November 2002

Texas Insurance News

REGULATORY NEWS PUBLISHED BY THE TEXAS DEPARTMENT OF INSURANCE

Commissioner Activates Texas FAIR Plan

COMMISSIONER Jose Montemayor has responded to evidence of restricted homeowners insurance availability by establishing a FAIR (Fair Access to Insurance Requirements) plan as the state's residual market for residential property insurance.

All licensed insurers that write residential property insurance in Texas are required to participate in the FAIR plan. Approximately 130 companies will be required to participate in the FAIR plan.

The Plan of Operation to be developed in late October and early November by the FAIR plan governing committee appointed by the Commissioner will prescribe details for the plan's operation. By law, the governing committee consists of five insurer representatives, four public members and two general property and casualty insurance agents.

Montemayor received testimony at an October 10, 2002, hearing on the possibility of activating a FAIR plan and/or expanding of the Texas Windstorm Insurance Association to act as a residual market beyond the coastal areas it presently serves.

"Given recent announcements by Farmers Insurance Group, it is necessary for the Texas Department of Insurance to ensure a safety net exists to aid those consumers whom Farmers will no longer accept and who are finding extreme difficulty obtaining homeowners insurance in the open market," Montemayor said.

Farmers announced in September that it would non-renew its 700,00 Texas homeowners policies rather than comply with Montemayor's emergency cease-and-desist order requiring it to eliminate homeowners insurance rating practices deemed violations of Texas consumer protection laws.

"While I have complete confidence that sufficient capacity exists in the current market to absorb the vast majority of Farmers' former policyholders, I believe it is best to undertake proactive measures to ensure that no one falls through the cracks as a result of one company's actions," the Commissioner said.

Texas Insurance Code Article 21.49A authorizes the Commissioner to establish a FAIR plan if the voluntary market is not meeting the coverage needs of a substantial number of residential property owners and at least half the applicants to the state's residential property insurance Market Assistance Program (MAP) have not been placed with an insurer in a previous 12-month period.

Texas has had a voluntary MAP for residential property insurance since 1996. Montemayor made insurer participation in the MAP mandatory on October 11, 2002. At that time, 14 insurers were participating voluntarily in the MAP by receiving and reviewing applications for coverage.

In his October 23, 2002, order establishing the FAIR plan, Montemayor noted that two companies with a combined 50 percent homeowners market share no longer accept new homeowners business and that one of them, with a 20 percent market share, had announced plans to non-renew all its Texas policies as they expire.

Montemayor also made a finding that in the fiscal year that ended August 31, 2002, only 40 percent of the applications to the residential property MAP resulted in the issuance of a policy—a figure well below the 50 percent threshold for implementing a FAIR plan.

Texas Insurance Code provisions authorizing the FAIR plan make it available only to insurable properties declined by at least two licensed carriers actually writing residential property insurance. General P&C agents (formerly known as local recording agents) may submit applications on behalf of property owners. Coverage will be provided by the FAIR plan itself. The plan's rates and forms are subject to the Commissioner's approval. In addition, the plan may obtain reinsurance.

If the plan runs a deficit, it may assess the participating insurers, which may recoup their assessments over a three-year period by applying premium surcharges to their Texas property policies. ★

INSIDE

Texas Insurance News

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

Texas Department of Insurance
Texas Insurance News/MC-9999
P.O. Box 149104
Austin, TX 78714-9104

Enclose a check for $30 made out to the Texas Department of Insurance.

If you have questions about subscribing, call Publications at **(512) 322-4283.**

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Texas Insurance News, MC-113-1A,
P.O. Box 149104
Austin, TX 78714-9104

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

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

NewsBriefs

Insurers and Agents Can Access Helpinsure.Com

INSURANCE COMPANIES and agents interested in adding new homeowners business may view thousands of applications on TDI's new **www.helpinsure.com** Web site.

Commissioner Jose Montemayor notified the industry of the Web site and urged companies to participate by means of a bulletin (B-0054-02) issued on September 18, 2002.

Consumers needing homeowners coverage may use the site to apply for coverage by providing contact information and details about their homes. Insurers and agents can access homeowners' information and contact potential policyholders in whom they are interested. A query screen will enable a company or agent to select all listings received on a specific date or only those within a specific county, city or ZIP code.

Companies wishing to access the applications submitted to Helpinsure.com must submit an Insurer Registration Form and obtain one or more passwords. Agents licensed to write residential property insurance may access the applications by entering their Social Security numbers.

Information submitted by homeowners is maintained for 30 days. A homeowner who does not find coverage in that period may re-enroll.

In addition to applying for insurance, consumers may use Helpinsure.com to:

- Review a list of insurers, with contact information, that have told TDI they are accepting new homeowners business.
- Obtain the names of agents in their ZIP codes who are appointed by carriers on the list of companies accepting new homeowners policyholders.
- Visit a "Learning Center" that provides information or links to information about homeowners insurance, includling TDI's homeowners rate guides. ★

27,000 Texans Losing Medicare+Choice Plans

TDI HAS NOTIFIED carriers of their duties toward approximately 27,000 Texans whose Medicare+Choice plans are either leaving the market on January 1, 2003, or are reducing the area where they operate.

Senior Associate Commissioner Kim Stokes of the Life, Health and Licensing Program outlined those responsibilities in a bulletin(B-0053-02) issued on September 17. The bulletin can be accessed on TDI's Web site, **www.tdi.state.tx.us**.

Stokes stressed the importance of both Medicare+Choice carriers and Medicare supplement insurers providing sufficient staff to assist individuals contacting them about coverage options, costs and benefits for 2003 and/or the application process for enrollment.

She pointed out that a carrier offering Medicare+Choice coverage must make that coverage available to enrollees in its service area who are losing coverage with another Medicare+Choice plan. The only exception is when a Medicare+Choice carrier has an approved limit on the number of individuals the carrier can enroll.

Enrollees returning to original Medicare because of termination of Medicare+Choice coverage have certain guaranteed issue rights to a Medicare supplement policy (Plans A, B, C and F) if they apply for coverage between October 2, 2002, and March 4, 2003, Stokes noted. The bulletin outlines those rights in detail.

The bulletin also outlines the special rights of individuals still in their six-month open enrollment period. The U. S. Center for Medicare and Medicaid Services requires Medicare+Choice carriers to advise those enrollees of their special rights and time lines. ★

Fraud Unit Prosecutions

Indictments

Nona Lowery, indicted in Carrizo Springs on charges of misapplication of fiduciary property, a state jail felony

Cesario Montalvo, indicted in Austin on charges of misapplication of fiduciary property and theft, both third-degree felonies.

Charles Randall Baze, indicted in Sherman on charges of securing the execution of a document by deception, a first-degree felony, and conspiracy to commit securing the execution of a document by deception, a second-degree felony.

Ina Crow Miller, indicted in Sherman on charges of securing the execution of a document by deception, a first-degree felony, and conspiracy to commit securing the execution of a document by deception, a second-degree felony.

Olanrewaju Olugbenga Sowunmi, indicted in Greenville on charges of insurance fraud, a state jail felony.

Kenneth C. Tuck, indicted in Austin on charges of theft by deception, a second-degree felony.

Billy Warren, indicted in McKinney on charges of theft, a state jail felony.

Case Dispositions

Ramona Caldwell, sentenced in Fort Worth to two years' deferred adjudication, 80 hours of community service, a $2,500 fine and restitution of $13,511.68 for insurance fraud, a Class A misdemeanor.

Dan Everett, sentenced in Dallas to two years' deferred adjudication and a $2,000 fine for insurance fraud, a Class A misdemeanor.

Harold Jones, sentenced in Seguin to two years' deferred adjudication, a $500 fine and restitution of $4,268 for insurance fraud, a state jail felony.

Emmanuel Ngole, sentenced in Houston to two years' deferred adjudication, 200 hours of community service, a $300 fine and restitution of $1,179.84 for insurance fraud, a state jail felony.

Adesola Mekang Odunuga, sentenced in Houston to two years' deferred adjudication, 200 hours of community service, a $300 fine and restitution of $1,179.84 for insurance fraud, a state jail felony. ★

Data Call Reminders

Call for Quarterly Experience

The Call for Third Quarter 2002 Experience was mailed September 27, 2002, and is due by November 15, 2002. The bulletin and forms may be downloaded from TDI's web site at **http://www.tdi.state.tx.us/company/index-pc.html**. TDI contact is Julie Jones, **512 475-3030.** E-mail address: **julie.jones@tdi.state.tx.us**

Call for Quarterly Experience, Workers' Compensation Deductible Plans

The Call for Third Quarter 2002 Experience was mailed September 27, 2002, and is due by November 15, 2002. The bulletin and forms may be downloaded from TDI's web site at **http://www.tdi.state.tx.us/company/index-pc.html**. TDI contact is Julie Jones, **512 475-3030.** E-mail address: **julie.jones@tdi.state.tx.us** ★

Enforcement Actions

Unauthorized Insurer Ordered to C&D

COMMISSIONER JOSE MONTEMAYOR has issued an emergency cease-and-desist order to shut down an unlicensed Houston-based entity that provided stop-loss coverage for questionable health plans that cover the employees of almost 900 companies in 15 states.

The order names Britannia International Life & Casualty Ltd. and Houston agent Lyndal Ray Stocks, identified as the operator of Britannia.

According to TDI's staff application in support of the cease-and-desist order, Britannia sold stop-loss coverage to employers participating in United Employers Voluntary Employees Beneficiary Association and/or American Benefit Plans, an unauthorized health plan that TDI shut down in March 2002. Britannia has continued to provide stop-loss coverage to employers in Texas since that time.

Employer health plans buy stop-loss coverage to cap their liability for employee health claims at a specified dollar limit. Some stop-loss plans are triggered when an individual employee's claim reaches a particular amount. Others are triggered when all claims against an employer plan reach a certain amount in the aggregate.

Britannia used a number of addresses in Belize, but TDI investigators could find no record of Britannia's actual existence there. Stocks represented himself as the president of Britannia and operated its United States business out of an office in Houston.

Britannia and Stocks have the right to request a hearing before Montemayor and to appeal his order to the courts. ★

Two Colonial Casualty Officers Indicted

THE PRESIDENT and secretary-treasurer of Colonial Casualty Insurance Co. of Dallas have been indicted on charges they misapplied fiduciary property of the insolvent workers' compensation carrier and falsified a quarterly financial statement to TDI.

Indictments returned by a Travis County grand jury in Austin name Walter Edward Neuls, the company's president, and his wife, Deidra Ellen Neuls, the company's secretary-treasurer.

Travis County District Attorney Ronald Earle's office obtained the indictment in late September. TDI's Insurance Fraud Unit investigated the case and referred it to the district attorney for prosecution. The Fraud Unit opened its investigation based on information found by an on-site TDI staff member involved in TDI's conservatorship of Colonial.

Colonial Casualty was placed in receivership in September (see *TDI update* on this page).

The indictments list amounts totaling approximately $1 million that Walter and Deidra Neuls allegedly misapplied. Misapplication of fiduciary property in an amount of $200,000 or more is a first-degree felony, punishable by five to 99 years or life in prison and a fine of up to $10,000.

In addition, the indictments allege that Colonial's financial statement to TDI for the first quarter of 2001 contained a "false, fictitious and fraudulent statement and entry" that understated the company's losses. This alleged offense—technically, making a false statement in a written instrument—is a third-degree felony, which carries a prison term of two to 10 years. ★

TDI Calls for Small Employer Rate Information

TDI HAS ISSUED a call for insurers offering small employer health benefit plans to provide rate data for use in a new rate guide to be issued later this year. The deadline for providing the data was October 20, 2002.

Development of such a rate guide was an option presented in the Department's report on the uninsured, *Working Together for a Healthy Texas*, and was requested by Governor Rick Perry.

All carriers offering small employer health benefit plans after October 1, 2002, were required to respond to the request. Carriers were asked to enter their rates directly into a password-protected page on TDI's Web site.

The rate guide will allow small employers to compare premium rates by plan design and carrier. In addition, the guide will help small employers to understand the factors that affect premium rates and how these factors, along with copayments and deductibles, will increase or decrease one's premium. ★

TDI update

Colonial Casualty Placed in Receivership

STATE DISTRICT JUDGE Margaret Cooper of Austin has placed Colonial Casualty Insurance Co. of Dallas in receivership. Colonial did not contest the order.

Commissioner Jose Montemayor appointed Craig Koenig as special deputy receiver of Colonial. Koenig's prior receiverships included Legal Security Life, Bankers Commercial Life, Statesman National Life and American Guardian Insurance Co.

Contact information for Koenig is as follows.

Phone: 512 894-3705
Fax: 512 894-3725
E-mail: cakoenig@swbell.net

Mailing address:

27310 Ranch Road 12
Dripping Springs, TX 78620.

Colonial, which was incorporated in 1984, wrote primarily workers' compensation insurance. It stopped writing new business in February 2001 and has no active policies. The company already was in run-off status when the receivership order was entered, and fewer than 600 open claims remained.

Colonial is licensed in 10 states: Texas, Arkansas, Georgia, Kansas, Kentucky, Mississippi, Nebraska, Nevada, Oklahoma and Tennessee.

Judge Cooper entered the receivership order in response to a petition filed by the Office of the Attorney General on behalf of TDI. The petition stated that Colonial's liabilities exceed its assets by more than $8 million.

The Texas Property and Casualty Insurance Guaranty Association will pay the claims of Texas residents. Claimants from other states are covered by the guaranty associations of those states.

RuleMaking

AGENTS

APA Adoption

Surplus Lines Agent Licensing

■ Commissioner Jose Montemayor has adopted amendments to 28 TAC §§ 15.2–15.5 concerning the regulation of surplus lines agents. The changes clarify statutory requirements enacted in Senate Bill 414 of the 77th Legislature.

The amendments provide guidance as to what constitutes an insurance activity that only a licensed surplus lines agent may perform. It also spells out how agents can meet their financial responsibility requirements.

When Licensure is Required

Prior law and practice allowed qualified individuals to be associated with a surplus lines agency but did not specifically require them to become licensed for the acts they performed through that agency. However, Senate Bill 414 requires all persons performing the activities of a surplus lines agent to be licensed. The rule changes are designed to help agents and applicants determine whether an individual must have a surplus lines license.

Under the rules, persons performing any of the following activities are required to have a surplus lines agent's license:

- Overall supervision of a surplus lines agency and the agency's unlicensed staff.
- Negotiating, soliciting, effecting, procuring or binding surplus lines insurance contracts for clients.
- Offering advice, counsel, opinions or explanations of surplus lines insurance products to agents or clients beyond the scope of underwriting policies or contracts. The rules make an exception for a general lines property and casualty agent referring business to a surplus lines agent or agency that subsequently completes the surplus lines transaction.
- Receiving any direct commission or variance in compensation based on the volume of surplus lines premiums taken and received from, or as a result of, another person selling, soliciting, binding, effecting or procuring surplus lines policies, contracts or coverages. Again, there is an exception for general lines property and casualty agents referring business to a surplus lines agent or agency.

The rules list activities in a surplus lines agency that do not require licensure if the employee does not receive direct commissions and/or the employee's compensation does not vary by the volume of premiums taken and received. Those activities are:

- Full-time clerical and administrative services, including the incidental taking of information from clients, receiving premiums in the office of a licensed surplus lines agent or transmitting information, including invoices and evidences of coverage, to clients as directed by such an agent.
- Contacting clients to obtain or confirm information necessary to process an application for surplus lines insurance so long as the contact does not involve any activities for which a license is required.
- Performing the task of underwriting and/or pricing an insurance policy, contract or coverage.
- Contacting clients, insureds, agents, insurers or other persons to gather and transmit information about claims and losses to the extent that such contact does not require an adjuster's license.

A surplus lines agency is free to distribute agency profits to unlicensed persons, including shareholders, partners and employees.

Financial Responsibility

The amendments also clarify that surplus lines agents employed by a surplus lines agency can meet their financial responsibility requirements through that agency.

Individual surplus lines agents may demonstrate proof of financial responsibility by either obtaining a separate surety bond or by relying on the bonds of the surplus lines agencies that employ them. The amount of the required bond remains $50,000. The Commissioner may waive the bond requirement in part or in whole as necessary to comply with federal laws that promote licensing uniformity and reciprocity among the states.

An entity licensed as a surplus lines agency is required to obtain a separate bond and may not rely on the bond of any other individual or agency to prove financial responsibility.

The rules add a requirement that licensed surplus lines agencies, both resident and nonresident, notify TDI of the name and Texas surplus lines agent license number of each individual agent they employ. Surplus lines agencies must provide this notification within 30 days after employing an agent. Likewise, an agency must notify TDI within 30 days after an individual surplus lines agent leaves its employ. That individual then must demonstrate proof of financial responsibility independently of the agency.

Publication: 27TexReg9773, October 18, 2002
Effective date: October 21, 2002
Further information: 512 463-6327

FINANCIAL

APA Proposal

Credit Life Policy Reserves

■ The Department has proposed an amendment to 28 TAC § 3.6101 concerning minimum reserve requirements for credit life policies and certificates. The change implements House Bill 2159 of the 77th Legislature, codified as *Texas Insurance Code* Article 3.28, Section 3(h).

The proposed change would provide that reserve requirements for payment of benefits are met if, in the aggregate, they are maintained at 100 percent of the 1980 Commissioner's Standard Ordinary (CSO) Mortality Table, with interest not to exceed 5.5 percent.

The present version of the rule requires that minimum reserves for premium refunds and benefit payments be maintained at one of the following levels:

- 130 percent of the 1958 CSO Mortality Table with interest not to exceed 5.5 percent;
- 100 percent of the reserves computed on the 1941 CSO Morality Table, with interest not to exceed 5.5 percent;
- 100 percent of the reserves computed on the 1958 Commissioner's Extended Term (CET) Mortality Table, with interest not to exceed 5.5 percent; or
- 150 percent of the reserves computed on the 1980 CSO Mortality Table, with interest not to exceed 5.5 percent.

The proposed rule change would leave these options in place. It would provide, however, that notwithstanding any other law or rule, the minimum reserve requirements are met if reserves, in the aggregate, are maintained at 100 percent of the 1980 CSO Mortality Table, with interest not to exceed 5.5 percent. In addition, the proposed rule change makes clear that policy reserves must not, in the aggregate, be less than the premium refund liability, which may include consideration of commissions, premium taxes and other recoverable expenses.

Publication: 27TexReg9694, October 18, 2002
Earliest possible adoption: November 17, 2002
Further information: 512 463-6327

HEALTH CARE

APA Adoption

Delegated Entities

■ Commissioner Jose Montemayor has adopted new 28 TAC §§ 11.2601–11.2612, which clarify the responsibilities of an HMO when it contracts with a delegated entity to perform certain regulated functions of the HMO. The rules implement *Texas Insurance Code* Article 20A.18C, including changes to that statute made by House Bill 2828 of the 77th Legislature.

The new rules establish requirements to assure that each delegating HMO:

- Identifies all responsibilities relating to the functions being delegated;
- Creates an agreement that enables the HMO and TDI to monitor the delegated entity's financial solvency and performance or its subsequent re-delegation of functions, and
- Retains ultimate responsibility for ensuring that all delegated functions are performed in accordance with applicable statutes and rules.

Definitions

Delegated entity: An entity that undertakes to arrange for or to provide medical care or health care to an enrollee in exchange for a predetermined payment on a prospective basis and that accepts responsibility to perform on behalf of the HMO any function regulated by the Texas HMO Act. The term does not include an individual physician or a group of employed physicians practicing medicine under one federal tax identification number and whose total claims paid to providers not employed by the group is less than 20 percent of the total collected revenue of the group calculated on a calendar year basis.

Delegated network: Any delegated entity that assumes total financial risk for more than one of the following categories of health care services: medical care, hospital or other institutional services or prescription drugs. The term does not include a delegated entity that shares risk for a category of services with an HMO.

Delegated third party: A third party other than a delegated entity that contracts with a delegated entity to accept responsibility to perform any function regulated by the HMO Act or to receive, handle or administer funds, if the receipt, handling or administration of the funds is directly or indirectly related to a function regulated by the Act.

Requirements for Delegation

Under the rules, an HMO retains ultimate responsibility for any and all functions delegated. A delegated entity's failure to comply with any applicable statute or rule is a violation of the HMO Act by the delegating HMO. Oversight by TDI does not relieve an HMO of responsibility for monitoring and oversight of its delegated entities. An HMO may be required to resume any or all delegated functions if it cannot assure that a delegated entity is performing those functions in accordance with all applicable statutes, rules or a TDI order issued pursuant to these rules.

Before making, renewing or amending a delegation agreement, an HMO must make a reasonable effort to evaluate the entity's ability to perform the delegated functions. This includes reviewing the solvency and financial operations of the entity and the projected financial impact of the agreement on the entity. An HMO is responsible for monitoring each delegated entity with which it contracts to assure solvency and compliance with all applicable statutes and rules.

An HMO that delegates functions must have a written contingency plan for resuming those functions, including quality of care, continuity of care and claim payment. The plan must include provisions for transferring enrollees to new providers if a delegation agreement is terminated.

TDI may require an HMO to immediately terminate a delegation agreement if necessary to assure that the HMO is in compliance with the HMO Act.

When Texas law requires a license to perform a delegated function, the HMO must assure that the delegated entity or a third party performing the function is appropriately licensed.

An HMO is required to report to TDI within a reasonable time all penalties assessed against a delegated entity under provisions of the delegation agreement.

Delegation Agreements

The rules require an HMO delegating any function required by the HMO Act to execute a written agreement with the delegated entity. The agreement must include:

- A requirement that the entity, and any delegated third parties, comply with all statutes and rules applicable to the functions being delegated by the HMO.
- A provision that the HMO will monitor the acts of the delegated entity through a monitoring plan that contains, at a minimum:
  - Provisions for reviewing the delegated entity's financial condition. Such review must include regular scrutiny of the entity's balance sheet, income statement and statement of cash flows for the current and preceding years;
  - Provisions for reviewing the entity's compliance with the terms of the delegation agreement and with all applicable statutes and rules pertaining to the functions delegated by the HMO;
  - A description of the delegated entity's financial practices in sufficient detail to assure tracking and timely reporting to the HMO of liabilities, including obligations incurred but not reported;
  - A method for monthly reporting of the total amount paid by the delegated entity to physicians and providers under the delegation agreement; and
  - A requirement that the delegated entity maintain a monthly log of complaints regarding delayed payment or non-payment of claims, including the status of each complaint.
- A statement that the HMO will use the monitoring plan on an ongoing basis.
- Quarterly reporting to the HMO of certain information relevant to solvency and to compliance with TDI requirements. The reports would be required to include:
  - A summary describing methods, including capitation and fee-for-service, used by the entity to pay physicians and providers and showing the percentage of physicians and providers paid by each method;
  - The period of time that claims under the agreement have been pending but unpaid, divided into categories of 0–45 days, 46–90 days and 91 or more days;
  - The aggregate dollar amount of claims and other obligations for health care owed by the entity to any physician or provider;

  Information the HMO requires for filing claims for reinsurance, coordination of benefits and subrogation; and

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RuleMaking

- Documentation of any regulatory agency's inquiry or investigation of the entity or a physician or provider under contract with the entity and relating to an enrollee of the HMO.

- A provision establishing penalties the delegated entity is required to pay to the HMO for failure to provide required information.
- A "hold harmless" provision forbidding the delegated entity and its contracted physicians and providers from balance billing enrollees for covered services, other than for copayments and deductibles.
- A provision that the delegation agreement may not be construed as limiting the HMO's responsibility, including financial responsibility, to comply with all statutory and regulatory requirements.
- A provision that the HMO may terminate the delegation agreement if the entity fails to comply with applicable statutes, rules or monitoring standards.
- A requirement that the delegated entity permit TDI, at any time, to examine information relevant to the entity's solvency or to its ability to meet its responsibilities in connection with delegated functions.
- If utilization review is delegated, a provision requiring that enrollees be told at the time of enrollment who will conduct such reviews. Utilization review must be conducted in accordance with *Texas Insurance Code* Article 21.58A and related rules. The delegated entity or delegated third party must forward utilization review decisions to the HMO on a monthly basis.
- A requirement that the delegated entity make available to the HMO samples of each type of contract the entity executes with physicians and providers. The entity, however, may not be required to disclose contractual provisions relating to financial arrangements.
- A provision requiring the delegated entity to send the HMO, within two business days, a copy of each enrollee complaint filed with the entity. Complaints involving emergency care must be forwarded immediately to the HMO.

Information Owed to Delegated Entities

The rules require an HMO to provide to each of its delegated entities the following information in an agreed electronic format at least monthly:

- Name and birth date or Social Security number of each enrollee eligible or assigned to receive health care from the entity.
- Age, sex, evidence of coverage (including riders) and, if applicable, the employer of enrollees of the HMO who are eligible or assigned to receive health care from the entity.
- A summary of the number and amount of claims paid by the HMO on behalf of the delegated entity during the previous reporting period.
- A summary of the number and amount of pharmacy prescriptions paid for each enrollee for which the entity has taken partial risk during the previous reporting period.
- Information needed by the entity to file claims for reinsurance, coordination of benefits and subrogation.
- Patient complaint data that relates to the entity.

In addition, the HMO must send the delegated entity, at least quarterly and on settlement, detailed risk-pool data sufficient to allow the entity to adequately monitor its position in any risk pool. The HMO also must report to the entity the percentage of premium attributable to hospital or facility costs if such costs affect the entity's costs. If changes occur in the HMO's contracts with hospitals or facilities, the HMO must tell the delegated entity within 30 days the projected impact of those changes on the percentage of premium attributable to hospital and facility costs.

Reporting Requirements

If an HMO receives a financial statement indicating that the liabilities of a delegated entity or delegated third party exceed its assets, the HMO must immediately forward a copy of the statement to TDI.

An HMO that receives information indicating that a delegated entity or delegated third party is violating its written agreement or is in a hazardous condition is required to immediately notify the entity and request a written explanation. The entity must respond within 30 days with a corrective action plan. Copies of all communications must be sent to TDI.

The HMO is required to cooperate with the delegated entity to correct any failure by the entity to comply with statutes and rules relating to any matters delegated by the HMO or necessary for the HMO to assure compliance with statutory or regulatory requirements.

Examinations

TDI has authority to examine delegated entities. Failure of an entity to cooperate with examiners could result in an order requiring the HMO to resume the functions performed by the entity, delegate the functions to someone else or terminate the delegation agreement altogether. The Department would report its findings to the entity and the HMO, which would then have 30 days to submit their corrective action plan to TDI.

Corrective Action

TDI may require at any time that a delegated entity take corrective action to comply with statutes and rules relating to delegated matters or to the entity's solvency. Similarly, TDI may order an HMO to take actions to assure compliance with the HMO act, including resumption of any delegated functions, cessation of assignment of new enrollees to the entity, transferring enrollees to alternative delivery systems or termination of the delegation agreement.

Reserves

HMOs that contract with delegated networks are required to ensure compliance with *Texas Insurance Code* Article 20A.18D, governing reserves of delegated networks. HMO agreements with delegated networks must include a provision assuring that records related to these reserves be accessible to the HMO and TDI at all times. An HMO must maintain records providing evidence it has adequately monitored delegated network reserves.

Penalties for Non-Compliance

Noncompliance with the rules could result in a Commissioner's order requiring an HMO to terminate the delegation agreement and/or resume or redelegate any or all of the delegated functions. Resumption may, at the Commissioner's discretion, include claim processing and adjudication and payments for health care previously rendered to enrollees of the HMO. The Commissioner also may impose any penalty provided by the *Texas Insurance Code* and TDI rules. Any action by an HMO relating to a delegation agreement that does not comply with the delegated entity rules or that takes place under a provision of a delegation agreement out of compliance with these rules may be considered a violation.

RuleMaking

Filing of Agreements

HMOs must file their delegation agreements and amendments with TDI within 30 days after execution. If TDI notifies an HMO of a deficiency in an agreement, the HMO has 10 business days to respond with a proposed correction.

Publication: 27TexReg9585, October 11, 2002
Effective date: October 13, 2002
Further information: 512 463-6327

PROPERTY

APA Adoption

Issuance of TWIA Policies

- Commissioner Jose Montemayor has adopted amendments to 28 TAC § 5.4001, the plan of operation of the Texas Windstorm Insurance Association, and 5.4501, concerning the adoption by reference of the rule manual governing the writing of windstorm and hail insurance by TWIA.

  The TWIA Board of Directors requested the amendments to clarify when the acceptance of new or increased coverage will be suspended due to an imminent storm. TWIA's plan of operation has long contained a provision that applications will not be accepted when a hurricane is in the Gulf of Mexico or within the boundaries of 80 degrees west longitude and 20 degrees north latitude. However, the provision is not date- or time-specific.

  Under the new rules, TWIA will not accept applications for new or increased coverage on or after 12:01 a.m. of the day when a named hurricane is in the Gulf or is within the 80-20 boundary. The moratorium on accepting applications will remain in effect until TWIA's general manager determines that the storm no longer threatens property within the TWIA designated catastrophe area.

  This exception will not apply, however, if an application meeting underwriting criteria is:

  - Hand-delivered to TWIA headquarters in Austin during normal business hours before the hurricane is in the Gulf or is within the 80-20 boundary. The application would become effective on the date of delivery or on a later date if stipulated in the application.
  - Mailed prior to the first day the storm is in the Gulf or within the 80-20 boundary by registered, certified or express mail or by regular mail that is hand-cancelled by the U. S. Postal Service or by any other mailing procedure approved by the TWIA board of directors. The application will become effective on the date mailed, or on a later date if stipulated in the application.

Publication: 27TexReg9585, October 11, 2002
Effective date: October 15, 2002
Further information: 512 463-6327

PROPERTY AND CASUALTY RATES

APA Adoption

Benchmark Rate Proceedings

- Commissioner Jose Montemayor has adopted new 28 TAC §§ 1.1301–1.1306 (Subchapter L), establishing a streamlined procedure for conducting automobile and residential property insurance benchmark rate hearings. The previous rules for benchmark hearings were simultaneously repealed.

  The new rules implement House Bill 2102 of the 77th Legislature, which converted the benchmark ratemaking process from a contested case proceeding before a state administrative law judge to a rulemaking proceeding before the Commissioner.

  Under the previous system, the average time from the initial notice of hearing until the actual setting of benchmark rates was more than one year. Benchmark rate orders were based on two-year-old-data. As a result of this time lag, benchmark rates often failed to reflect the market conditions prevailing when they took effect. The new procedure will be less formal and, therefore, less costly and require less time than the contested case system.

  Hearing participants, for example, will not have to submit formal pleadings, pre-filed witness testimony, rebuttal testimony, briefs, exceptions and replies. Hearing participants may determine their own level of involvement in the proceedings, including whether to present expert testimony.

  The rule defines "hearing participants" as persons or entities that would be affected by or have an interest in an industrywide auto or residential property rate proceeding and have recommended benchmark rate changes, with supporting actuarial analyses, or have submitted either a recommended rate change or an actuarial analysis.

  Staff will begin the benchmark ratemaking process by publishing a request for rate change recommendations in the *Texas Register* and on TDI's Web site, **www.tdi.state.tx.us**. Staff will consider the recommendations they receive in developing their proposed rule to change benchmark rates. The published request for recommendations will indicate the availability of any relevant statistical data collected by TDI and how hearing participants may obtain it.

  Hearing participants making rate change recommendations will be required to submit actuarial analyses supporting them. Staff may convene an informal conference or consultation to obtain clarification or advice from hearing participants who filed recommendations.

  Following review of the recommendations, staff will publish a proposed rule to amend benchmark rates. While TDI staff may consider all timely filed recommendations, its proposed rule to amend benchmark rates will neither be limited by nor required to reflect any of the recommendations.

  Staff also will post notice of a hearing on a proposed rule to amend benchmark rates in the *Texas Register* and on TDI's Web site. If the staff proposes no changes in the benchmark rates, it will publish a notice to that effect, along with a hearing notice.

  The Commissioner, TDI staff and any hearing participant who has submitted recommendations or supporting actuarial analyses may ask relevant questions of any person speaking at the hearing. The Commissioner may limit the time allowed to speakers or questioners and may accept written comments in addition to oral presentations.

  After the hearing, the Commissioner will adopt a rule promulgating the new benchmark rates and setting their effective date. Prior to the effective date, TDI will mail a notice of the new rates to all insurers writing the affected line of insurance and to all persons who made recommendations or comments.

Publication: 27TexReg9580, October 11, 2002
Effective date: October 17, 2002
Further information: 512 463-6327 ★

Agents' Corner

By **Matt Ray,** *Deputy Commissioner, Licensing Division*

TDI HAS BEEN RUNNING criminal history background checks on agent license applicants through the Texas Department of Public Safety since 1996.

These background checks have turned up criminal records on about 14 percent of the applicants. Another statistic is even more troubling: The number of applicants who misrepresent their criminal records on their applications has remained consistently at about 7 percent.

Applicants need to remember that a license application is an official government document. All questions must be answered truthfully. Misrepresenting the information is a felony, and TDI routinely refers such cases to the Travis County District Attorney for prosecution.

Misrepresentation of criminal history remains the biggest cause of delays and administrative actions for license applicants. A person normally has a criminal record if he or she was involved as an offender in an incident—other than a traffic violation—to which law enforcement officers responded. If you answer "yes" to any of the qualifying questions, you must provide a written explanation, along with copies of the charging instruments. If you received deferred adjudication for an offense, your application must include a copy of the judgment or order deferring adjudication.

Some applicants have indicated uncertainty about how to answer criminal history questions when they received deferred adjudication for an offense. The application clearly asks if the applicant had adjudication deferred. Many applicants have answered "no" because they believed their records were wiped clean if they met the conditions set by the judge who deferred adjudication. This is incorrect. The offense remains on an individual's record, even if it occurred many years ago.

Among the most common excuses for misrepresenting criminal history are:

- "My attorney told me the case would not be on my record." No matter what the attorney said, the charge or conviction may remain on your record. You are responsible for verifying the disposition of your case from court records before answering "no" to the criminal history questions.
- "The question just asked about convictions." The question asks about charges, including indictments, deferred adjudication and probation, as well as about convictions.
- "This happened over 10 years ago; I thought my record was cleared by now." The question contains no time limitations but asks about the applicant's lifetime criminal history.
- "My company (or my secretary) filled out the application." You signed it, so you're responsible.
- "The charge was dismissed." If the charge appeared on the Texas Crime Information Center (TCIC) database, the applicant will need to provide TDI a certified copy of the court's dismissal order.

Failure to answer truthfully any of the questions on your application is considered a misstatement, which violates *Texas Insurance Code* Article 21.47 and may be grounds for denial. An application is considered incomplete until TDI receives all the requested information. Again, a misstatement of one's criminal history could result in referral to a District Attorney for prosecution.

Texas Insurance Code Article 21.47 reads as follows:

"False Statement in Written Instrument; Penalty

(a) A person commits an offense if the person knowingly or intentionally makes, files or uses any instrument in writing required to be made to or filed with the State Board of Insurance or the Insurance Commissioner, either by the Insurance Code *or by rule or regulation of the State Board of Insurance, when the instrument in writing contains any false, fictitious, or fraudulent statement or entry with regard to any material fact.*

(b) For purposes of this article, "Texas Department of Insurance" includes but is not limited to the executive director of the Texas Department of Insurance, the State Board of Insurance, or any association, corporation, or person created by the Insurance Code.

(c) An offense under this article is a felony of the third degree."

When an applicant has a criminal record, TDI requires certain certified court documents concerning the offense. Providing the documents with the application shortens the processing time. Some applicants have indicated uncertainty about which certified court documents are needed and where to find them. If you were charged with a misdemeanor, the county clerk's office in the county where you were charged should have the necessary documents, including any deferred adjudication order. If you were charged with a felony, the district clerk's office in the county where you were charged should be able to provide copies of the documents you require.

Listed below are the types of certified documents that TDI requires:

Charging Instrument: This is the document outlining the offense

Judgment or Order Deferring Adjudication: This is the document specifically stating the punishment along with the conditions of probation.

Order Terminating Probation: This is the document that releases you from any further liability regarding the offense.

Certified: This is a seal or original signature from the court stating that the documents are true and correct records of the court. Your application will be considered incomplete without certified documents.

Note: A district or county clerk may state that he or she no longer has the records. Such records, however, must always be part of their files. In some cases, documents may have to be retrieved from archives. If a clerk cannot locate the necessary records, a certified letter may be written by the clerk of the court attesting to that fact.

Along with the certified documents, TDI requires an applicant with a criminal record to provide a separate written statement providing full information with dates and details.

The department may propose to deny issuance of a license because of conduct appearing to be in violation of the *Texas Insurance Code* and related statutes and rules. In such cases, *Texas Insurance Code* Article 21.01-2, Section 3A(b), entitles an applicant to a hearing conducted by the State Office of Administrative Hearings to determine whether TDI should grant the license. After receiving an applicant's request for a hearing, a TDI staff attorney will contact the applicant and provide additional information regarding the hearing. The applicant has the right to be represented by an attorney or other authorized representative. If a hearing is held, the applicant is responsible for producing evidence to support the granting of the license. ★

LegalNotes

AG Issues Opinion on Exams of Nonprofit Health Corporations

By **Norma Garcia,** *Deputy Commissioner, Legal and Compliance Division*

THE ATTORNEY GENERAL OF TEXAS recently issued an opinion on whether TDI holds authority to examine certain nonprofit health corporations under *Texas Insurance Code* Articles 20A.17 and 20A.18C

Opinion No. JC-0559

The Attorney General issued the opinion in response to a request from State Representative Ron Wilson of Houston. Op. Tex. Att'y Gen. No. JC-0559 (2002). Representative Wilson asked about the authority of the Texas Department of Insurance ("TDI") under the Health Maintenance Organization Act, *Texas Insurance Code* Chapter 20A (the HMO Act), to examine certain nonprofit health corporations.

The HMO Act provides for the regulation of HMOs and requires that HMOs obtain a certificate of authority from TDI. A nonprofit health corporation is certified by the Texas Board of Medical Examiners and is a "physician" for purposes of Article 20A.02(r) of the HMO Act. Nonprofit health organizations are often referred to as "physician organizations." TDI rules refer to them as "approved nonprofit health corporations" or "ANHCs."

Texas Insurance Code Article 1.15, the general examination statute, does not apply to physicians or nonprofit health corporations certified by the Board of Medical Examiners and does not authorize TDI to examine them. Article 1.15 authorizes TDI to examine insurance carriers. TDI also may apply Article 1.15 to HMOs. TDI is expressly authorized under Article 20A.17 of the HMO Act to examine the records of a physician or provider with whom an HMO has a contract in connection with the examination of the HMO. Article 20A.17(a) requires the Commissioner of Insurance to examine "the quality of health care services" and "the affairs" of a health maintenance organization "not less frequently than once every three years."

Article 20A.17(b)(1) authorizes TDI to examine a nonprofit health corporation's records relevant to its relationship with an HMO. TDI's authority to examine a nonprofit health corporation depends only on whether the HMO has a contract with the nonprofit health corporation; it does not depend on whether the nonprofit health corporation provides only medical care or is paid on a prospective basis under the contract. TDI's authority to examine medical, hospital and health records is limited to examinations of HMOs concerning the quality of health care services.

Texas Insurance Code Article 20A.18C regulates an HMOs' delegation of regulated functions. In 2001, the Texas Legislature amended Article 20A.18C and made the changes in the law applicable only to a contract entered into or renewed on or after January 1, 2002. The contract at issue in the request for the opinion pre-dated January 1, 2002, so the opinion addressed Article 20A. 18C as it was enacted in 1999 but before its amendment in 2001. All references in the opinion to Article 20A. 18C are references to the 1999 enactment.

An HMO that receives information through a monitoring plan that indicates that a delegated network is not operating in accordance with its written agreement or is operating in a condition that renders the continuance of its business hazardous to the enrollees is required to notify the delegated network in writing. Under Article 20A.18C, as enacted in 1999, TDI's authority with respect to a delegated network depends on the HMO first providing the delegated network with written notice and an opportunity to respond before asking TDI to intervene. TDI must report the results of its review to the delegated network and the HMO not later than the sixtieth day after the date of TDI's initial request for documentation. The delegated network must respond to TDI's report and submit a corrective action plan to TDI and to the HMO within 30 days after receiving TDI's report.

TDI's intervention authority is not limited to the issues raised in the HMO's written notice. A nonprofit health corporation may fall within the statutory definition of a delegated network and may be subject to examination by TDI as a delegated network if the HMO requests TDI to intervene. This examination could include the nonprofit health corporation's financial condition. TDI's authority under Article 20A.17 to examine the records of a nonprofit health corporation is independent of TDI's authority under article 20A.18C and does not require an HMO's request for intervention. ★

Small Employer Reinsurance Plan Changes Authorized

COMMISSIONER JOSE MONTEMAYOR has approved changes in the operating plan of the Texas Health Reinsurance System that will enable the system to reinsure entire small employer groups as well as individual employees.

Montemayor approved amendments that allow a member company to cede an entire small employer group, provided it notifies the system's administering carrier of its intent within 60 days of the initial date of the group's coverage. Denial because a company missed the 60-day deadline is subject to appeal to the system board of directors. The board may waive the deadline if it finds a carrier missed it because of circumstances outside the carrier's knowledge and control.

Availability of whole group reinsurance is subject to the following requirements:

- The small employer's health benefit plan may be reinsured only for the coverage provided under the standard or basic health care plan or up to a level provided by one of those plans.
- Subject to payment of premium, new entrants eligible for reinsurance will become reinsured on the effective dates of their coverage.
- If a small employer carrier previously had withdrawn reinsurance of coverage for any group, the carrier may not again reinsure that group. The carrier may, however, reinsure eligible and timely new entrants on an individual basis.
- An amendment rider or other change in a small employer plan will not constitute a change in the initial effective date.
- Small employer carriers may not cede groups acquired from other small employer carriers.
- Risks previously ceded, and whose reinsurance is in force from the previous carrier, may continue reinsurance at the option of the acquiring carrier.

The Texas Legislature established the system to afford protection for small employer carriers against the increased risk presented by the guaranteed issue requirement that took effect in 1995. A small employer carrier must participate in the reinsurance system unless the Commissioner approves the carrier's application to operate without the support offered by the system. ★

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
Anderson, Robert Arthur	Ovilla	$2,000 Fine	Accepted Commissions from Unlicensed Entity; Advertising Violations	02-0928	9/6/02
Basaldua, Carlos Gabriel	Houston	Adjuster's License Denied	Felony Conviction	02-0949	9/10/02
Brown, Ronald Ray, *dba* Garland Commercial Insurance Co.	Garland	General Life, Accident, Health and HMO License and General Property and Casualty License Revoked; $10,000 Fine; Restitution	Misappropriation or Conversion; Fraudulent and Dishonest Acts	02-0948	9/10/02
Burden, Denny Lee	The Woodlands	General Life, Accident, Health and HMO Agent's License Revoked; $20,000 Fine; Payment of Victims' Claims	Sale of Health Policies Issued by Unauthorized Insurers	02-0840	8/12/02
Chapman, Donald Ray	Corpus Christi	$6,000 Fine, to be Reduced Dollar-for-Dollar by Restitution Payments, down to a Minimum Fine of $1,000	Sale of Unauthorized Health Plans	02-0956	9/13/02
Fenwick, Gregory M.	Katy	General Lines Property and Casualty Agent's License Revoked	Consent Order; Alleged Entry of Fictitious Premium Finance Agreements	02-0944	9/10/02
Harmatuk, John Francis	Houston	Probated Suspension of General Life, Accident, Health and HMO License and General Property and Casualty License; $5,000 Fine; Restitution	Misrepresentation; Failure to Adequately Account for Premiums	02-0920	9/6/02
Johnson, Jo Lynn	Garland	$1,500 Fine	Preparation of False Insurance Card and False Insurance Policy	02-0950	9/10/02
Littlejohn, Christie L.	Burleson	General Property and Casualty Agent's License Revoked	Misappropriation and Conversion; Fraudulent and Dishonest Acts	02-1016	9/26/02
Maher, David Penfield	Houston	$6,000 Fine	Allowed Unlicensed Employees to Perform Acts of Solicitor; Failed to Disclose Certain Fees to Customers	02-0945	9/10/02
Tarbet, Valta	Angleton	Qualified Inspector's Appointment Cancelled	Failure to Provide Substantiating Information Requested by TDI	02-0946	9/10/02
Thiltgen, Scott P.	Cedar Park	$2,500 Fine, to be Reduced Dollar-for-Dollar by Restitution Payments, Down to a Minimum Fine of $500	Sale of Unauthorized Health Plans	02-0929	9/6/02
INSURANCE COMPANIES					
American Bankers Insurance Company of Florida	Miami, FL	$3,000 Fine	Failure to Respond to TDI Information Request	02-0990	9/20/02
Amerihealth Insurance Co.	Philadelphia, PA	$1,000 Fine	Failure to Respond to TDI Information Request	02-0943	9/10/02
Avemco Insurance Co.	Frederick, MD	$2,500 Fine	Failure to Provide Required Data on Small Employer Health Plans	02-0926	9/6/02
Conseco Medical Insurance Co.	Carmel, IN	$5,000 Fine	Failure to Provide Required Data on Small Employer Health Plans	02-1010	9/26/02
Great American Alliance Insurance Co.	Cincinnati, OH	$10,000 Fine	Failure to Provide Loss Control Information to Professional Liability and General Liability Policyholders	02-0921	9/6/02

DisciplinaryActions

INSURANCE COMPANIES NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
Great American Assurance Co.	Cincinnati, OH	$7,000 Fine	Failure to Provide Loss Control Information to Professional Liability, General Liability and Commercial Auto Liability Policyholders	02-0922	9/6/02
Great American Insurance Co.	Cincinnati, OH	$15,000 Fine	Failure to Provide Loss Control Information to Professional Liability, General Liability and Commercial Auto Liability Policyholders	02-0923	9/6/02
Great American Insurance Company of New York	Cincinnati, OH	$7,000 Fine	Failure to Provide Loss Control Information to Professional Liability, General Liability and Commercial Auto Liability Policyholders	02-0924	9/6/02
Great American Lloyds Insurance Co.	Cincinnati, OH	$10,000 Fine	Failure to Provide Loss Control Information to Professional Liability and General Liability Policyholders	02-0925	9/6/02
Kemper Lloyds Insurance Co.	Long Grove, IL	$3,000 Fine	Late Filing of Commercial Auto Experience Rating Data	02-1011	9/26/02
National Continental Insurance Co.	Mayfield Village, OH	$1,250 Fine	Failure to Respond to TDI Information Request	02-0937	9/10/02
Pioneer Life Insurance Co.	Carmel, IN	$5,000 Fine	Failure to Provide Required Data on Small Employer Health Plans	02-1012	9/26/02
Progressive Northwestern Insurance Co.	Bellevue, WA	$1,250 Fine	Failure to Respond to TDI Information Request	02-0938	9/10/02
Progressive Southeastern Insurance Co.	Riverview, FL	$1,250 Fine	Failure to Respond to TDI Information Request	02-0939	9/10/02
RGA Reinsurance Co.	Chesterfield, MO	$1,000 Fine	Failure to Respond to TDI Information Request	02-0927	9/6/02
Specialty Risk Insurance Co.	Memphis, TN	$1,250 Fine	Failure to Respond to TDI Information Request	02-0940	9/10/02
Unicare Life & Health Insurance Co.	Thousand Oaks, CA	$5,000 Fine	Failure to Provide Required Data on Small Employer Health Plans	02-1013	9/26/02
PREMIUM FINANCE COMPANIES					
A-Affordable Premium Finance Co.	Irving	$1,300 Fine	Late Filing of Annual Operations Report	02-0955	9/13/02

CompanyLicensing

Applications Pending

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Eastern Alliance Insurance Co.	Fire and/or Casualty	Lancaster, PA
Financial Design Inc.	TPA	Novi, MI
Mede America Corporation of Ohio	TPA	Twinsburg, OH
Mountain States Indemnity Co.	Fire and/or Casualty	Albuquerque, NM

For incorporation

COMPANY NAME	LINE	HOME OFFICE
Accountable Partners Healthcare System, LP	TPA	El Paso, TX

For name change in Texas

FROM	TO	LINE	LOCATION
Conseco Direct Life Insurance Co.	Colonial Penn Life Insurance Co.	Life, Accident and/or Health	Philadelphia, PA

Continued on back page.

CompanyLicensing

Applications Pending

For name change in Texas

FROM	TO	LINE	LOCATION
The Nissan Fire & Marine Insurance Co.	Sompo Japan Fire & Marine Insurance Company of America	Fire and/ or Casualty	New York, NY
Provident National Assurance Co.	Allstate Assurance Co.	Life, Accident and/or Health	Northbrook, IL
Tri-State Insurance Co.	Esurance Insurance Co.	Fire and/ or Casualty	Tulsa, OK

Applications Approved

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
American Summit Insurance Co.	Fire & Casualty	West Des Moines, IA
Medsolutions of Texas Inc., *dba* RAD MSO of Texas Inc.	TPA	Franklin, TN
United National Casualty Insurance Co.	Fire & Casualty	Hammond, IN

For incorporation

COMPANY NAME	LINE	HOME OFFICE
ERN Holdings Inc.	TPA	Fort Worth, TX
Summit Administrators Inc.	TPA	Houston, TX
Texas Transplant Institute	TPA	San Antonio, TX

For name change in Texas

FROM	TO	LINE	LOCATION
First American Insurance Co.	Arch Insurance Co.	Fire & Casualty	Kansas City, MO
Highlands Lloyds	Highlands P&C Insurance Co.	Fire & Casualty	Houston, TX
Paid Prescriptions, L.L.C.	Medco Health Prescription Solutions, L.L.C.	TPA	Reno, NV
Prudential Maintenance Organization Inc.	Aetna Dental Maintenance	HMO Organization Inc.	Sugar Land, TX
Safeco Insurance Company of Pennsylvania	Safeco Insurance Company of Indiana	Fire & Casualty	Indianapolis, IN
Script Solutions Inc.	Scrip Solutions Inc.	TPA	Wilmington, DE
Select Benefits Group Inc., *dba* Select American Inc.	Dental Select	TPA	Draper, UT

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