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Texas Insurance News

REGULATORY NEWS PUBLISHED BY THE TEXAS DEPARTMENT OF INSURANCE

INSIDE

Texas Insurance News

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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. **Texas Insurance News** *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.

Y2K Exam Shows 43.1 Percent Unready

By **Jose Montemayor,**
Associate Commissioner, Financial

ALMOST EVERYONE has heard or read about the Year 2000 problem, which refers to the potential of date-reliant electronic systems to fail because they were not designed to read four digit dates.

In early 1997, TDI became increasingly aware that the insurance entities we regulate might not be adequately preparing for the change in the millennium. Proper planning involves three areas: **1)** internal systems, such as claims processing and accounting, **2)** reliance on external vendors or services and **3)** potential liability for coverages under policies issued.

TDI conducted a special examination of about 3,400 licensed insurance entities and found that 43.1 percent of them had no written plan to address the Year 2000 computer problem.

That's a surprisingly high percentage, and one we at TDI find troubling.

The entities without written Y2K plans include 30.5 percent of the insurance companies and HMOs licensed to do business in Texas. (The exam also covered licensed entities other than companies and HMOs, including premium finance companies and third party administrators.)

Special exam results are summarized in the following table:

Licensees with written Y2K plans	56.9%
Licensees with a plan, but not written	29.6%
Licensees without a plan, but that intend to develop one	5.3%
Licensees with no plan or intention of developing one*	8.2%
Total	100.0%

** Some in this group are small domestic companies not dependent on computers.*

As a follow-up to the special exam, we have begun sending letters asking management of "at-risk" companies to come meet with us.

These management meetings are part of our plan to make sure that the Texas insurance industry is as Y2K compliant as possible. Our overall objective is for every carrier to have its information systems ready. We want to make sure they can continue to pay claims, accept premiums and issue policies. We also want to be sure that they continue to pay providers and beneficiaries and report financial information to us and other regulators.

All insurers face these information system issues. Property and casualty insurers may have some additional exposure from liability and errors and omissions coverages.

To maximize the effectiveness of our Year 2000 efforts, we need the cooperation and understanding of everyone in the industry.

Following are some common questions being asked about TDI's Y2K effort and my replies:

What will be the impact of Year 2000 on the insurance industry?

To the extent that insurers already have exposure, we may see an increase in the number of claims for the last quarter of 1999 or the first quarter of 2000. But it will be more of a blip in the loss patterns than a permanent change in either the frequency or severity of losses. We probably will see a further consolidation in the industry. The strong will survive, and some that are on the edge now will find that Y2K costs may be the final nudge that pushes them out of business.

What about consumer impact?

There may be delays in paying claims and issuing policies. Some consumers might find they don't have the coverage they thought they had. Where we see problems, we will work with companies to fix them before they touch policyholders.

What options are available to insurers trying to prepare for Y2K?

1 They can inventory the computer programs they use for functions such as paying claims and collecting premiums. Then, they can rewrite all the codes to be compliant, or
2 They can take the information in their computer systems and do something called "re-hosting" by transferring the data to completely different systems instead of trying to fix what they have, or

Please see **Y2K** *on page 4*

NewsBriefs

Nearly 600 Call MAP for Lower Auto Rates

ALMOST 600 DRIVERS in eligible underserved areas called on the state's new car insurance Market Assistance Program in its first month of operation to get help in finding lower-cost auto liability coverage.

After screening their driving records, TDI placed 354 drivers' applications on a password-protected Internet site for possible selection by the nine participating insurance groups.

Voluntarily participating insurers are Allstate, Farmers, GEICO, Nationwide, Progressive, Prudential Property & Casualty, Safeco, Southern Farm Bureau and State Farm. Each has agreed to insure customers obtained through the MAP at rates within the flex band.

Reports received by TDI at the end of July indicated that insurers were offering coverage to MAP applicants. State Farm, for example, reported that during July it contacted 284 applicants, received responses from 119 and offered policies to 48. Allstate said it had contacted 98 applicants, received responses from 55 and offered coverage to 30 applicants. Progressive reported that during the first two weeks of July it contacted 63 applicants, received responses from 35 and offered policies to 11.

TDI launched the auto MAP in Austin, El Paso and the Lower Rio Grande Valley on July 1. Houston ZIP codes will be added September 1. Dallas and Fort Worth will come on board November 1, followed by the rest of Texas on January 1, 1999. The MAP ultimately will serve drivers in 383 underserved ZIP codes.

The MAP is available to drivers who meet the following eligibility requirements:

- Residence in a ZIP code designated by TDI as underserved because it has a higher-than-average concentration of drivers in county mutual insurance companies or in the Texas Automobile Insurance Plan Association (TAIPA).
- A clean motor vehicle record, with no traffic citations for at-fault accidents or moving violations during the three years immediately preceding their application to the MAP.

The companies may apply their normal underwriting standards in deciding whether to accept MAP applicants as policyholders. These may include driving record, auto insurance claim history and other factors.

Consumers can contact the MAP by calling 1-888-799-MAPP (6277). ★

TDI Seeks Information on Denied Slab Claims

TDI IS REQUIRING P&C insurers to report all homeowner denials claims for foundation damage caused by plumbing leaks over a four-year period.

Deputy Commissioner David Durden issued a bulletin (B-0062-98) setting a September 7, 1998, deadline for companies to report on denials from August 1993 through August 1997.

The bulletin also seeks information on any foundation claims for which the cause was not investigated or determined during the same period, plus reports on actions planned or taken toward resolving all claims included under the bulletin.

"We want to make sure that each insurance company has a plan to adjust these claims in light of the recent Supreme Court decision," Commissioner Elton Bomer said. "After the information is received, the Department will determine whether any further action is required."

On July 3, 1998, the Texas Supreme Court held that the standard homeowners' policy Form HO-B covers foundation damage from slab movement caused by plumbing leaks. ★

Health Carriers Must Issue IRO Notices

COMMISSIONER ELTON BOMER has reminded health insurers, HMOs and utilization review agents that Texas law requires them to notify patients of their right to binding independent review of adverse determinations.

Bomer issued a bulletin (B-0058-98) to ensure that insurance companies, HMOs and their utilization review agents (URAs) understand the notice requirements.

Notice of the right to independent review must be given twice. A URA must give the first notice when reporting an adverse determination. Notice must be provided again if the URA's decision is upheld through the insurer's or HMO's internal appeal process. Both notices must include an independent review request form prescribed by TDI.

When life-threatening conditions are involved, patients and physicians may by-pass the internal appeal process and request an immediate independent review. The patient or provider—not the HMO, insurer or URA—determines whether a condition is life threatening.

Independent review is conducted at no expense to the patient by independent review organizations (IROs) certified by TDI. Rules adopted by Bomer in November set specific deadlines for IROs to complete their reviews. Deadlines are tighter for decisions on treatment of life-threatening conditions.

The decision of an IRO is binding, meaning the treatment at issue must be provided if the IRO determines it is medically necessary and appropriate.

At present, the only certified IRO is the Austin-based Texas Medical Foundation. TDI encourages other qualified organizations to apply for certification.

Senate Bill 386 of the 75th Legislature mandated creation of the IRO system. The same bill authorized medical malpractice suits against HMOs and health insurance companies. ★

Insurers Told to Add Y2K to Loss Control

TDI HAS ISSUED a bulletin notifying P&C insurers that their loss control services must address Year 2000 exposures.

Deputy Commissioner Alexis Dick of the Inspections Group issued the bulletin (B-0059-98) on August 5 to all P&C insurance companies.

Companies will be surveyed by written questionnaire about their Y2K loss control programs for policyholders. In addition to the questionnaire, TDI's Loss Control Regulation Division will target on-site loss control evaluations based on the Y2K exposure of policyholders.

Insurers scheduled for a loss control evaluation within the next six months will be evaluated for policyholder Y2K exposure. Companies not scheduled for a loss control evaluation may be scheduled for a modified evaluation targeting Y2K exposures or may be asked to submit additional loss control information to the Department.

The full text of the bulletin is available at TDI's web site, **www.tdi.state.tx.us,** under the COMMISSIONER heading.

Inquiries may be addressed to Robert Dentino, Loss Control Regulation, 512 322-3435. ★

TDI update

HO Benchmark Hearing Scheduled for October 8

COMMISSIONER ELTON BOMER will hear final arguments from parties in the 1998 residential property insurance benchmark rate case at an October 8, 1998, public meeting.

The meeting will be at 9 a.m. in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

The meeting is required by law before Bomer can make a decision on benchmark rate changes proposed by State Office of Administrative Hearings (SOAH) administrative law judges.

The SOAH hearing was held in February.

The following table compares the statewide average percentage rate changes recommended by the ALJs with those of the three parties to the rate case, TDI staff, the Texas Insurance Organization (TIO) and the state's Office of Public Insurance Counsel (OPIC).

	TDI	TIO	OPIC	ALJs*
Homeowners	-0.8	+5.2	-8.1	-5.0
Dwelling EC	-1.3	+2.9	-9.3	-5.8
Dwelling Fire	+5.0	+16.6	+5.3	+10.1
Tenant	0.0	+3.3	+0.4	+2.9
Additional EC	+3.0	+10.9	+4.6	+6.2
Physical Loss Form	0.0	-1.6	-8.8	-5.5
All coverages combined	-0.7	+5.2	-7.7	-4.5

**As calculated by TIO. ALJ proposals for decision do not include numerical rate changes but only recommend adoption of specific approaches to issues such as rate of return on net worth, trend factors, etc.*

Benchmark rates are applicable only to rate-regulated companies, which account for less than 20 percent of the Texas residential property insurance market. The rest of the market is written by Lloyds companies and reciprocal exchanges, which are exempt by law from rate regulation. ★

PersonalNotes

Smith-Daley Named New Life/Health Deputy

SENIOR ASSOCIATE COMMISSIONER Rose Ann Reeser has named Ana Smith-Daley, former director of client services for Metropolitan Life Insurance Co., as the new Deputy Commissioner for the Life/Health Group.

Smith-Daley replaces Kim Stokes, who has returned to the Commissioner's staff as deputy commissioner of special projects. The changes were effective August 17.

"Smith-Daley brings us 29 years of experience with life and health products and up-to-date, sophisticated knowledge of today's insurance market," Reeser said. "She understands the needs of insurance consumers, companies and regulators and has the talent to help us become even more efficient and effective as regulators."

Smith-Daley is a 1983 business graduate of Montclair State College in Upper Montclair, N. J. She handled senior financial, administrative and operational responsibilities as client services director for Metropolitan Life in 1997–98. Before that, she served four years as Metlife's financial director and five years as supervisor of a team supporting group life, disability, medical, dental and vision care benefit plans.

In announcing Stokes' move, Commisioner Elton Bomer said she "will be handling some troubleshooting and special assignments throughout the agency and coordinating solutions to problems that require the immediate attention of the Commissioner. She will be asked to combine good ideas and good, strong, efficient solutions to problems in the Department."

Stokes, a 1979 business graduate of Abilene Christian University, served as Bomer's special projects director and as deputy commissioner of the Title Division before becoming deputy of the Life/Health Group in 1997.

Stokes' professional experience includes serving as Waco regional manager for Neal Inc., which included 10 stores and 200 employees. She also worked as administrator and special project manager for a Waco development company, Spenco Inc., and as Bomer's legislative assistant when he served in the Texas House. ★

Carpenter Appointed Health Division Chief

CINDY CARPENTER has replaced Ruth Boethel as manager of the Health Division of the Life/Health Group. Boethel had asked to return to her previous work in the policy approval area.

Carpenter, a 1977 graduate of Southwest Texas State University, joined TDI in January 1991. She left the agency in April 1997 to work for New York Life in the Long Term Care Contracts and Compliance Department but returned to the Life/Health Divison in April 1998. ★

New Fraud Unit Section Chiefs Appointed

ASSOCIATE COMMISSIONER Linda Bayless of the Insurance Fraud Unit has reorganized the unit and announced appointment of three managers.

Bayless named Dennis Pompa as chief investigator, replacing Michael Feary, who resigned to attend law school. Pompa came to the Fraud Unit in 1995 from the Travis County District Attorney's Office. He has 17 years' experience in the insurance industry and law enforcement.

Mary Sherman was appointed chief of the newly designated Insurer Fraud Section, which combines the former Unauthorized Insurance and Licensed Entities sections. Sherman has been with the Fraud Unit since 1992.

Mark Menefee was designated chief of the newly named Claimant Fraud Section, which incorporates the previous Property and Casualty and Health Care Fraud sections. Menefee also has been with the Fraud Unit since 1992. A licensed peace officer, Menefee has headed the Property and Casualty Fraud Section for the past three years. ★

Y2K... *from page 1*

3 They can move their policyholders to a compliant system by letting another insurer assume policies through a sale or a reinsurance agreement.

Insurers will need to do extensive testing of their "fix" to be sure they can carry on their insurance responsibilities.

What timetable should companies folow?

The goal of companies that are on top of this problem is to have 100 percent of their policyholders protected by a Y2K-compliant system by the end of 1998. Realistically, we'll be delighted if they are 90 percent compliant by then and able to complete the remainder by the end of the first quarter of 1999.

If companies reinsure or sell off, are they simply selling their problems to someone else?

Not really. They may be transferring some of their problems, but reinsuring or selling off does imply a "re-host." We will approve such transactions only if we're satisfied the assuming or reinsuring companies can handle the additional business. Some sellers may find that strategy less onerous than doing a rewrite or remediation of their own codes to get their systems ready. We are evaluating the full range of options for responding to those companies that are affected, and we're quite prepared to intervene as necessary.

What interventions are likely?

A wide range of regulatory responses is available. We might call a company's management in for a conference and have them explain their Y2K program or show us a business plan for becoming compliant. Or we might intervene through administrative oversight, supervision or, in more severe cases, conservation. At the extreme, it might be best for a company to reinsure and go out of business. Individual company solutions are dependent on how much surplus is available to take care of this problem and whether there is sufficient time to act. Our regulatory response is flexible enough to handle each individual situation.

Where do TDI's Y2K regulatory efforts stand as of August 1998?

We're identifying companies that are most at risk and aligning our resources to respond. The burden will be on the companies to assess their readiness and come up with remediation plans. It may be that some cannot get there. In those cases, we will have to conduct the readiness assessments and come up with remediation plans ourselves.

Will you be prepared to bring in outside contractors and experts if necessary?

Yes. Although we have an extremely talented and dedicated troubled company team, this type of problem does not fit most of the troubled company scenarios we have experienced before. As a result, we will get outside experts to help us evaluate plans and implement changes if we have to.

Which companies currently are most at risk from the YK2 problem?

By and large, those without a written plan. This group tends to be the smaller insurers serving the personal lines market rather than the commercial lines market. It also includes ancillary entities such as third party administrators, premium finance companies and multiple employer welfare arrangements. I'm especially concerned about the multiple computer systems and connections between managed care providers and the HMOs contracting with them because of the sheer number of connections that have to be made and the high number of problems that exist now.

Anecdotal data indicates that large P&C and life companies generally are on top of the Y2K problem. We have visited with managers of some very large insurance groups, both foreign and domestic, to learn what approach they're taking. For purposes of benchmarking, we have identified their best business practices to help us adapt them for others.

What is TDI likely to do with YK2 problem companies in the near future?

One option may be to restrict access to our market until we're satisfied they are addressing their problem. Also, I predict further consolidations. We've already seen tremendous consolidations, driven mostly by economic forces. Y2K will introduce another motivating factor.

In the past few years, we've found buyers for the books of business of a couple dozen companies in lieu of receiverships. Our receivership numbers are currently at an all-time low largely because we have mastered the technique of finding new homes for large books of business at troubled companies. We're able to look far in advance primarily because of our financial monitoring capabilities, which have grown in sophistication tremendously in the last few years. We can get on to the trouble before it gets too big and then work with the companies to rehabilitate or place their policyholders on safer ground. As a result of Y2K problems, we will probably get to do this again.

Does TDI have the resources to deal with the Y2K problem?

This challenge adds a layer of complexity to our already complex workload. What we have going for us is a strong economy and a pretty vibrant market still looking for books of business to purchase and consolidate. However, we don't have the resources to handle something like this all at once. We're having to prioritize a lot of our work to fit this in.

What traits typify companies that are doing the best job in dealing with Y2K?

They have dedicated program offices doing nothing but Y2K remediation. These offices are staffed appropriately with program managers and programmers who have done good inventories of all their systems. They have identified all their interfaces and their vendors. They went completely out of their systems and started working their way back in checking and testing all interfaces and connections. They have taken a real measurement in terms of numbers of policyholders protected and they are well into the testing phase.

These companies allocated significant funds to the Y2K effort. Anecdotal data indicate that a small to medium-sized company would have between five million and seven million lines of code to do all of its functions. We're told that vendors charge from $1.20 to $2 per line of code for Y2K remediation. So, we're talking about somewhere between $10 million and $15 million to fix a problem in some instances.

Is TDI ahead of the curve on Y2K?

I think we're far ahead of the curve. Our Year 2000 special exam was the first of its kind. TDI received the NAIC's Technology of the Year award last year for our Year 2000 work. However, we have our regulatory work cut out for us: Find the problems. Find solutions—custom designed one-at-a-time—over and over again.

How close are you to taking action?

The first meetings with management teams concerning their Y2K problems are already underway. We asked them to give us a business plan. Our first option, obviously, is to allow them to prove that they can fix their Y2K problems. If we find they can't, we'll have to help them. We may get into that phase as early as September. On the other hand, we don't want to over-react and unduly burden someone with responding to a non-issue. We'll have to be sensitive but also forceful and fast. ★

RuleMaking

AUTOMOBILE

Exempt Adoption

Y2K and Auto Forms

■ Commissioner Elton Bomer has adopted a Texas Insurance Organization proposal to eliminate pre-printed dates from certain auto forms. The "19___" date blanks on the existing forms will be obsolete after the turn of the century. The auto manual changes approved by Bomer leave a full blank for the entire year entry, as "______." The forms revised by manual change are:

- Endorsement 4M. Mobilowners Policy–Limited Period Collision (to become 4M-1).
- Endorsement 29A. Experience Modification (to become 29B).
- Endorsement 29C. Experience Modification Change (to become 29C).
- Endorsement TE 99 24A–Experience Modification (to become TE 99 24B).
- Endorsement TE 99 25A–Experience Modification Change (to become TE 99 25B).
- Mobilowners Policy Declarations (in the Standard Provisions).

Publication: 23TexReg7393, July 17, 1998
Reference Number A-0598-14
Further information and copies: 512 463-6326

Exempt Proposals

Eligibility for Personal Automobile Coverage

■ Commissioner Elton Bomer will hold a September 23, 1998, public hearing (Docket 2376) on a staff proposal to amend *Texas Automobile Rules and Rating Manual* provisions concerning eligibility for personal auto coverage and the Texas Driving Insurance Plan. The proposal would amend Rules 55, 71, 72, 74 and 75.

The hearing will be at 9 a.m. in Room 102 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

The manual currently allows certain types of vehicles to be insured by a Personal Auto Policy (PAP) only if the vehicles are owned by an individual or by a husband and wife who reside in the same household. Otherwise, the vehicles cannot be insured except through multiple policies or by some other form such as the Business Auto Coverage Form.

The proposed manual rules would allow personal auto coverage for an auto jointly owned by two or more individuals who are residents of the same household but not husband and wife.

In addition, the rule changes would allow insurers to write personal auto coverage for joint named insureds who are related by blood, marriage or adoption, and who are **not** residents of the same household, even if they do not jointly own the auto, if:

1. the vehicle is owned by one or more of the joint named insureds who are residents of the household address shown on the policy and
2. the joint named insured who is a resident of a different household is the primary operator of the auto.

Publication: 24TexReg7914, July 31, 1998
Reference Number A-0798-20-I
Further information and copies: 512-463-6326

Rental Reimbursement Coverage

■ Commissioner Elton Bomer will hold a public hearing (Docket 2377) on September 23, 1998, on a staff proposal to amend *Texas Automobile Rules and Rating Manual* Endorsement 523B, Rental Reimbursement Coverage.

The hearing will be at 9 a.m. in Room 102 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

If adopted, the manual change would redesignate the endorsement as 523C and remove a provision excluding coverage when there is a total theft of the auto.

Currently, insureds under the Personal Auto Policy (PAP) have the option of buying variable limits of rental reimbursement coverage up to $35 per day ($1,050 maximum) through attachment of Endorsement 523B. The endorsement does not apply to total theft of the auto because the PAP's Part D–Coverage for Damage to Your Auto—pays up to $20 per day (maximum $600) for a rental car following an auto theft.

Staff's proposed change would revise the endorsement to make it supplement the $20 a day limit under Part D to the extent that the policyholder's rental reimbursement limits exceed that amount.

Staff asserts that the amendment would be more logical than the current endorsement's language because an insured who wants $35 per day will need it just as much for a total theft loss as for any other loss that puts the covered auto out of service.

Publication: 24TexReg2815, July 31, 1998
Reference Number A-0798-20-I
Further information and copies: 512 463-6326

FINANCIAL

APA Adoptions

Reserve Valuation of Life Policies

■ Commissioner Elton Bomer has adopted new 28 TAC Subchapter NN, establishing standards for the valuation of all life insurance policies, with or without nonforfeiture values, and with certain exceptions and conditions. These standards, embodying the NAIC's model "Regulation XXX," will apply to policies issued on and after January 1, 2000. The purpose of delaying the application of the standards is to give affected insurers time to prepare for the new requirements and to seek uniform adoption of similar regulations among the states.

Subchapter NN will do the following:

- Incorporate into TDI rules six tables of base select mortality factors that were adopted by the NAIC on March 12, 1995, in connection with the NAIC's adoption of the model regulation for the valuation of life insurance policies.
- Provide rules for the application of these factors.
- Establish a minimum standard for the valuation of plans with non-level premiums or benefits.

Continued on page 6

HOW APA WORKS

The Administrative Procedure Act (APA) requires agencies to publish both proposed and adopted rules in the Texas Register.

The entire text of a proposed rule will appear in the Texas Register after an agency's governing body or officer approves it for publication. This appearance marks the first day of a mandatory 30-day comment period. Only after that period has elapsed may the agency adopt the proposed rule unless it is an emergency rule.

After adopting a rule, the Agency must publish notice of its action in the Register. Rules become effective 20 days after the date on which they are filed with the Register.

RuleMaking

- Set a minimum standard for the valuation of plans with secondary guarantees.

Products most affected by the proposal are those where the guaranteed maximum premiums after an initial period of years are much higher than the guaranteed low premiums during the initial period of years. These products are referred to as "indeterminate premium reduction policies." Cost estimates for the new rules assume that the guaranteed maximum premiums for these products in the later years are about 10 to 15 times higher than the initial guaranteed premium.

Insurers that hold reserves only to provide for the expected cost of insurance in the current year may experience an increase in reserves as a result of this regulation. The increase will vary by such factors as the length of the initial period of years, the reserve method, the reserve interest rate, the amount of increase of the guaranteed maximum premiums, issue age, length of the benefit period and the degree of selection in the risks covered.

The anticipated ranges of the increase in reserves for these products, based on the length of the initial guarantee period, are:

1 immaterial increase when the initial period is less than five years;
2 two to five times when the initial period is 10 years; and
3 approximately 10 times when the initial period is 20 years. These ranges assume the insurer currently provides reserves only for the anticipated cost of insurance in the current year.

TDI staff believes the new standards will promote greater solvency protection by extending to indeterminate premium products a reasonable level of reserve conservatism that already is required of other life products. Staff also anticipates a leveling of the competitive position of various term life products.

For insurers that experience the anticipated reserve increases shown above, TDI estimates the range of price increases for these products as follows:

1 immaterial when the initial period is under five years;
2 approximately 7 percent when the initial period is 10 years; and
3 20 percent when the initial period is 20 years. (These increases assume an insurer would fund reserve increases solely from premiums instead of other sources. They also depend on whether an insurer chooses to continue offering a particular product in its present form or decides to make changes in its policy forms.) Actual reserve and price impacts will vary based on a number of factors, including the degree of selection in the risks assumed.

The many other products where similar reserve conservatism already is required are expected to experience a reduced but still reasonable amount of reserve conservatism because of the use of the improved mortality tables provided by this regulation. This reduced reserve requirement could result in lower prices for these other products.

Publication: 24TexReg7825, July 31, 1998
Effective date: August 9, 1998 (Applicable to policies issued on and after January 1, 2000)
Further information: 512 463-6327

Indeterminate Premium Reduction Policies

■ Commissioner Elton Bomer has adopted an amendment to 28 TAC § 3.309, concerning reserve requirements for indeterminate premium reduction policies issued before the January 1, 2000, effective date of new Subchapter NN.

The amendment provides two alternatives for determining the reserves for indeterminate premium reduction policies:

- Insurers that have issued these products may provide TDI an annual actuarial opinion specific to the reserve adequacy of these products in addition to the actuarial opinion required by *Texas Insurance Code* Article 3.28, Section 2A.
- Insurers may choose to apply the requirements of new Subchapter NN before January 1, 2000.

Publication: 24TexReg7824, July 31, 1998
Effective date: August 9, 1998
Further information: 512 463-6327

HEALTH CARE

APA Proposals

Mental Health Parity

■ The Department has proposed new 28 TAC §§ 21.2401-21.2407, concerning parity between mental health benefits and medical/surgical benefits. The proposed rules would require that a group health plan's annual dollar limits or lifetime aggregate dollar limits for mental health benefits be no less than its limits for medical/surgical benefits. If no limits are placed on medical/surgical benefits, none may be imposed on mental health benefits.

The proposed new rules are required to implement the Federal Mental Health Parity Act and are necessary to maintain the Department's regulatory authority over carriers that issue group health plans in Texas.

Neither the federal statute nor TDI's proposed rules require a plan to provide mental health benefits. Other than requiring parity of annual and aggregate lifetime limits, the federal statute and proposed state rules do not mandate terms and conditions relating to the amount, duration or scope of mental health benefits available under a plan.

The Mental Health Parity Act includes an exemption for small employers and for group health plans for which the parity requirement would increase plan costs by at least 1 percent. Only 10 percent of all Texas plans, or approximately 1,209, are expected to be eligible for the 1 percent exemption. If a group health plan offers participants and beneficiaries two or more benefit package options, the statute's requirements are applicable separately to each benefit package.

Compliance costs will result from the federal legislation itself rather than from the proposed rules.

Publication: 23TexReg 8022, August 7, 1998
Earliest possible adoption: September 6, 1998
Further information: 512 463-6327

Provider Sponsored Organizations

■ The Department has proposed new 28 TAC §§ 11.2301–11.2315, providing for the licensing and regulation of provider sponsored organizations (PSOs). A PSO is an integrated health care delivery system controlled by health care providers.

The proposed regulations are necessary because of 1997 amendments to the Social Security Act that created a new program called "Medicare+Choice." Under this program, PSOs may contract with the U. S. Health Care Financing Administration (HCFA) to provide managed health care to Medicare enrollees.

TDI's rule proposal would provide for licensure of PSOs for the sole purpose of providing health care services to Medicare enrollees. To the extent possible, the solvency requirements in the proposed rule are the same as those of the Medicare+Choice program.

Following is a summary of key provisions.

Certificates of Authority

To obtain certificates of authority, PSOs must apply to TDI and generally comply with the same requirements as HMOs. (In certain instances, the proposed rules would impose somewhat different requirements.)

PSO applicants must file the application form for HMOs adopted by reference under 28 TAC § 11.1001 and the financial plan required by 28 TAC § 11.2304.

Financial plans must cover the first 12 months after the estimated effective date of a PSO's Medicare+Choice contract or, if the PSO projects losses, the first 12 months following the end of the period for which losses are projected. A PSO must show it has the resources to meet projected losses.

To receive a certificate of authority, a PSO would be required to have a minimum net worth of $1.5 million. This requirement could be reduced to $1 million if the PSO demonstrates it has available to it an administrative infrastructure that will reduce, control or eliminate start-up administrative costs.

Solvency Requirements

After the effective date of a PSO's certificate of authority, the PSO would have to maintain a minimum net worth equal to the greater of:

- $1 million,
- 2 percent of annual premiums up to $150 million and 1 percent of annual premiums in excess of $150 million,
- An amount equal to three months' uncovered health care expenditures as reported on the PSO's latest financial statement to TDI, or
- An amount equal to the sum of 8 percent of annual health care expenditures paid on a non-capitated basis to non-affiliated providers and 4 percent of annual health care expenditures paid on a capitated basis to non-affiliated providers plus annual health care expenditures paid on a non-capitated basis to affiliated providers.

At the time of application, a PSO would be required to deposit $100,000 in cash and/or securities into an account in a manner that is acceptable to TDI. The deposit would be restricted for use only in the event of an insolvency to help continue services or pay costs associated with receivership or liquidation.

If uncovered expenditures ever exceed 10 percent of a PSO's total health care expenditures, the PSO would have to place an uncovered expenditures deposit in an account with an organization or trustee acceptable to TDI. The deposit would be required to have a fair market value equal to 120 percent of the PSO's outstanding liability for uncovered expenditures for enrollees.

PSOs would be subject to the same annual statement and triennial examination requirements as HMOs. Examinations would cover both financial condition and quality of health care services.

Publication: 24TexReg8639, August 21, 1998
Earliest possible adoption: September 20, 1998
Further information: 512 463-6327

TITLE

APA Proposal

Controlled Business Organizations

■ Proposed new 28 TAC § 9.20 would amend the *Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas* to curtail the payment of rebates through the use of licensed controlled business organizations (CBOs).

A CBO is a title agent owned or partially owned by a person or entity within the real estate industry, such as a developer, real estate broker, mortgage lender or builder, who is in a position to direct all or part of its title insurance business to that title agent. Some CBOs should not be affected by the proposed rule changes because they are fully functioning and pay a split of the title premium for services that are actually needed and rendered. Others, however, are conduits organized to rebate portions of title premiums for the referral of business. One characteristic of a conduit CBO is ownership of a non-operating abstract plant purchased for less than the cost of a fully functioning plant. In such cases, ownership of the non-functioning abstract plant also was the basis on which the conduit CBO became a licensed title agent.

Based on information from many sources, TDI has identified about 20 licensed controlled business organizations that have the potential to rebate a portion of the title insurance premium to a person or entity who refers title insurance business. The number appears to be increasing.

The changes would amend procedural rules P-12, concerning abstract plants, and P-22, concerning payment of fees for examination or closing. The proposal also would add new procedural rule P-48, concerning payment for services rendered by a title company, title insurance agent or direct operation to another to another title company, agent or direct operation.

If adopted, the rules would enable TDI to require title agents to either own or lease and operate a fully functioning abstract plant or face non-renewal or revocation of their licenses.

Amendments to P-12 would clarify that when an abstract plant is leased, the lessees must maintain and operate it as a fully functional abstract plant. Lease agreements could not be used to give or receive rebates in violation of Texas Insurance Code Article 9.30. The proposal would add a requirement that all abstract plants in a joint operation be individually licensed. An abstract plant operation could not consist merely of possessing a microfilm geographic index of property in a particular county, including monthly updates. Operating an abstract plant would signify that a title agent will use its own abstract plant to provide abstract and examination services for all title insurance orders for the county where it is licensed. A title agent could not subcontract abstract and examination services for title insurance orders for the county where the agent is licensed to other title agents, direct operations or underwriters. The only exception to this prohibition against subcontracting would be for attorneys performing title examination service.

The proposed amendments to P-22 make formatting changes and specify requirements that must be met before a title agency, company or direct operation can pay another entity for furnishing title evidence, examining titles and/or closing transactions.

To prohibit rebate-type arrangements, proposed new P-48 sets maximum amounts that title agents, title companies and direct operations in metropolitan areas may pay to other title agents, companies and direct operations for three distinct core services. The maximums are stated as percentages of the portion of the title insurance premium remaining after payment of the underwriter's' portion.

Continued on page 8

RuleMaking

They are 40 percent for furnishing title evidence, 35 percent for title examinations and 40 percent for closings. Payments to attorneys for title examinations or closing services would not be affected by this proposed rule.

The full text of the proposed manual rules is on TDI's web site (**www.tdi.state.tx.us**). Click on "NOTICES" under "the COMPANY heading, and scroll down to TITLE.

Publication: 24TexReg8636, August 21, 1998
Earliest possible adoption: September 20, 1998
Further information: 512 322-3482

TRADE PRACTICES

APA Proposal

Unfair Claim Settlement Practices

■ The Department has proposed changes in 28 TAC §§ 21.202 and 21.203 concerning complaint records and unfair claim settlement practices. The amendments would expand and update definitions and synchronize the rule with provisions of proposed new 28 TAC § 21.2504 (see next rule summary).

(TDI has withdrawn proposed amendments to 28 TAC §§ 21.202–21.203 and proposed new 28 TAC §§ 21.206–21.207 concerning complaint records, which were published at 23TexReg3189 on March 27, 1998.)

The definition of "complaint" would be expanded to make clear that a complaint is not a misunderstanding or a problem of misinformation that is resolved promptly by clearing up the misunderstanding and/or supplying the appropriate information. The proposed rule would clarify that follow-up correspondence from a complainant is considered part of the same complaint.

HMOs would be removed from the definition of "insurer" because a separate statute and rule provide for HMO complaint record maintenance.

The proposal would add a definition of "written communication" that includes fax transmissions and e-mail.

Failure to maintain complaint records in substantial compliance with proposed new 28 TAC § 21.2504 would be considered an unfair claim settlement practice.

Publication: 24TexReg7711, July 31, 1998
Earliest possible adoption: August 30, 1998
Further information: 512 463-6327

Complaint Record Maintenance

■ The Department has proposed new 28 TAC §§ 21.2501–21.2507, concerning the maintenance of complaint records by insurance companies. The proposed requirements are based on the NAIC's Model Regulation for Complaint Records to be Maintained. Unlike the NAIC model, the proposed rules would prescribe a form that companies could use for presenting complaint information to TDI.

The proposed rules would not apply to HMOs nor to complaints received by an insurer in its capacity as a utilization review agent.

An insurer's failure to maintain a complete record of all complaints received during the preceding three years or since its most recent financial examination, whichever is shorter, would be considered unfair competition and unfair practices under Texas Insurance Code Article 21.21. Insurers would be required to maintain their complaint records in substantial compliance with the proposed new rules. "Substantial compliance" would mean that the company's records capture the prescribed minimum complaint information items set out in the proposed rules. Substantial compliance also would include presenting TDI with a complete record of all complaints in the prescribed form upon request or when a company is examined.

All insurers would be required to maintain complaint records incorporating the minimum information prescribed by the NAIC model. The complaint record presented to TDI upon examination or upon request would be required to indicate the total number of complaints received for the applicable time period. Complaint records could be maintained either electronically or on paper. Companies would be encouraged, but not required, to use a special form issued by TDI.

As part of their record keeping, insurers would be required to assign a unique identification number to each complaint. Complaints involving agents would have to include an identification number for the placing or servicing agent.

The proposed rule contains a recommendation that insurers use the NAIC's four-digit codes for the reasons underlying complaints.

Company complaint records would be required to indicate the final disposition of each complaint. Insurers would be encouraged to use the disposition categories of the NAIC Complaints Database System.

Each complaint record would have to show the date a complaint was received and the date it was closed. It also would be required to show a complaint's state of origin.

Publication: 24TexReg7712, July 31, 1998
Earliest possible adoption: August 30, 1998
Further information: 512 463-6327 ★

TDI Limits Y2K Riders

TDI HAS ISSUED a bulletin restricting insurers' ability to exclude or limit the coverage of small businesses against liability losses caused by Year 2000 computer problems.

TDI accepted ISO's nationwide endorsements excluding or limiting payment for liability claims arising from Y2K problems but will subject individual insurer filings to the restrictions in the bulletin. Insurers may use the ISO language or file their own Year 2000 endorsements for TDI approval.

The bulletin (B-0060-98) does not apply to large commercial risks. Texas law defines these as businesses with insured property values of at least $5 million, annual gross revenues of at least $10 million or premiums of $25,000 for property insurance, $25,000 for liability insurance or $50,000 for multi-peril insurance.

TDI will not approve GL or professional liability exclusion or limiting endorsements for use on a blanket basis.

The bulletin informs insurers that they may not exclude or limit Year 2000 liability coverage for mercantile, lodging and habitational or institutional (churches and schools only) classes of risks. Exceptions might be made, if an insurer:

- Proves to TDI's satisfaction that a category of business presents a particular risk of Year 2000 losses or
- Determines that a particular business is likely to generate claims because of its lack of Year 2000 readiness and can document the firm's riskiness for TDI market conduct examiners upon request.

An insurer that files a Year 2000 endorsement for TDI approval must specify the class of risks targeted for exclusion or limitation, indicate the problem that justifies the exclusion or limitation and provide written assurances that it is providing loss control services to help its customers correct the problem. ★

Data Call Reminders

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

Quarterly Closed Claims Reports

Reports for claims closed during the third quarter of 1998 are due October 10, 1998. TDI contact is Paul Vestal, 512 475-3024. E-mail address: paul_vestal@tdi.state.tx.us or Nita Rene Smith, 512 475-1999. E-mail address: **nita_rene_ smith@tdi.state.tx.us**

Call for Quarterly Experience

The Call for Third Quarter 1998 Experience will be mailed the end of September 1998, and will be due November 15, 1998. TDI contact is Vicky Knox, 512 475-1879. E-mail address: **vicky_ knox@tdi.state.tx.us**

Call for Quarterly Experience, Workers' Compensation Deductible Plans

The Call for Third Quarter 1998 Experience will be mailed the end of September 1998, and will be due November 15, 1998. TDI contact is Vicky Knox, 512 475-1879. E-mail address: **vicky_ knox@tdi.state.tx.us**

Detailed Claim Information (DCI)

Detailed Claim Information (DCI) should be submitted to NCCI. NCCI contact is Richard Saltzman at 561 995-1770. TDI contact is Julie Jones 512 475-3030. E-mail address: **julie_jones@ tdi.state.tx.us**

Texas Title Insurance Agent Statistical Report

The call for the 1998 Texas Title Insurance Agents Statistical Report was mailed May 29, 1998, as Commissioner's Bulletin #B-0033-98 and was due July 13, 1998. TDI contact is Michael Davis 512 322-5029. E-mail address: **michael_ davis@tdi.state.tx.us**

Texas Title Insurance Company Statistical Report

The call for the 1998 Texas Title Insurance Companies Statistical Report was mailed May 29, 1998, as Commissioner's Bulletin #B-0034-98 and was due July 13, 1998. TDI contact is Michael Davis 512 322-5029. E-mail address: **michael_davis@tdi.state.tx.us**

Unit Statistical Data (Unit Stat)

Unit Statistical reports (Unit Stat reports) should be submitted to NCCI. NCCI contact is Richard Saltzman at 561 995-1770. TDI contact is Irene Cipriano at 512 322-3563. E-mail address: **irene_cipriano@tdi.state.tx.us**

EnforcementActions

Harris Agrees to $3.4 Million Restitution

HARRIS METHODIST TEXAS HEALTH PLAN has agreed to pay a $100,000 penalty and $3.4 million in restitution for allegedly using financial incentives that directly or indirectly encourage doctors to limit medically necessary services.

Commissioner Elton Bomer and officials of the North Texas HMO signed a consent order in which Harris also agreed to rewrite its physician contracts within 150 days.

The order concluded a TDI enforcement case over an incentive plan that provided doctors with bonuses if they kept certain pharmacy costs below budget and penalized them if costs went over budget.

In agreeing to the consent order., Harris Methodist did not admit any wrongdoing or violation of Texas insurance laws. However, the HMO agreed to:

- Pay $2,625,000 to physicians who were financially penalized because they contributed to the HMO's pharmacy deficit.
- Pay $725,000 to physicians who lost bonuses when they failed to meet the HMO's economic performance requirements.
- Cease using penalties and rankings to determine compensation levels or to withhold physician payments.
- Stop offering financial bonuses to individual physicians with fewer than 500 Harris enrollees or to physician groups with less than 1,000 Harris enrollees.
- Limit physician bonuses based on economic performance to providers who meet appropriate quality measures. Such bonuses will be limited to 10 percent of a doctor's base rate compensation.

An original recommendation by TDI staff that Harris pay an $800,000 administrative penalty was lowered to $100,000, in part, because of the HMO's efforts to resolve the matter without additional cost to the state and its willingness to repay physicians for lost pay and bonuses.

Copies of the consent order are available on TDI's web site, **www.tdi.state.tx.us.** ★

Mission Cooperative Group Enjoined

STATE DISTRICT JUDGE JOHN DIETZ of Austin has permanently enjoined the Mission Cooperative Group of Kingwood from selling car insurance without a license. He ordered distribution of the group's bank accounts among customers and to pay the state's legal expenses.

Dietz' order concluded a case opened by TDI's Insurance Fraud Unit in August 1997.

Mission Cooperative Group bank accounts frozen last November by court order contain $79,000. Judge Dietz's injunction order earmarked at least $55,000 for paying claims or reimbursing the $35 membership fees of policyholders without claims. Another $19,000 will be used to reimburse the Office of the Attorney General for legal expenses.

The group called itself a "voluntary unincorporated mutual benefit association," not an insurance company.

Mission Cooperative Group started recruiting "distributors" and selling auto coverage in May 1997. It claimed to have about 400 "independent distributors" in Texas. The Fraud Unit estimates that Mission Cooperative collected about $160,000 in premiums.

Named in the permanent injunction are Mission Cooperative Group; its founder and chief administrator, Dr. John C. Detloff of Kingwood, a licensed chiropractor; United Exchange Group of Fort Worth, the marketing arm of Mission Cooperative; David Lee Swank of Humble, a trustee of United Exchange Group; Jerry Glynn Smith of Corsicana, a licensed life insurance agent who allegedly recruited "distributors" (agents) for Mission Cooperative; and Thomas Sutton of Conroe, an alleged associate of Detloff in Mission Cooperative.

Mission Cooperative Group is not related to Mission American Insurance Co. Mission American Life Insurance Co., Mission Insurance Company of Texas Inc., Mission Life Insurance Co., Mission National Life Insurance Co. or Mission Premium Finance Co., which are licensed entities in Texas. ★

P & C Rate & FormFilings

COMPANY	TDI #(s)	DATE APPROVED	DESCRIPTION
Cumis Insurance Society, Inc.	9212385568	07/09/1998	Bond 007 04/98 IRA and EDCP Endorsement
Gulf Group Lloyds	9212386372	07/09/1998	CP 7501 1089—Automobile Specialty Shops Extension Endorsement; CP 7500 03 93—Commercial Property Extension Endorsement
Philadelphia Indemnity Insurance Co.	9212384349	07/09/1998	Long Term Care Professional Liability Coverage Program—Commercial Multi-Peril
Insurance Co. of North America	9212386411, 9212386413, 9212386414, 9212386415, 9212386416, 9212386417, 9212386418, 9212386419, 9212386420, 9212386421	07/09/1998	Texas Special Property Endorsement—FA-4Y12; Texas Special Property Endorsement—Schools and Colleges—FA-4Y09 (5/98); Texas Special Property Endorsement-Social Services—FA-4Y10 (5/98)—Commercial Multi-Peril
Hartford Fire Insurance Co.	9212384189, 9212384190, 9212384191, 9212384192, 9212384193, 9212384194, 9212384195, 9212384196	07/09/1998	Form EB 04 01 02 98 Supplemental Property Insurance Coverage Endorsement for Supermarkets—Commercial Multi-Peril
Reliance National Indemnity Co.	9212384089	07/09/1998	EL 00 P142 00 0797-Sunrise Coverage Endorsement; EL 00 P143 00 0797-Product Recall Exclusion Endorsement; EL 00 P144 00 1097-Pollution Exclusion with Exceptions for Limited Products Hazard, Limited Hostile Fire and Motor Vehicle Upset, Overturn or Collision Endorsement; EL 00 P145 00 0298—Contractor's Excluded Hazards Endorsement
Westport Insurance Corp.	9212380558	07/09/1998	Commercial Excess Liability and Umbrella Liability
The North River Insurance Co.	9212384787	07/09/1998	Pollution Liability; Country Club Pollution Coverage, FM 604.0.30 (6/98); Limitation of Coverage to Pesticides, Herbicides or Pool Chemicals, FM 604.0.31 (6/98)
Continental Casualty Co.	9212384678, 9212384682, 9212384683, 9212384684, 9212384685, 9212384686	07/09/1998	Limited Pollution Liability Program; G-118147-A (Ed. 12/95), Earth Movers Limited Pollution Coverage—Worksites; G-22622-A (Ed. 11/94), Worksite Exclusion
Continental Casualty Co.	9212384701, 9212384702, 9212384703, 9212384704, 9212384705, 9212384706	07/09/1998	Limited Pollution Liability Program; G-18666-B (Ed. 07/93), Limited Pollution Liability Policy; G-18948-B (Ed. 7/93), Supplemental Extended Reporting Period Endorsement; G-18929-B42 (Ed. 05/98), Texas Changes; G-18329-A (Ed. 06/92), Texas Disclosure Form
The Travelers Indemnity Co. of CT	9212385581, 9212385582, 9212385583	07/09/1998	Two (2) Miscellaneous Excess Liability (Umbrella) Endorsements
MIC Property and Casualty Insurance Corp.	9212385484	07/09/1998	Broadened Garage Coverage-Texas, LM 42 60 (6/98)—Commercial Multi-Peril
Reliance Insurance Co.	9212378826, 9212378827, 9212378828, 9212378829	07/09/1998	Texas Pollution Exclusion-Exception for Time Element, GL 42 R419 04 0698
Legion Insurance Co.	9212384577	07/09/1998	Directors and Officers & Company Liability Insurance
Cumis Insurance Society, Inc.	9212387183	07/09/1998	Directors and Officers
Lumbermens Mutual Casualty Co.	9212379598, 9212379599, 9212379600, 9212379601	07/16/1998	Broad Form Endorsement-Texas, CA 79 34 (Ed. 12 97)
Maryland Casualty Co.	9212382072, 9212382073, 9212382074, 9212382075, 9212382076, 9212382077, 9212382078	07/16/1998	Manufacturers Additional Coverage Endorsement (Business Auto) Texas, 910127 1197
Utica Mutual Insurance Co.	9212383353, 9212383354, 9212383355, 9212383356, 9212383357	07/16/1998	School Bus—Replacement Cost Coverage, 8-E-2407 Ed. 1-98
Utica Mutual Insurance Co.	9212377389, 9212377390, 9212377391, 9212377392, 9212377393	07/16/1998	Commercial Automobile Extension Endorsement, 8-E-2419(TX) Ed. 4-97
Hartford Accident and Indemnity Co.	9212384237, 9212384238	07/16/1998	Form H-598-0 (Ed. 1/98) Texas-Additional Limits in the Event of a Total Loss to Dwelling
Texas Farm Bureau Underwriters	9212386410	08/14/1998	Homeowners Endorsement, Loss Settlement and Actual Cash Value—Roof Endorsement (HO-A Only)—Form #HO-702
Reliance National Indemnity Co.	9212382593	07/16/1998	Commercial Umbrella Liability Program—(Forms)
Grocers Insurance Co.	9212386675	07/16/1998	Exclusion-Medical Expenses, BP 05 26 01 92—Commercial Multi-Peril

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COMPANY	TDI #(S)	DATE APPROVED	DESCRIPTION
American Modern Lloyds Insurance Co.	9212385159	07/16/1998	Dealer-Businessowners Policy-Broad Form Products Coverage, 72005 (03/98); Exclusion—Asbestos, Silica Dust, Toxic Substance, 72285 (03/98); Absolute Exclusion for Fraud, Misrepresentation, Deceit or Suppression or Concealment of Fact, 73033 (03/98); Exclusion-Lead, 73038 (03/98); Total Pollution Exclusion Endorsement, 73148 (03/98); Exclusion—Failure to Supply, 73149 (03/98); Definition-Bodily Injury, 73150 (04/98)—Commercial Multi-Peril
St. Paul Fire and Marine Insurance Co.	9212383415, 9212383416, 9212383417, 9212383418	07/16/1998	Texas Limitation Endorsement, L0140 Ed. 5-98; Informational Content Limitation Endorsement, L0072 Ed. 12-97; Change of Limits Endorsement-General Total Limit Applies Per Concert or Special Event, L0075 Ed. 12/97; Entertainers Liability Limitation Endorsement, L0076 Ed. 12-97; Field of Entertainment Limitation Endorsement, L0077 Ed. 12-97; Described Operations Limitation Endorsement, L0081 Ed. 12-97; Described Concert or Performance Exposures Limitation Endorsement, L0082 Ed. 12-97; Persons or Organizations Required Under Contract or Agreement Endorsement—Additional Protected Persons, L0085 Ed. 12-97; Government Unit-Additional Protected Person, L0087 Ed. 12-97
Western Diversified Casualty Insurance Co.	9212385789	07/16/1998	Finance Reserve Contractual Liability Insurance Policy, WDCIC-FR-P-TX (6/98)
Harco National Insurance Co.	9212385024	07/16/1998	Texas Legal Damages/Title Coverage Endorsement, 20-0981 (04/98); Texas Defense for Product Related Damages, 20-0982 (04/98)—Commercial Multi-Peril
Employers Insurance of Wausau, A Mutual Co.	9212385074, 9212385076, 9212385077	07/16/1998	Texas Loggers Property Damage Liability Endorsement, GL2218 07-98
Employers Insurance of Wausau	9212386093, 9212386094, 9212386095	07/16/1998	Cancellation by the Company
Florists' Mutual Insurance Co.	9212383467	07/16/1998	Several New and Revised Business Package Forms—Commercial Multi-Peril
American Alternative Insurance Corp.	9212381594	07/16/1998	Commercial Fire and Allied Lines Form VFIS Emergency Service Organization Program
Philadelphia Indemnity Insurance Co.	9212384612	07/16/1998	Four Endorsements to be used in conjunction with current Forms Issued to Condominium Associations
Agricultural Insurance Co.	9212386783, 9212386784, 9212386785, 9212386786	07/16/1998	CP 7228 (4/98)—Social Service Agency Property Broadening Endorsement
Employers Insurance of Wausau	9212384076, 9212384077, 9212384078	07/16/1998	PC0413 07-98 Tooling & Machining Enhancement Cover—Commercial Multi-Peril
Utica Mutual Insurance Co.	9212386168, 9212386169, 9212386170, 9212386171, 9212386172	07/16/1998	8-E-2735 Ed. 7-98 Additional Covered Property—Fences—Commercial Multi-Peril
American Automobile Insurance Co.	9212383967	07/16/1998	Special Petroleum Dealers Extension of Coverage 141862 08 97—Commercial Multi-Peril
State and County Mutual Fire Insurance Co.	9212385497	07/16/1998	Single Interest Automobile Physical Damage Insurance Policy (Individual Policy Form) Amendatory Endorsement TBA-IND 001 (5/98)
American Automobile Insurance Co.	9212384016	07/16/1998	Pollution Liability—Limited Coverage for Covered Autos—143524TX 04 98
Employers Insurance of Wausau, A Mutual Co.	9212383600, 9212383601, 9212383602	07/16/1998	Commercial Automobile—Various Endorsements for use with the Truckers Coverage Form, Garage Coverage Form, and/or Business Auto Coverage Form
TIG Insurance Co.	9212385078	07/16/1998	Title & Escrow Agents Professional Liability Claims Made Insurance Policy
NCMIC Insurance Co.	9212384640	07/16/1998	Chiropractic Malpractice Insurance Form—Claims Made and Occurrence; Consent to Settle Endorsement, Form 00-21 TX 2/98
Hartford Fire Insurance Co.	9212386536, 9212386537, 9212386538, 9212386539, 9212386540, 9212386541	07/16/1998	Direct Mail and Graphic Arts Errors or Omissions Liability—Commercial Multi-Peril
NCMIC Insurance Co.	9212386373	07/16/1998	Professional Liability (Chiropractic Malpractice)
The Kansas Bankers Surety Co.	9212385782	07/16/1998	Directors, Officers, and Employees Indemnity and Bank Lender Liability Policy

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COMPANY	TDI #(s)	DATE APPROVED	DESCRIPTION
St. Paul Fire and Marine Insurance Co.	9212386007, 9212386021, 9212386022, 9212386023	07/16/1998	Printer Professional Liability Protection
Highlands Insurance Co.	9212385904, 9212385905, 9212385906	07/16/1998	Negotiated Accident/Aggregate Deductible Endorsement WCNEGDED 6/98
Hartford Fire Insurance Co.	9212385678, 9212385683, 9212385684, 9212385685, 9212385686, 9212385687, 9212385688	07/23/1998	Special Property Increase Coverage Endorsement for the Medical Industry-EB 04 03 10 97, Perishable Goods Increased Limit-EB 04 14 10 97
Continental Casualty Co.	9212386572	07/23/1998	New and/or Revised Property Forms—Commercial Multi-Peril
Hartford Fire Insurance Co.	9212385689, 9212385690, 9212385691, 9212385692, 9212385693, 9212385694, 9212385695	07/23/1998	Special Property Increase Coverage Endorsement—For the Medical Industry-EB 04 04 10 97; Perishable Goods Increased Limit—EB 04 14 10 97—Commercial Multi-Peril
General Accident Insurance Co. of America	9212379992, 9212379993, 9212379994, 9212379995	07/23/1998	Forms and Endorsements to be used with their Commercial Package Policy—Commercial Multi-Peril
AIU Insurance Co.	9212385667, 9212385668, 9212385669, 9212385670, 9212385671	07/23/1998	Four (4) New Endorsements for use with their Integrated Property Insurance Solutions Program
Utica Mutual Insurance Co.	9212385075, 9212385080, 9212385081, 9212385082, 9212385083	07/23/1998	Energy Dealers Program—Commercial Multi-Peril
Fireman's Fund Insurance Co.	9212384926, 9212384927, 9212384928, 9212384929, 9212384930, 9212384931	07/23/1998	Property Guard Endorsement 141107 1097 Broadened Coverage for Perishable Stock—Commercial Multi-Peril
Utica Mutual Insurance Co.	9212384071, 9212384072, 9212384073, 9212384074, 9212384075	07/23/1998	Head of the Class UNI-FLEX Program—Commercial Multi-Peril
Maryland Casualty Co.	9212386662, 9212386663	07/23/1998	Specialty Contractors Policy Program Form Revision—Commercial Multi-Peril
The First Reinsurance Co. of Hartford	9212385777	07/23/1998	Public Officials Professional Liability Insurance Program, Employment Practices Liability Extension-with Backwages Coverage, Backwages Extension for POL W/OUT EPL, Non-Profit Directors and Officers Professional Liability Insurance Program, Extension of Coverage—For Profit Subsidiary, Split Retention Endorsement for FRH-NP
Zurich Insurance Co.	9212386175	07/23/1998	Technology Errors and Omissions
Bancinsure, Inc.	9212386286	07/23/1998	Directors and Officers Liability Endorsement
American Automobile Insurance Co.	9212386140	07/23/1998	Warehouse Supplemental Liability Form—Commercial Multi-Peril
St. Paul Insurance Co.	9212386277	07/23/1998	Criminal or Dishonest Acts Exclusion Endorsement
National Casualty Co.	9212383435, 9212383436	07/23/1998	Law Enforcement Liability Policy
Legion Insurance Co.	9212384583	07/23/1998	Following—Form Excess Directors and Officers & Company Liability Insurance
Scottsdale Indemnity Co.	9212384860	07/23/1998	Firefighters Professional Liability Program
Fidelity and Deposit Co. of Maryland	9212386291	07/23/1998	Mortgage Lending Activities Protection Policy
Cumis Insurance Society, Inc.	9212381209	07/23/1998	CUMIS Corporate Credit Union Bond 150
General Accident Insurance Co.	9212379770, 9212379771, 9212379772, 9212379773	07/23/1998	Golf Course/Country Club Program, Additional Insured—Golf Pro/Pro-Shop (Texas), L-3553 4.98; Additional Insured—Golf Course/Country Club Users of Golfmobiles, L-3290 2.96; Additional Insured-Golf Course/Country Club Members, L-13289 2.96; Special Medical Payments Coverage, L-3288 2.96
Maryland Casualty Co.	9212384391, 9212384392, 9212384393, 9212384394, 9212384395, 9212384396, 9212384397	07/23/1998	Mechanical, Electrical and Pressure Equipment Endorsement Schedule-6868 Rev. 6-87; Mechanical, Electrical and Pressure Equipment Coverage Endorsement-6869 Ed. 1-86; Extension of Sublimits-940001 10 96—Commercial Multi-Peril
Continental Casualty Co.	9212384724, 9212384726, 9212384727, 9212384728, 9212384729, 9212384730	07/23/1998	Several Endorsements for use with the Commercial General Liability Coverage Part
Great American Insurance Co.	9212387504, 9212387505, 9212387506, 9212387507	07/23/1998	Additional Insured-Owners, Lessees or Contractors—Automatic Status When Required in Construction Agreement with You, CG 78 48 (Ed. 01/98) XS

P & C Rate & FormFilings

COMPANY	TDI #(s)	DATE APPROVED	DESCRIPTION
Central Mutual Insurance Co.	9212385662, 9212385663, 9212385664	07/23/1998	Exclusion-Lawyers Professional Liability, 8-1845 04 98—Commercial Multi-Peril
Central Mutual Insurance Co.	9212385659, 9212385660, 9212385661	07/23/1998	Exclusion-Lawyers Professional Liability, 14-2727 04 98—Commercial Multi-Peril
Utica Mutual Insurance Co.	9212384847, 9212384848, 9212384849, 9212384850, 9212384851	07/23/1998	Commercial Umbrella-Energy Dealers Program Endorsement: 8-UMC-83 Ed. 9-95
SAFECO Insurance Co. of America	9212386205	07/23/1998	Commercial Umbrella Program Lead Exclusion Endorsement CG 81 20/EP 8/97
Employers Mutual Casualty Co.	9212384503	07/23/1998	Commercial Umbrella Form Revision-CU8119 (Ed. 1-98) Texas Changes
Fidelity First Insurance Co.	9212385765	07/30/1998	Negotiated Deductible Endorsement—Texas WC 99 03 07 (8-98)
Hartford Fire Insurance Co.	9212376041, 9212376042, 9212376043, 9212376044, 9212376045, 9212376048, 9212376050, 9212376051, 9212376052, 9212376054	07/31/1998	Commercial Auto—Firefighters and Ambulance Services Broad Form Endorsement, Texas, RS 99 12 05 97; Waiver of Governmental Immunity, RS 99 05 02 97
Federated Mutual Insurance Co.	9212386677, 9212386678	07/31/1998	Form for Commercial Auto; Loss Payment Options—Physical Damage Coverage—Business Auto, CA-F-107 (TX) (05-98)
Fireman's Fund Insurance Co.	9212386530, 9212386531, 9212386532, 9212386533, 9212386534, 9212386535	07/31/1998	Commercial Auto Incidental International Hired and Non-owned Auto Liability Endorsement #CA 70 29 04 97
General Accident Insurance Co.	9212380576	08/06/1998	Commercial Inland Marine—Rate and Manual Rule
Potomac Insurance Co. of Illinois	9212380577	08/06/1998	Commercial Inland Marine—Rate and Manual Rule
Camden Fire Insurance Assoc.	9212380578	08/06/1998	Commercial Inland Marine—Rate and Manual Rule
Pennsylvania General Insurance Co.	9212380579	08/06/1998	Commercial Inland Marine—Rate and Manual Rule
New Hampshire Insurance Co.	9212384469	08/06/1998	Commercial Inland Marine—Rate
Granite State Insurance Co.	9212384470	08/06/1998	Commercial Inland Marine—Rate Rule
National Insurance Co.	9212384471	08/06/1998	Commercial Inland Marine—Rate
American International South Insurance Co.	9212384472	08/06/1998	Commercial Inland Marine—Rate
AIU Insurance Co.	9212384473	08/06/1998	Commercial Inland Marine—Rate Rule
New Hampshire Insurance Co.	9212381943	08/06/1998	Commercial Inland Marine—Rate and Manual Rule
Granite State Insurance Co.	9212381944	08/06/1998	Commercial Inland Marine—Rate and Manual Rule
Illinois National Insurance Co.	9212381945	08/06/1998	Commercial Inland Marine—Rate and Manual Rule
American International South Insurance Co.	9212381946	08/06/1998	Commercial Inland Marine—Rate and Manual Rule
AIU Insurance Co.	9212381947	08/06/1998	Commercial Inland Marine—Rate and Manual Rule
Reliance Insurance Co.	9212384571	08/06/1998	Commercial Inland Marine—Rate
United Pacific Insurance Co.	9212384572	08/06/1998	Commercial Inland Marine—Rate
Reliance National Indemnity Co.	9212384573	08/06/1998	Commercial Inland Marine—Rate
Reliance National Insurance Co.	9212384574	08/06/1998	Commercial Inland Marine—Rate
Republic Insurance Co.	9212384589	08/06/1998	Commercial Inland Marine—Rate and Manual Rule
Republic Underwriters Insurance Co.	9212384590	08/06/1998	Commercial Inland Marine—Rate and Manual Rule
Southern Insurance Co.	9212384593	08/06/1998	Commercial Inland Marine—Rate and Manual Rule
Security Insurance Co. of Hartford	9212378847	08/06/1998	Farm Inland Marine—Rate and Manual Rule
Acceptance Casualty Insurance Co. of Hartford	9212383098	08/06/1998	Personal Inland Marine—Rate and Manual Rule
Acceptance Casualty Insurance Co. of Hartford	9212383099	08/06/1998	Fine Arts Floater—Rate and Manual Rule
Merchants Bonding Co.	9212386823	08/11/1998	Several Forms
Lumbermens Mutual Casualty Co.	9212386584, 9212386585, 9212386586, 9212386587	08/11/1998	Endorsements for use with their Property Resource Program to Provide Specialized Coverage for Law Firms—Commercial Multi-Peril
United States Fire Insurance Co.	9212385013, 9212385014, 9212385015	08/11/1998	General Liability Enhancement Endorsement-Texas, FM 101.0.1650 (7/98)

Continued on Page 14

P & C Rate & FormFilings

COMPANY	TDI #(s)	DATE APPROVED	DESCRIPTION
National Union Fire Insurance Co. of Pittsburgh, PA	9212385169, 9212385170, 9212385207	08/11/1998	Childcare and Teacher Professional Liability Endorsement—(Texas only) 71126 (7/98); Camp or School-Physicians, Nurses, Emergency Medical Technicians, and Physicians Assistants (Including Volunteers)—70326 (4/98)—Commercial Multi-Peril
State Farm Lloyds	9212386204	0811/1998	Form FE-8443 (4/98) Windstorm or Hail Exclusion Agreement Endorsement and Form FE-8706 (4/98) Exclusion of Cosmetic Loss to Metal Roof Coverings Caused by Hail to be used exclusively with their Rental Dwelling Program—Commercial Multi-Peril
Central Mutual Insurance Co.	9212384768, 9212384778, 9212384779	08/11/1998	Additional Insured-Owners, Lessees or Contractors—Automatic Status when Required in Construction Agreement with You, 8-1842 04 98; Additional Insured-Lessor of Leased Equipment-Automatic Status when Required in Lease Agreement with You, 8-1843 04 98—Commercial Multi-Peril
Michigan Mutual Insurance Co.	9212379392	08/11/1998	Umbrella Liability Policy CU 70 01 04 98, Declarations Page, M-206 (9-87), Schedule of Underlying Insurance M-208 (10-86), Texas-Amended Cancellation and Non-renewal, CU 73 08 10 97, and Texas-Amended Claim Procedures, CU 73 12 07 98
Amerisure Insurance Co.	9212379384	08/11/1998	Umbrella Liability Policy, CU 70 01 04 98, Declarations Page, MAG-206 (10-97), Schedule of Underlying Insurance M-208 (10-86), Texas-Amended Cancellation and Nonrenewal, CU 73 08 10 97, and Texas-Amended Claim Procedures, CU 73 12 07 98
Travelers Indemnity Co.	9212385580	08/11/1998	Two (2) Miscellaneous Excess Liability Umbrella Endorsements
Hartford Casualty Insurance Co.	9212384878	08/11/1998	Commercial Umbrella Liability Form, Amended Policy Declarations and Endorsements
American Alternative Insurance Corp.	9212385019	08/11/1998	Commercial Umbrella Insurance Endorsement
Reliance Insurance Co.	9212387773, 9212387774, 9212387775	08/11/1998	UBBP 77 52 02 98, Exclusion—Tobacco Excess Umbrella
Reliance Insurance Co.	9212387776, 9212387777, 9212387778	08/11/1998	EXBP 77 26 02 98, Exclusion—Tobacco Commercial Excess Liability
Central Mutual Insurance Co.	9212387167	08/11/1998	8-1646 06 98, Real and Personal Property Damage Exclusion; 8-1645 06 98, Real Property Exclusion; Commercial Umbrella
SAFECO Insurance Co. of America	9212386379	08/11/1998	CU 86 46 7/97, Excess Emergency Medical Services Professional Liability Coverage Endorsement; Commercial Umbrella
Florists' Mutual Insurance Co.	9212383451	08/11/1998	Revised Business Excess Forms; Commercial Umbrella Program
Fireman's Fund Insurance Co.	9212385547, 9212385548, 9212385549, 9212385550, 9212385551, 9212385552	08/11/1998	Employee Benefits Administration Errors and Omissions Insurance Program—Commercial Multi-Peril
Employers Insurance of Wausau A Mutual Co.	9212385641	08/11/1998	Employment Practices Liability Program
Star Insurance Co.	9212385642	08/11/1998	Tax Practitioners Professional liability Program
Travelers Casualty and Surety Co. of America	9212386850	08/11/1998	Professional Liability Non-Profit Directors and Officers Liability; Non-Profit Management and Organization Liability Including Scheduled Endorsements
Mutual Service Casualty Insurance Co.	9212387981	08/11/1998	Directors, Officers, and Manager Liability
Hartford Fire Insurance Co.	9212387650, 9212387651, 9212387652, 9212387653, 9212387654, 9212387655	08/11/1998	Printer's Errors and Omissions Liability Coverage
Royal Insurance Co. of America	9212385866	08/11/1998	Management Assurance Portfolio—Commercial Multi-Peril
General Insurance Co. of America	9212386024, 9212386025	08/11/1998	Emergency Medical Services Professional Liability

CompanyLicensing

Applications Pending

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Country Investors Life Assurance Co.	Life	Bloomington, IL
Country Mutual Insurance Company	P/C	Bloomington, IL
Diagnostic Solutions Corp. II	TPA	Wilmington, DE
Frankenmuth Mutual Insurance Company	P/C	Frankenmuth, MI
Managed Healthcare Concepts, Inc.	TPA	Atlanta, GA
Management Applied Programming, Inc.	TPA	Los Angeles, CA
NATLSCO, Inc.	TPA	Wilmington, DE
New Hampshire Indemnity Company, Inc.	P/C	Philadelphia, PA
PacificDental Benefits, Inc.	TPA	Dover, DE
Seguros Atlas, S.A.	P/C	Mexico City, Mexico
Tennessee Administrators, Inc.	TPA	Nashville, TN
United Healthcare Services, Inc.	TPA	Minnetonka, MN
The Vanguard Group, Inc. (*dba* Vanguard Administrators, Inc.)	TPA	Malvern, PA

For incorporation

COMPANY	LINE	HOME OFFICE
Anders, Smith & Associates	TPA	Dallas, TX
Baylor Health Network, Inc.	TPA	Dallas, TX
Employers Choice TPA, Inc.	TPA	San Antonio, TX
Health First of Texas, P.A.	TPA	Victoria, TX
Mumtaz Farash, *doing business under the assumed name of* Trans Health Care, P.A.	TPA	Fort Worth, TX
Physicians Healthcare Associates, P.A.	TPA	El Paso, TX
Safeguard Health Plans, Inc.	TPA	Dallas, TX
South Texas Physician Alliance	TPA	Harlingen, TX
Value Behavioral Health of Texas, Inc.	HMO	Irving, TX

For name change in Texas

FROM	TO	LINE	LOCATION
High Plains Baptist Health Systems	Baptist Community Services	CCRC	Amarillo, TX
Intercontinental Life Ins. Co.	Investors Life Insurance Company of Indiana	Life	Austin, TX
Premier Life Insurance Company	Mission Life Insurance Company of America	Life	Nashville, TN

Applications Approved

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Accredited Surety and Casualty Co., Inc.	Casualty	Orlando, FL
American Alternative Ins. Corp. of DE	Fire & Casualty	Wilmington, DE
Amerihealth Administrators, Inc. *dba* Amerihealth Administrators	TPA	Horsham, PA
Interinsurance Exchange of the Automobile Club	Reciprocal	Los Angeles, CA
Quality Plan Administrators, Inc.	TPA	Washington, DC
Reliance Direct Insurance Co.	Fire & Casualty	Valley Forge, PA
Texas Bonding Company, *assumed name of* American Contractors Indemnity Co.	Casualty	Los Angeles, CA

For incorporation

COMPANY NAME	LINE	HOME OFFICE
Eligiblity Services, Inc.	TPA	Dallas, TX
Prime Healthcare Management, LLC	TPA	Houston, TX
Suretec Insurance Company	Casualty	Houston, TX

DisciplinaryActions

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

AGENTS & AGENCIES

NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
Briggs, David Harold	Euless	Agent's License Denied	Material Misstatement on License Application	98-0791	7/03/98
Brown, Lula Mae	Dallas	$1,000 Fine	Material Misstatement on License Application	98-0855	7/20/98
Davis, Parish Mac	Merrillville, IN	Non-resident Group I Agent's License Revoked	Felony Conviction; Material Misrepresentation on Application	98-7890	7/02/98
Davis, Ricky Dean	Mansfield	Adjuster's License Revoked	Failure to Meet Continuing Education Requirements	98-0765	6/30/98
Fitzgerald, Barry Wade	La Porte	Credit Life and Accident Agent's License Revoked	Felony Conviction	98-0816	7/10/98
Floyd, Huey Pierce II	Houston	Group I Agent's License Revoked; Temporary Local Recording Agent's License Denied	Felony Conviction; Material Misstatement	98-0799	7/07/98
Gallagher, Patrick John, *dba* Notary Association of Texas Inc.	Troy, MI	$2,000 Fine	Advertising Violations	98-0872	7/21/98
Garbs, Steve Edward	Tomball	License Denied	Fraudulent Concealment of Criminal Prosecutions	98-0815	7/10/98
Garrett, Robert J. Jr.	Tyler	$7,500 Fine	Surplus Lines Violations	98-0788	7/02/98
Gonzales, Ronald	Houston	Agent's License Denied	Fraudulent or Dishonest Practices	98-0734	6/24/98
Guardian Title Co.	Decatur	$1,000 Fine	Late Filing of Escrow Audit Report	98-0835	7/16/98
Harmouch, Hussein	Houston	Agent's License Denied	Material Misstatements on License Applications	98-0759	6/29/98
Housley, Hilton L. Jr.	Houston	$500 Fine	Material Misstatement on License Application	98-0837	7/16/98
Huggins, Christian E.	Plainview	$1,000 Fine	Failure to Meet Continuing Education Requirements	98-0790	7/03/98
Keller, Lisa A.	Houston	Solicitor's License Revoked	Felony Conviction	98-0798	7/07/98
Nguyen, Doan Quoc	Houston	$500 Fine	Material Misstatement on License Application	98-0850	7/20/98
Ratner, David Alan	Livingston, NJ	$500 Fine	Material Misstatement on Renewal Application	98-0893	7/29/98
Sims, Joseph Brian	Spring	$2,500 Fine	Material Misstatement on License Application	98-0817	7/10/98
Sohn, Margareth R.	Houston	License Denied	Fraudulent and Dishonest Acts	98-0849	7/20/98
Tipton, Paula Sue Byrd	Killeen	Solicitor's License Revoked	Misappropriation and Conversion	98-0736	6/24/98
Tolbert, Vincent Bernard	Killeen	Group I, Local Recording Agent's and Variable Contract Agent's Licenses Revoked	Misappropriation and Conversion	98-0735	6/24/98

COMPANIES

NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
Abba Indemnity Co.,	Houston	$4,500 Fine	Consent Order; Alleged Charging of Unapproved Rates; Misreporting Premiums; Undisclosed Affiliate Transactions	98-0786	7/02/98
Guidant Lloyds of Texas Inc.; Guidant Mutual Insurance Co.; Guidant Specialty Mutual Insurance Co.; Guidant Elite Insurance Co.	West Des Moines, IA	$1,000 Fine, Cease-and-Desist Order; Claim Review and Restitution	Consent Order; Alleged Use of Unapproved Endorsement	98-0802	7/07/98
NYLCare Health Care Plans of the Gulf Coast Inc.	Houston	$100,000 Fine	Consent Order; Quality of Care Violations	98-0797	7/07/98
St. Paul Fire & Marine Insurance Co.	St. Paul, MN	$5,000 Fine	Consent Order; Alleged Payment of Commissions to Unlicensed Agents; Failure to Disclose Policy Provisions	98-0836	7/16/98

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