper marketing of the plans, the alert provided a toll-free telephone number for the Medicare Help Line at 1-800-633-4227.

The consumer alert is posted on the agency website at: [www.tdi.state.tx.us/consumer/documents/Medadvalert.pdf](http://www.tdi.state.tx.us/consumer/documents/Medadvalert.pdf)

The emergency rule is posted on the agency website at: [www.tdi.state.tx.us/rules/2007/parules.html](http://www.tdi.state.tx.us/rules/2007/parules.html).

## Department Signs Consent Orders to Address 'Silent PPO' Issue

**HEALTH CARE PROVIDERS** participating in Preferred Provider Organizations (PPOs) accept payment for services at a discounted rate. However, TDI recently took disciplinary actions against three health insurance carriers for entering into "silent PPO" arrangements and allegedly improperly applying network discounts to providers. In these instances, the carriers may have accessed discounts that the health care providers in the PPOs may not have anticipated or approved through a direct contract with the carrier.

Silent PPO arrangements are contrary to TDI's urging for all contract arrangements between carriers and providers for application of discounts to be as transparent as possible.

Texas Insurance Code Section 1301.056 provides that a carrier lacks express authority to access discount information and must give providers prior notification before taking certain discounts. Also, Section 541.060 2 (A) of the insurance code provides that a carrier must attempt prompt, fair and equitable settlement of a claim when the insurer's liability is reasonably clear.

TDI recently signed consent orders with Unicare Life and Health Insurance Company, Humana and Metlife regarding allegedly improperly applied network discounts to providers.



# Workers' Comp Carriers, Providers Join in Pilot Project

**TDI'S DIVISION OF WORKERS' Compensation (DWC)** started a pilot project on November 1 for workers' compensation insurance carriers and health care providers to initiate treatment planning for workers' compensation injuries. Treatment planning is part of an overall disability management approach to treating worker injuries outlined in 2005 legislation to reform the workers' compensation system.

The pilot project is planned to run until January 31, 2008. Insurance carrier participants include Texas Mutual, The Hartford Financial Services, University of Texas System, and Zurich.

"The goal of this pilot project is to define a process for initiating, creating, submitting, reviewing and implementing evidence-based and functionally-oriented treatment plans," said Dr. Howard Smith, DWC Medical Advisor. The pilot project also will provide information concerning treatment planning that will assist in rulemaking concerning workers' compensation treatment planning, preauthorization and/or case management.

**"The pilot project also will provide information concerning treatment planning that will assist in rule-making concerning workers' compensation treatment planning, preauthorization and/or case management."**

Dr. Smith said participating insurance carriers may contact an injured employee's treating doctor and request submission of a treatment plan when the worker has not returned to work within 60 days after an injury or when the workers' compensation claim is not showing progress toward functional restoration 60 days after the injury.

During the pilot project, treating doctors also will be able to initiate discussions about treatment plans with participating carriers.

"The development and approval of a treatment plan is optional for both the insurance carrier and the treating doctor," Dr. Smith said.

The DWC has posted suggested elements for treatment plans and a schedule for insurance carriers to follow in reimbursing health care providers for creating a treatment plan on the agency website at: [www.tdi.state.tx.us/wc/dm/index.html](http://www.tdi.state.tx.us/wc/dm/index.html).

# Former Escrow Officer Sentenced in Mortgage Fraud Case

**IN NOVEMBER, A HARRIS COUNTY** district court judge sentenced Stevie L. Johnson – a former licensed escrow officer – to a 40-year prison term for his part in a multi-million dollar mortgage fraud scam in the Houston area.

The case, heard before 176th District Court Judge Brian Rains, involved the fraudulent acquisition of mortgage loans associated with approximately 300 residential properties valued at nearly \$40 million. The prosecution was the result of a long-term investigation by the Consumer Fraud Division of the Harris County District Attorney's Office and the TDI's Fraud Unit. TDI is the state regulatory agency responsible for licensing title insurance companies, title agents and escrow officers.

Two other defendants in the case were previously convicted for their part in the fraud scheme. Mark A. Jones was sentenced to 25

years by the 232nd District Court and Reginald Washington was sentenced to 8 years by the 184th District Court.

Markay Stroud, the Assistant District Attorney for Harris County prosecuting Johnson's case, emphasized that the investigation is ongoing and additional indictments are expected.

Earlier this year, the 80th Texas Legislature passed House Bill (HB) 716 to address mortgage fraud and to create the Texas Residential Mortgage Fraud Task Force. HB 716 was authored by Rep. Burt Solomons (R-Carrollton) and Sen. Kip Averitt (R-Waco). HB 716 was intended to reduce false or misleading information on residential home loan applications by increasing cooperation among regulators and requiring new disclosures at loan closing.

# Top Ten Fraud Cases for FY 2007

**D**URING FY 2007, TDI's Fraud Unit successfully prosecuted a number of cases including the following that have been placed on a "Top Ten List:"

**1. Larry Crenshaw**, a former licensed insurance agent, schemed to convince 14 of his insurance clients to cash in insurance products/annuities and invest over \$201,000 of the proceeds with him. Crenshaw frequently told his clients that they would recoup their investment, plus interest, within 12 months. Several of his victims were elderly and had been his clients for many years. Crenshaw was sentenced in Dallas to two years in the Texas Department of Criminal Justice (TDCJ) and ordered to pay restitution to the victims as a condition of any possible parole.

**2. Samuel Corey Current**, a former insurance agent, schemed to defraud a life insurance company by submitting 280 fraudulent life insurance applications. His scheme netted him \$40,358 in advance commissions before he was caught. Current was sentenced in Austin to 10 years probation, ordered to pay restitution in the amount of \$38,978 and required to surrender his insurance license to TDI.

**3. Ira Klein**, a former doctor from Houston, developed several schemes to defraud health insurers, including billing for services not rendered, unbundling pharmaceutical drugs and selling them at a substantial profit and up-coding. Klein was convicted in federal court on 44 counts of mail fraud and sentenced to serve 135 months in prison for his part in defrauding health insurers of more than \$10 million. Klein lost another \$250,000 after the government forfeited the money he wired to pay for a murder-for-hire plot. Authorities also seized in excess of \$10 million of Klein's assets; those funds will be used to offset the court-ordered restitution of \$11 million.

**4. Amanda Goodfellow** submitted a fraudulent burglary insurance claim to her insurer and netted more than \$30,000 from her homeowner policy. False receipts and altered police reports were produced to the insurer in support of the claims. Goodfellow was convicted in Dallas and sentenced to four years in the TDCJ, and ordered to pay a fine of \$2,000.

**5. Lloyd Jason Edwards**, a former insurance agent, schemed to inflate a legitimate property damage claim and subsequently got caught. Edwards was convicted in Rockwall County for the felony offense of insurance fraud and sen-

tenced to 24 months deferred adjudication. He also was ordered to forfeit his insurance license, pay restitution in the amount of \$2,710 and pay a fine of \$2,000.

**6. Ashley McCoy** filed a false burglary claim for jewelry in the amount of \$149,682. McCoy was convicted in Collin County for the felony offense of insurance fraud, given 10 years probation and ordered to pay restitution to the insurer in the amount of \$151,587 including the insurance company's investigative expense.

**7. Former insurance agent Valerie Fuentes** and her daughter collected thousands of dollars from unsuspecting customers who believed they were purchasing automobile insurance. Fuentes pled no contest in a San Antonio court to the third degree felony offense of theft. Fuentes was sentenced to seven years in the TDCJ and ordered to pay restitution in the amount of \$78,785.

**8. James M. Stabler**, a Texas lawyer, was found guilty in Dallas County District Court of third degree felony theft charges. Stabler schemed to defraud an insurance company out of \$63,769 by signing his deceased mother's name to the back of her monthly annuity benefit checks for more than three years after her death. Testimony during the trial revealed that Stabler knew his mother's monthly annuity benefits ended at her death. He was sentenced to five years probation, 160 hours of community service and ordered to pay restitution to the insurance company in the amount of \$65,696.

**9. Christopher Arevalo** reported to his insurance company and the police that his car was stolen. The insurance company paid his claim. Police later apprehended an individual while operating the stolen vehicle who reported that Arevalo traded the car for drugs. This individual produced a written receipt for the transaction. Arevalo pled guilty to insurance fraud charges in Eastland and was sentenced to 18 months in jail and ordered to pay the insurance company restitution in the amount of \$11,004.

**10. Vinny Bilotto** schemed to fraudulently purchase life insurance for several San Antonio area homeless men. Bilotto named himself as beneficiary for the policies and then received the policy proceeds after the insureds were deceased. Bilotto was found guilty of mail fraud and sentenced to 15 months in a federal prison and ordered to pay restitution in the amount of \$504,685 to the insurers.



# TDI Leads Effort to Settle Race-Based Insurance Claims

**T**HE TEXAS DEPARTMENT OF INSURANCE (TDI) reached a settlement with Amerigo Life, Inc. to secure additional benefits for African-American consumers who historically were sold various types of insurance policies at higher rates than policies sold to whites. TDI served as the lead regulatory negotiator for a group of five states 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 are Georgia, Florida, California, and Ohio.

The policies were not sold directly by Amerigo but by insurance companies that Amerigo subsequently acquired. A list of these 55 companies is available on a Race-Based Pricing website maintained by TDI at: [www.tdi.state.tx.us/consumer/rbsettlement.html](http://www.tdi.state.tx.us/consumer/rbsettlement.html).

The settlement affects small face amount life insurance policies, commonly known as industrial life or burial policies, which were sold to African-Americans at a higher cost or with lesser benefits than policies sold to white persons. For each person who is identified as a holder of an eligible policy, the company will add 25 percent to the face amount of the policy. All valid claims under this settlement will be honored for a period of four years.



## InDiscipline

NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
<b>Allen, Stephen M.; Urban Insurance Managers Inc.; S Allen &amp; Allen Insurance Services Inc.; S Allen and Associates Inc.</b>	Houston	Criminal Conduct; Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	\$1,399 restitution; General Property and Casualty License, Managing General Agent License, and Surplus Lines License held by Stephen M. Allen revoked; Additional licenses held by Urban Insurance Managers Inc., S Allen & Allen Insurance Services Inc., and S Allen and Associates Inc. revoked	070586	07/06/07
<b>Allstate Insurance Company</b>	Irving	Taught continuing education courses without valid course certifications	\$3,200 fine	070481	06/15/07
<b>American Casualty Company Continental Casualty Company; National Fire Insurance Company; Valley Forge Insurance Company; Transportation Insurance Company</b>	Reading, PA; Chicago, IL	Failure to timely dispute payment of SIBs, failure to timely pay SIBs; failure to pay SIBs in the correct amount; failure to enclose a copy of the Application for SIBS with the SIBs payment and violation of Division rules.	\$80,000 Administrative Penalty	DWC-07-0076	08/23/07
<b>Atkinson-Roach, Linda Kaye</b>	Richmond	Failed to comply with Commissioner's Order	\$1,500 fine; Refrain from conducting the business of title insurance	070667	08/06/07
<b>Banuelos, Marcus Ray</b>	Corpus Christi	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	\$2,013 restitution; General Life, Accident and Health License and County Mutual License revoked	070620	07/19/07
<b>Barnes, Jimmie K</b>	Longview	Failed to comply with continuing education requirements	\$1,500 fine	070490	06/19/07
<b>Barney, Phillip Edward</b>	New Braunfels	Failed to comply with continuing education requirements	\$3,000 fine; General Life, Accident and Health License revoked	070670	08/06/07
<b>Bayh, Lisa J.</b>	Hempstead	Failed to comply with continuing education requirements	\$1,350 fine	070571	07/02/07



# InDiscipline

NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
<b>Bean, Stephen Pharris</b>	Houston	Advertising violations	\$2,000 fine; General Property and Casualty License and General Life, Accident, and Health License placed on probation for 2 years	070715	08/17/07
<b>Bravo, Raul</b>	Alamo	Failed to comply with continuing education requirements	\$1,500 fine	070610	07/17/07
<b>Burchard Abstract Corporation</b>	Gonzales	Failed to timely file annual trust fund account audit reports; Failed to timely remit quarterly guaranty fees; Unauthorized insurance	\$100,000 fine	070459	06/11/07
<b>Chicago Title Insurance Company-Dallas</b>	Dallas	Employed an individual to act as a title agent without an Escrow Officer's License	\$10,000 fine	070460	06/11/07
<b>Chhipwadia, Poonam M. Patel</b>	Seabrook	Failed to comply with continuing education requirements	\$625 fine; Must complete 30 hours of continuing education	070662	08/06/07
<b>CIS Purchasing Group, Inc.</b>	New York, NY	Failed to timely file PG3 Form; Failed to timely respond to requests for information from TDI	\$7,000 fine	070572	07/02/07
<b>Colonial Life and Accident Insurance Company</b>	Columbia, SC	Taught continuing education courses without valid course certifications	\$4,200 fine	070682	08/09/07
<b>Cruz, Humberto Santa</b>	Dallas	Failed to comply with continuing education requirements	\$1,500 fine; Must complete 15 hours of continuing education; General Life, Accident and Health License suspended for 1 Year	070681	08/09/07
<b>Dahm, Tammy Lynn</b>	Springtown	Failed to comply with continuing education requirements	\$2,150 fine; Must complete 30 hours of continuing education	070464	06/11/07
<b>Dioguardi, Randy James</b>	Hurst	Engaged in fraudulent or dishonest acts or practices	General Property and Casualty License revoked	070432	06/01/07
<b>Dulany, Larry Lee</b>	Eagle Lake	Engaged in fraudulent or dishonest acts or practices; Felony conviction involving moral turpitude	General Life, Accident and Health License and Life Insurance Not Exceeding \$15,000 License revoked; Application for Life Insurance Not Exceeding \$15,000 License denied	070463	06/11/07
<b>Duck, Cynthia Jean</b>	Arlington	Failed to comply with continuing education requirements	\$1,500 fine	070603	07/16/07
<b>Dunn, Venice Maree</b>	Corinth	Failed to comply with continuing education requirements	\$1,500 fine; Insurance Adjuster License suspended for 1 year	070671	08/06/07
<b>Feriante, Chris</b>	Houston	Engaged in fraudulent or dishonest acts or practices	General Life, Accident and Health License application denied	070465	06/11/07
<b>Falchetti, Julio Cesar</b>	Houston	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	\$2,500 fine; \$720 Restitution; General Life, Accident and Health License suspended for three months	070584	07/06/07
<b>Foster, James Kevin</b>	Amarillo	Engaged in fraudulent or dishonest acts or practices; Felony conviction directly related to the business of insurance	General Life, Accident, and Health License and General Property and Casualty License revoked	070488	06/19/07
<b>French, Kenneth Russell</b>	Wichita Falls	Misappropriated or converted money belonging to an insurer or insured	\$5,000 fine; \$8,254 restitution	070707	08/16/07
<b>Gaites, Trent Peter</b>	Oakwood, CA	Failed to comply with Commissioner's Order	General Property and Casualty License and Surplus Lines License revoked	070710	08/16/07
<b>Garrett, Patricia</b>	Tyler	Failed to comply with Commissioner's Order	General Life, Accident and Health License, General Property and Casualty License, and Surplus Lines License revoked	070663	08/06/07

# InDiscipline



NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
<b>Gomez, Victor Manuel</b>	El Paso	Failed to comply with continuing education requirements	\$750 fine	070589	07/06/07
<b>Guardian Fidelity Title Company, LTD.</b>	Webster	Failed to timely provide an annual trust fund account audit report; Failed to timely remit title insurance policy guaranty fees	\$50,000 fine	070708	08/16/07
<b>Jenkins, Stephen Lawrence Jr.</b>	Austin	Failed to comply with continuing education requirements	\$1,500 fine	070618	07/19/07
<b>Jones, Shamika Lashae</b>	Stafford	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	\$31,000 restitution; Escrow Officer's License revoked	070614	07/18/07
<b>Kelly, David Eric</b>	The Woodlands	Failed to comply with continuing education requirements	\$1,500 fine; Must complete 14 hours of continuing education	070612	07/17/07
<b>Kimmel, Shannon Lee</b>	Friendship	Failed to comply with continuing education requirements	\$5,000 fine; Must complete 15 hours of continuing education; Insurance Adjuster License suspended for 1 year	070693	08/10/07
<b>Krosecz, Dean Ronald</b>	Houston	Failed to comply with continuing education requirements	\$1,500 fine; Must complete 30 hours of continuing education; General Life, Accident and Health License suspended for 1 year	070668	08/06/07
<b>Kudra, John</b>	Whitewright	Engaged in fraudulent or dishonest acts or practices; Acted as an agent for unauthorized entities	General Life, Accident and Health License revoked	070507	06/21/07
<b>Latta, Mary Elene</b>	Crosby	Failed to comply with continuing education requirements	\$1,500 fine; General Property and Casualty License suspended for 1 year	070669	08/06/07
<b>Laurence, Larry Denny</b>	Point Richmond, CA	Failed to comply with Commissioner's Order	General Life, Accident and Health License revoked	070619	07/19/07
<b>Lopez, Maria Deguadalupe</b>	Fort Worth	Failed to comply with continuing education requirements	\$1,500 fine; Must complete 15 hours of continuing education	070712	08/16/07
<b>Malhotra, Rakesh; NS Auto Sales, Inc.</b>	Houston	Unauthorized insurance	\$50,000 fine subject to a dollar-for-dollar reduction by restitution	070461	06/11/07
<b>Marrs, Anna Marie</b>	New Ulm	Engaged in fraudulent or dishonest acts or practices; Felony conviction involving moral turpitude	General Property and Casualty License revoked	070453	06/06/07
<b>Marshall, Susan Marie</b>	Meadowlakes	Engaged in dishonest acts or practices; Engaged in unfair and deceptive acts or practices	Prohibited from engaging in the business of insurance for 15 years	070664	08/06/07
<b>Mercier, Anthony George Sr.</b>	Augusta, GA	Made a material misrepresentation on a license application	Surrender General Life, Accident and Health License and waive right to re-apply for 5 years	070680	08/09/07
<b>Miller, Patrick</b>	Rocklin, California	Allegedly failed to return unearned premiums and unearned; commissions Allegedly misappropriated or converted money belonging to an insurer or insured	General Property and Casualty License held by Patrick Miller, General Property and Casualty License held by Cen-Tex and the Premium Finance License formerly held by Transco Premium Finance are revoked	070487	06/19/07
<b>Mi Tierra Title, L.L.C.</b>	Austin	Failed to timely remit title insurance policy guaranty fees	\$1,600 fine	070573	07/02/07
<b>Mize, Lisa Sue</b>	Summersville, WV	Engaged in fraudulent or dishonest acts or practices; Made a material misrepresentation on a license application	General Property and Casualty License and General Life, Accident and Health License revoked	070602	07/16/07

NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
<b>Montemayor, Nieves A. Jr.</b>	Austin	Engaged in fraudulent or dishonest acts or practices; Criminal conduct directly related to the business of insurance	General Life, Accident and Health License application and Temporary General Life, Accident and Health application denied	070587	07/06/07
<b>Murray, Robert Nelson</b>	Houston	Failed to comply with Commissioner's Order	\$1,150 fine	070706	08/16/07
<b>Orange Coast Title Company of Texas</b>	Sugar Land	Failed to timely remit title insurance policy guaranty fees; Failed to timely provide an annual trust fund account audit report	\$4,100 fine	070574	07/02/07
<b>Phoenix Assurance Company of NY, Connecticut Indemnity Company, Fire &amp; Casualty Insurance Company of CT</b>	Charlotte, NC	Failure to timely pay initial Temporary Income Benefits and violation of commissioner rules	\$8,877 Administrative Penalty	DWC-07-0075	08/23/07
<b>Plan Compliance Group, LTD</b>	Walnut Creek, CA	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	\$250,000 fine; \$748,873 restitution; Certificate of Authority revoked	070588	07/06/07
<b>Powers, Gregory M.</b>	Harlingen	Alleged P-22 violation; Allegedly closed a transaction for which an insured closing and settlement letter was issued without a Title Insurance Agent License	\$1,500 fine	070665	08/06/07
<b>PPG Industries, Inc.</b>	Strongsville, OH	Taught a continuing education course with an expired certificate	\$21,000 fine	070480	06/15/07
<b>Rivera, Michael Dominic</b>	Houston	Felony offense	General Life, Accident and Health License granted with 2 year probation	070433	06/01/07
<b>Robinson, Alfred Tyrone</b>	Burkburnett	Engaged in fraudulent or dishonest acts or practices; Felony conviction	Insurance Adjuster License application denied	070694	08/10/07
<b>Ryland Insurance Services</b>	Scottsdale, AZ	Alleged rebating violations	\$64,000 fine	070713	08/17/07
<b>Scroggins, Gene Cheston</b>	Dallas	Failed to comply with continuing education requirements	\$1,500 fine	070486	06/19/07
<b>Shearin, Steven Bradley</b>	Princeton	Felony conviction; Failed to disclose conviction to TDI	Insurance Adjuster License suspended until November 16, 2009; Must complete 30 hours of continuing education	070684	08/10/07
<b>Smyrl, Jason R.</b>	La Porte	Failed to comply with continuing education requirements	\$1,050 fine	070611	07/17/07
<b>Southern Texas Title Company</b>	Brownsville	Alleged P-22 violation; Allegedly allowed attorneys who were not licensed escrow officers to close transactions for which an insured closing and settlement letter was issued	\$35,000 fine	070666	08/06/07
<b>Tarco, Richard Virgilio</b>	Houston	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	General Property and Casualty License revoked	070711	08/16/07
<b>Thompson, Coe, Cousins &amp; Irons LLP</b>	Dallas	Taught continuing education courses without valid course certifications	\$3,000 fine	070597	07/11/07



NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
<b>Torres, Pedro Jr.</b>	San Juan	Failed to comply with continuing education requirements	\$1,500 fine; Must complete 30 hours of continuing education	070462	06/11/07
<b>United American Insurance Company</b>	McKinney	Allegedly, through its agents, engaged in unfair and deceptive acts or practices in the marketing of Medicare supplement insurance policies; Allegedly misrepresented terms and conditions of an insurance policy	\$95,000 fine	070569	07/02/07
<b>United American Insurance Company</b>	McKinney	Allegedly failed to establish required marketing procedures regarding Medicare supplement insurance; Allegedly modified policy form without approval; Allegedly failed to timely respond to requests for information from TDI	\$95,000 fine	070570	07/02/07
<b>Villarreal, Josue Amaro</b>	Dallas	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	\$5,799 restitution; General Property and Casualty License and General Life, Accident and Health License revoked	070685	08/10/07
<b>Washington, Sandra Gail</b>	Katy	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	Insurance Adjuster License revoked	070585	07/06/07
<b>Weaver, Michael Kent</b>	Plainview	Felony offense	General Life, Accident and Health License revoked	070489	06/19/07
<b>Wright, Diane; Heritage Square Investments, Inc.</b>	Mesquite	Alleged P-22 violation; Allegedly engaged in the business of Title Insurance without a license	\$10,900 fine	070709	08/16/07

# Name Changes

COMPANY NAME	LOCATION	CHANGED TO	DATE OF CHANGE
American Physicians Insurance Exchange	Austin, TX	American Physicians Insurance Company, Reciprocal to Stock P & C (14 TO 07)	04/02/07
AXA Re America Insurance Company	Wilmington, DE	Paris Re America Insurance Company	06/04/07
SCOR Life U.S. Re Insurance Company	Addison, TX	SCOR Global Life U.S. Re Insurance Company, Plano, Texas	06/15/07
Servus Life Insurance Company	Simsbury, CT	XL RE Life America INC., Wilmington, Delaware (Charter Amendment)	06/22/07
Group Practice Affiliates, LLC - TPA	Rancho Cordova, CA	Cenpactico Behavioral Health, LLC	06/28/07
Linda J. Hosford, dba Flex Benefit Administrators - TPA	Houston, TX	Jolin Benefit Administrators, LLC, dba Flex Benefit Administrators	06/28/07
Mutual Assurance Administrators, Inc., dba Texoma Advantage - TPA	Oklahoma City, OK	Removed dba name-Texoma Advantage	06/28/07
Sterling Risk Management Services, Inc. - TPA	Wilmington, DE	Citizens Management INC.	06/28/07
Residential Guaranty Co.	Phoenix, AZ	PMI Insurance Co.	07/09/07
North America Life Insurance Company of Texas	Austin, TX	North America Life Insurance Company	07/17/07
KS Management Services, L.L.P., dba Kelsey-Seybold Clinic - TPA	Houston, TX	KS Management Services, L.L.C.	07/24/07
Educators Mutual Life Insurance Company	Lancaster, PA	Eastern Life and Health Insurance Company, Mutual Life to Stock Life	07/27/07
Jefferson Pilot Lifeamerica Insurance Company	Syracuse, NY	Lincoln Life & Annuity Company of New York	08/08/07
Prime Therapeutics, LLC - TPA	Wilmington, DE	Prime Therapeutics LLC - Corrected to remove the comma	08/23/07
Columbia Universal Life Insurance Company	Brighton, MI	Lifefecure Insurance Company	08/28/07
Atlanta Casualty Company	Cincinnati, OH	Infinity Casualty Insurance Company	08/30/07
Atlanta Specialty Insurance Company	Cincinnati, OH	Infinity Specialty Insurance Company	08/30/07
Leader Insurance Company	Cincinnati, OH	Infinity Auot Insurance Company	08/30/07
Leader Specialty Insurance Company	Indianapolis, IN	Infinity Indemnity Insurance Company	08/30/07
Windsor Insurance Company	Indianapolis, IN	Infinity Standard Insurance Company	08/30/07
Access Administrators, Inc. - TPA	El Paso, TX	Added dba Foresight TPA, Inc.	08/31/07
Berkley Administrators of Texas, Inc. - TPA	Dallas, TX	Berkley Risk Administrators Company of Texas, Inc.	08/31/07
Claim Management Services, Inc. - TPA	Green Bay, WI	Added dba Total Claim Solutions, Inc.	8/31/2007

<b>New Companies</b>	<b>LOCATION</b>	<b>LINE</b>	<b>DATE LICENSED</b>
<b>Wellcare of Texas, Inc. - HMO</b>	Austin, TX	HMO	06/01/07
<b>Brentwood National Insurance Company</b>	Brentwood, TN	Property & Casualty	06/22/07
<b>Acclaim Benefits, Inc. - TPA</b>	Plymouth, MN	Third Party Administrator	06/28/07
<b>Global Claims Administration, LLC, dba Global Administration, LLC - TPA</b>	Cincinnati, OH	Third Party Administrator	06/28/07
<b>Perot Systems Business Process Solutions India Private Limited - TPA</b>	Chennai, India	Third Party Administrator	06/28/07
<b>Co-ordinated Benefit Plans, Inc., dba CBPI, Inc. - TPA</b>	Tampa, FL	Third Party Administrator	07/24/07
<b>Empyrean Insurance Services, Inc. - TPA</b>	Houston, TX	Third Party Administrator	07/24/07
<b>Pearl Insurance Group, LLC - TPA</b>	Peoria Heights, IL	Third Party Administrator	07/24/07
<b>TSA Consulting Group, Inc. - TPA</b>	Fort Walton Beach, FL	Third Party Administrator	07/24/07
<b>Meridian Citizens Mutual Insurance Company</b>	Indianapolis, IN	Property & Casualty	08/10/07
<b>Meridian Security Insurance Company</b>	Indianapolis, IN	Property & Casualty	08/10/07
<b>State Auto Property &amp; Casualty Insurance Company</b>	West Des Moines, IA	Property & Casualty	8/10/2007
<b>Texas Farm Bureau Casualty Insurance Company</b>	Waco, TX	Property & Casualty	08/16/07
<b>Archstone Financial, LLC - TPA</b>	Richardson, TX	Third Party Administrator	08/23/07
<b>Evans Claims Service, Inc. - TPA</b>	Huntsville, TX	Third Party Administrator	08/23/07
<b>Mercer Health &amp; Benefits Administration, LLC - TPA</b>	Wilmington, DE	Third Party Administrator	08/23/07
<b>Northwest Diagnostic Clinic IPA, LLC - TPA</b>	Houston, TX	Third Party Administrator	08/23/07
<b>Ramos Accounting &amp; Administrative Services, LLC - TPA</b>	Austin, TX	Third Party Administrator	08/23/07
<b>Regional Insurance Service Company, Inc. - TPA</b>	Wichita, KS	Third Party Administrator	08/23/07
<b>Thomas H. Cooper &amp; Co., Inc. - TPA</b>	Charleston, SC	Third Party Administrator	08/23/07
<b>Technology Insurance Company, Inc.</b>	Nashua, NH	Property & Casualty	08/28/07
<b>Admiral Life Insurance Company of America</b>	Phoenix, AZ	Life & Health	08/29/07
<b>USB Enrollment Services, LLC - TPA</b>	Dallas, TX	Third Party Administrator	08/31/07