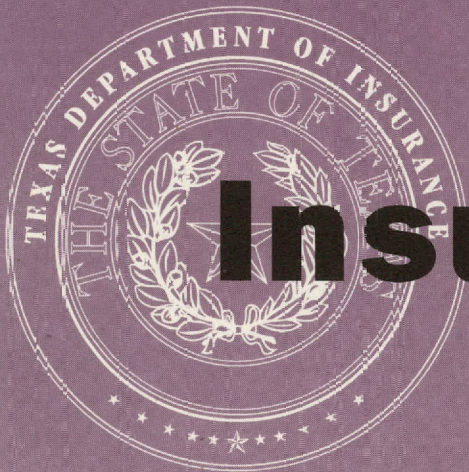


NOV 13 2000 ✓

Depository
Dallas Public Library



Texas Insurance News

REGULATORY NEWS PUBLISHED BY THE TEXAS DEPARTMENT OF INSURANCE

Benchmark Auto Rates Cut 1.3 Percent

COMMISSIONER JOSE MONTEMAYOR has ordered private passenger auto insurance benchmark rate reductions averaging 1.3 percent and commercial auto benchmark rate increases averaging 8.3 percent.

The rate changes take effect November 1, 2000. Insurers must file their own rates within 30 days of the effective date. An insurer may put its new rates into immediate effect or delay their effective date by up to 60 days from their filing date.

TDI issued the benchmark rate "machine letter" to rate-regulated auto writers on August 10, 2000, as Bulletin B-0046-00. The bulletin is available for downloading on TDI's Web site, www.tdi.state.tx.us.

Benchmark rate changes for the major private passenger coverages are shown in the table below.

Private Passenger Auto Benchmark Rate Changes, by Coverage

Bodily Injury Liability (total limits)	-9.5%
Property Damage Liability (total limits)	+11.9%
Combined Single Limits (BI/PD)	+1.3%
PIP	+0.4%
Uninsured/Underinsured Motorists	+4.7%
Medical Payments	+25.0%
Comprehensive	-25.0%
Collision	+5.2%
All coverages	-1.3%

A significant feature of the rate order was revision of physical damage model year and symbol group relativities. Rating symbols take into account factors such as price and repair costs for various types of cars, and are used to determine the cost of collision and comprehensive insurance.

Those changes were made in tandem with changes in the differentials for the various physical damage deductibles. The Commissioner adopted industry recommendations that addressed a subsidy of higher value/high deductible vehicles by lower value/low deductible vehicles.

Montemayor said he changed the rating symbols and the charges and savings for various deductible options to more accurately reflect the repair costs of vehicles on the market today.

"The symbols and deductible charges and savings had not been changed for about two decades,"

Montemayor said. "Updating was necessary to prevent owners of lower-priced cars from subsidizing rates on higher-priced cars. This is an important first step in adjusting the system, and other proposed changes relating to territories and classes will need to be considered in future benchmark rate cases."

For cars with \$1,000 deductibles, differential factors rose in 12 of the 26 symbol groups. Most drivers with \$1,000 deductibles for both collision and comprehensive will experience rate increases. A majority will be in the 3 percent to 9 percent range, although a few vehicles will incur increases as high as 16 percent.

Meanwhile, relativities for cars with deductibles below \$500 went down for cars in 22 of the 26 symbol groups, and most drivers will see decreases of 2 percent to 7 percent in their overall physical damage rates.

Differential factors went up in all symbol groups for automobiles with \$500 deductibles. All drivers with \$500 deductibles will see an increase in their overall physical damage rates, with the majority in the 1 percent to 5 percent range.

The new benchmark rates envision a rate of return on net worth of 11.5 percent to 12.0 percent

The Insurance Council of Texas, the State Farm companies and the Farmers companies had recommended benchmark rate increases averaging 10.6 percent. The Office of Public Insurance Counsel recommended a 4.8 percent decrease. Administrative law judges of the State Office of Administrative Hearings, who heard testimony in the case in September 1999, recommended about a 1.9 percent increase.

Benchmark rates dropped an average of 5 percent in 1998 and 5.5 percent in 1999.

"I'm pleased to be able to continue the downward trend in benchmark rates," Montemayor said. "While insurers have some leeway in filing rates around the benchmark, Texas Department of Insurance actuaries will review their filings carefully to make sure that they are fair to policyholders." ★

INSIDE

TDI Issues Bulletin on Medicare+Choice Withdrawals	2
Agent License Records Converted to Cosmos	3
Auto MAP Application Form Goes On-Line	3

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.

Direct questions or suggestions about content to (512) 463-6425 or write:

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

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.

TDI Addresses Medicare HMO Withdrawals

THE WITHDRAWAL OF 11 HMOs from all or part of the Medicare+Choice market in Texas has prompted TDI to remind carriers of their legal duties to enrollees who will lose their coverage on January 1, 2001.

More than 180,000 Texas Medicare HMO enrollees will be affected by the withdrawals. About 24,000 are in areas with no remaining Medicare+Choice carriers.

Senior Associate Commissioner Kimberly Stokes of the Life, Health and Licensing Program issued a bulletin (B-0045-00) on August 8, 2000, advising Medicare supplement ("Medigap") and Medicare+Choice carriers of their obligations to people losing Medicare HMO coverage. The bulletin is available on TDI's Web site, www.tdi.state.tx.us.

The bulletin emphasized that Medicare+Choice carriers—both those leaving and those remaining in the market—and Medicare supplement carriers must provide sufficient informed staff to help people who contact them about coverage options and/or enrollment.

Carriers discontinuing Medicare+Choice plans are required by the U. S. Health Care Financing Administration to issue notices explaining available coverage options to enrollees who will lose coverage.

According to HCFA data, most enrollees affected by the withdrawals will have the option of enrolling in another Medicare+Choice plan.

The TDI bulletin says a carrier offering Medicare+Choice coverage must make this coverage available to enrollees terminated by another Medicare+Choice plan if an affected enrollee lives in its service area. (The only exception is that enrollees with end stage renal disease cannot enroll in a plan offered by another managed care company.)

Enrollees who do not join another Medicare+Choice plan will automatically return to original Medicare on January 1, 2001, or upon the effective date of their voluntary disenrollment from a plan that is withdrawing from Medicare.

Enrollees 65 and older who return to original Medicare are entitled to guaranteed issue of Medicare supplement plans A, B, C or F if they apply no later than 63 days after the termination of their Medicare+Choice plans.

Enrollees under 65 who return to original Medicare are entitled to guaranteed issue of at least plan A. A company that also sells plans B, C and/

or F to persons under 65 with disabilities also must make those plans available on a guaranteed issue basis to applicants who lose Medicare+Choice coverage.

Under new law, these guaranteed issue rights apply if a person disenrolls from a Medicare+Choice plan and applies for a Medigap policy within 63 days after the date of the plan's final notification letter, as opposed to waiting for the December 31 termination date.

"Individuals who select this option should be instructed to keep a copy of their Medicare+Choice termination letter to show a Medicare supplement carrier as proof of loss of coverage," the bulletin says. "They also should be instructed to keep a copy of their Medicare supplement application as proof that they acted within the 63 days."

The bulletin notes that to avoid gaps in coverage, individuals should request that their Medicare supplement coverage start the first day of the month following the termination date of their Medicare+Choice coverage.

"While law prohibits the sale of a health insurance policy that duplicates benefits, including a Medicare supplement plan that duplicates benefits a person has under a Medicare+Choice plan, Medicare supplement carriers can and should sell Medicare+Choice enrollees Medicare supplement plans that will take effect as soon as their Medicare+Choice plan ends," the bulletin says. "Accordingly, you should clarify this issue with your agents and staff and amend your procedures, if necessary."

Certain enrollees will have additional choices if they disenroll before their Medicare+Choice plan's December 31, 2000, termination date and enroll in a Medicare supplement plan. These enrollees are mainly individuals who have **1)** been on Medicare less than six months; **2)** joined a Medicare+Choice plan when they first became eligible for Medicare and disenroll within a year after joining or **3)** dropped a Medigap policy to join a Medicare+Choice plan but disenroll within a year of initial enrollment in the Medicare+Choice plan.

The bulletin spells out the obligations of a Medicare supplement carrier under each of these scenarios. It also explains differences between the requirements for individuals in guaranteed issue situations as opposed to those for people still in their open enrollment period. ★

Data Call Reminders

Closed Claims Reports

The Call for the 1999 Annual Aggregate Closed Claim Report and Reconciliation Form was issued August 8, 2000, as Commissioner's Bulletin #B-0044-00. The report and form are due September 25, 2000. Acknowledgments of Receipt were due August 25, 2000. The bulletin and the acknowledgment of receipt may be downloaded from TDI's Web site, www.tdi.state.tx.us. 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 2000 Experience will be mailed September 29, 2000, and will be due November 15, 2000. The bulletin and forms may be downloaded from TDI's Web site. 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 2000 Experience will be mailed September 29, 2000, and will be due November 15, 2000. The bulletin and forms may be downloaded direct from TDI's Web site. TDI contact is Vicky Knox, 512 475-1879. E-mail address: vicky.knox@tdi.state.tx.us

Credit Data Call—Credit Life and Credit Accident & Health Insurance

The 1999 calendar year Credit Call was mailed July 28, 2000 as Commissioner's Bulletin #B-0042-00. The acknowledgment of receipt form was due on August 15, 2000, and the data call is due September 15, 2000. The bulletin, forms, and diskette program may be downloaded from TDI's Web site. TDI contact is Vicky Knox, 512 475-1879. E-mail address: vicky.knox@tdi.state.tx.us

Fraud Unit Prosecutions

Indictments

Pfister, Shelly Lynn, indicted in Austin on charges of tampering with a governmental record, theft by a public servant and fraudulent transfer of a motor vehicle.

Shirley, James Kenneth, indicted in Austin on charges of fraudulent transfer of a motor vehicle.

Thomas, Billy, indicted in Dallas on charges of money laundering and commercial bribery.

Convictions

Rubar, Donna Kathleen, pleaded guilty in Waller County to insurance fraud, a state jail felony. Sentenced to two years' probation. ★

TDI update

TDI Activates COSMOS Agent License Database

TDI HAS CONVERTED its agent license records to the NAIC-sponsored COSMOS database, making Texas the seventh state to adopt the new system.

Conversion to COSMOS brought the Department into compliance with the NAIC's Producer Information network (PIN) and Producer Database (PDB) requirements. Insurance companies may experience greater efficiencies not previously available by submitting appointments in the uniform PIN format. The software also offers greater flexibility in adapting to such things as legislative changes in the *Texas Insurance Code*.

Conversion to COSMOS required TDI to adopt NAIC nomenclature for the various agent license types in place of the numerical codes that the Department had used for many years. Most agents will be shown with a "General Lines License," with subcategories such as property and casualty and life, accident and health.

TDI began the two-week conversion to COSMOS on August 15. During that period, renewal and appointments could not be entered in the database; however, this did not affect agents' ability to conduct business. Renewals are always valid from the date an agent's application and check arrive at TDI. Appointments are always deemed valid eight days after they are received at TDI.

New license applications have been processed as usual without interruption. ★

Auto MAP Accessible Through the Internet

IN AN EFFORT to increase the accessibility of Texas' automobile insurance Market Assistance Program (MAP), TDI has placed an electronic MAP application form on its Web site, www.tdi.state.tx.us.

"The MAP has demonstrated many, many times that it can save hundreds of dollars a year in car insurance premiums for eligible drivers who apply," said Commissioner Jose Montemayor. "We want Texans to apply, and letting them do it on-line makes the application process even easier than it was before."

The Department also will continue accepting MAP applications by phone, (1-888-799-6277).

Between its creation in July 1998 and mid-August of this year, the auto MAP has submitted 4,650 applications to the 10 participating insurance companies; 2,740 drivers have received quotes; and 544 have actually bought auto policies through the MAP.

The following table shows the number of quotes issued and policies actually written by each of the

participating companies, July 1, 1998, through August 15, 2000.

COMPANY	QUOTES	WRITTEN
Allstate	717	168
American National	53	1
Farmers	109	5
GEICO	1,117	201
Nationwide	184	35
Progressive	217	15
Prudential	477	39
Southern Farm Bureau	31	5
State Farm	1,171	74
Safeco	12	1
Total	4,088	544

Only drivers who live in the 383 underserved ZIP Codes listed in 28 TAC § 5.206 and who are free of tickets and at-fault accidents in the preceding three years are eligible.

Montemayor has made publicizing the auto MAP and the residential property MAP a high priority, holding news conferences in Austin, Beaumont, Brownsville, Corpus Christi, El Paso and Houston.

★

Enforcement Actions

Unpaid Hail Claim Leads to Agents' Indictment

THE LANNY AIKEN INSURANCE AGENCY INC. and individual agent Lavera McNeal Aiken, both of Granbury, have been indicted on charges that they misapplied premiums and left the newly remodeled Hood County courthouse and other buildings without coverage when a hailstorm struck on May 27, 1999.

The alleged misapplication stuck Hood County taxpayers with \$348,882 in bills for hail damage repairs.

The charges resulted from an investigation conducted by TDI's Insurance Fraud Unit at the request of Hood County District Attorney Richard L. Hattox.

Hood County paid \$60,106 in premiums to the Lanny Aiken Insurance Agency Inc., owned by

Lavera Aiken and her husband, Lanny. However, the money was never forwarded to an insurance company to buy coverage. Lanny Aiken as an individual was not charged in connection with the alleged misapplication of the premium money.

According to case records, the county was given certificates indicating property insurance coverage had been placed with the Commercial Union Insurance Companies and EMC Insurance Companies. In reality, the indictment alleges, the certificates provided were false and were not backed by insurance policies.

County officials did not discover the lack of property insurance until they tried to file claims after the hailstorm. ★

RuleMaking

ADJUSTERS

APA Proposal

Types of Adjuster Licenses

- The Department has proposed amendments to 28 TAC § 19.602 concerning a reduction in the types of adjuster's licenses.

The rule change would consolidate the present casualty; fire, allied lines and inland marine; fidelity and surety; boiler and machinery; and marine adjuster license types into a single property, casualty and surety license. The multi-lines and all-lines licenses would be combined into a single all-lines license. The workers' compensation license type would be retained.

Licensees currently holding the casualty; fire, allied lines and inland marine; fidelity and surety; boiler and machinery; and marine adjuster license types would be issued a combination property, casualty and surety adjuster's license. Similarly, multi-lines adjusters would receive an all-lines adjuster's license.

The proposed rule amendment also would allow persons holding CPCU or AIC designations to be licensed without an examination, eliminating the additional requirement of one year of claims experience.

Projected publication date: August 26, 2000

HEALTH CARE

APA Proposal

Pharmacy Benefits for Off-Label and Non-Formulary Drugs

- The Department has proposed new 28 TAC §§ 21.3001, 21.3010, 21.3011 and 21.3020–21.3023 concerning pharmacy benefits. The new rules would implement provisions of Senate Bill 1030 and House Bill 2061 of the 76th Legislature, codified as *Texas Insurance Code* Articles 21.52J and 21.53M.

Off-Label Use

Off-label use is the use of a drug that is approved by the U. S. Food and Drug Administration (FDA) for the treatment of one medical condition but is used to treat another medical condition or is used in ways or at dosages not mentioned in the approved labeling.

Under the proposed rules, a health benefit plan that provides prescription drug coverage would be required to provide coverage for any drug prescribed to treat an enrollee for a covered chronic, disabling or life-threatening disease if:

- The FDA has approved the drug for at least one indication and
- The drug is recognized in a standard drug reference compendium or in substantially accepted peer-reviewed medical literature for treatment of the indication for which the drug is prescribed.

Coverage of such drugs would have to include medically necessary services and covered supplies for administering the drug. Coverage could not be denied solely because the drug is not on a health plan's formulary. Health benefit plans could deny coverage if a drug is prescribed for a non-covered disease or condition. Coverage also could be denied if the FDA has determined the drug is contraindicated for treatment of the enrollee's particular disease or condition.

Continuation of Prescription Drugs

Plain language disclosures given to group enrollees under *Texas Insurance Code* Article 21.52J would have to include the address and telephone number where enrollees could learn whether a specific drug is on a group health benefit plan's formulary. After receiving a request for this information, a plan would have to respond within three business days.

A group health benefit plan that drops a drug from its formulary would have to continue paying for the drug at the contracted level until the plan's renewal date if the drug had been approved or covered for a medical condition or mental illness. If a plan adopts a multi-tier formulary, it would have to continue paying for a drug approved or covered for an enrollee's medical condition or mental illness at the previous benefit level until the plan's renewal date.

Independent Review

A health plan's internal appeal process, as well as binding review by an independent review organization (IRO), would be available to an enrollee if a health benefit plan denied coverage of:

- A drug prescribed by an enrollee's physician as a medically necessary off-label use for treatment of a covered chronic, disabling or life-threatening illness.
- A non-formulary drug that a group enrollee's physician has determined to be medically necessary.

Publication: 25TexReg7318, August 4, 2000
Earliest possible adoption: September 3, 2000
Further information: 512 463-6327

LIFE INSURANCE

APA Proposal

Viatical and Life Settlement Rules

- The Department has proposed amendments to 28 TAC §§ 3.1701–3.1703, 3.1705 and 3.1707–3.1715 and new 28 TAC §§ 3.1704, 3.1706, 3.1716 and 3.1717, concerning the regulation of viatical and life settlements. The Department also proposes to repeal existing 28 TAC §§ 3.1704, 3.1706 and 3.1716–3.1718.

The proposed amendments and new rules are necessary to implement provisions of *Texas Insurance Code* 3.50-6A as amended by House Bill 792 of the 76th Legislature.

Before the enactment of House Bill 792, the insurance code regulated only viatical settlements, which involve the sale of life insurance policies on individuals with catastrophic or life-threatening illnesses or conditions. House Bill 792 added the regulation of life settlements, which involve the sale of life insurance policies on people who do not suffer from such conditions.

Highlights of the proposed rule changes are summarized below.

Confidentiality

The proposed rules expand the types of viator and life settlor information that brokers and companies must hold confidential to include name, address, phone and fax number, e-mail address, photo or likeness, employer, employment status, Social Security number, genetic, medical and financial information and any other information likely to lead to identification of the individual, family member, spouse or "significant other."

Confidential information solicited or obtained by a broker or company could not be disclosed unless the viator, life settlor or owner gives prior written consent on a form that specifically identifies the person to whom the information will be released and states the purpose for the release. Confidential information released by written consent could not be used to track the health status of a viator or life settlor.

Registration

As with viatical settlement brokers and companies, persons engaging in the life settlement business in Texas would be required to register with TDI.

RuleMaking

Registration as a viatical settlement or life settlement broker or company would be for two years, instead of the present one. Registration fees, including renewals, would be \$500 for companies and \$250 for brokers.

Applicants planning to act as captive brokers would have to submit notices of exclusive representation from the companies on whose behalf the brokers would solicit business. Designations as captive brokers would remain in effect until terminated or withdrawn by the companies.

A broker or company that elects not to renew its registration would have to take certain prescribed actions to assure continued servicing of contracts that have not matured.

Reporting

As with viatical settlements, life settlement brokers and companies would have to submit annual reports to TDI. The proposed rules provide more detailed requirements concerning the format and content of the reports. In most cases, the reports would have to be filed both electronically and in paper format.

Companies, using codes to protect confidential information, would report on each viatical or life settlement contract obtained or matured during the reporting period. Information reported would include:

- The insurance company's name and financial rating from A. M. Best or other rating service;
- Viator's or life settlor's age and mean life expectancy at the time of contract;
- Policy face amount and net death benefit purchased;
- Estimated total premiums to keep the policy in force for the individual's mean life expectancy;
- Net amount paid to the policy owner;
- Primary ICD diagnosis code;
- Age of the policy when the contract was signed; and
- Policy status at the end of the reporting period.

Companies also would have to report such things as **1)** names and addresses of the medical evaluators and individuals they use to monitor or track the health status of viators and life settlors and **2)** names and addresses of companies and brokers that referred business to them and to whom they may have referred business.

Forms

The proposed rules would establish detailed form filing requirements and offer alternatives to expedite form processing. Forms to be filed with TDI would include settlement applications; settlement contracts and amendments; disclosures; escrow or trust agreements; documents for obtaining or releasing confidential information; acknowledgement forms; and any other form used to effect viatical or life settlement contracts. Forms would have to be accompanied by valid transmittal checklists available from TDI.

Grounds for TDI disapproval of a form would include failure to comply with state or federal statutes or regulations and the inclusion of content that is unjust, deceptive or encourages misrepresentation.

Disclosures

Disclosures previously required in viatical settlement transactions would also have to be delivered with applications for life settlements. The proposed rules would modify the existing disclosures and add certain disclosures. The new disclosures would include, but would not be limited to:

- The full name, home office address and phone number of the company or broker, prominently displayed.
- The possibility that a viatical or life settlement might affect one's eligibility for Medicaid.
- The viator's, life settlor's or owner's right to know who has received a commission from the transaction.
- The fact that a viatical or life settlement contract will affect payment of premiums and disposition of proceeds, cash values and dividends and may cause forfeiture of other rights or benefits, including conversion rights and waiver of premium benefits.
- An explanation of the limitations of a captive broker.

Contracts

A viatical or life settlement contract would have to contain certain specified provisions. Among these would be the following:

- The contract is deemed rescinded if the viator or life settlor dies at any time up to 15 days after receiving the viatical or life settlement proceeds. The viatical or life settlement company must refund the death benefit to the owner or beneficiaries designated by the owner in the con-

tract for this purpose. The refund would be subject to deduction of viatical or life settlement proceeds previously paid and, if applicable, any premiums paid by the company.

- The company has three business days after receiving the necessary policy transfer documents to pay the proceeds to the policy owner or place them in a trust or escrow account for subsequent transfer to the viator, life settlor or owner.
- The company must disclose certain information to the viator, life settlor or owner when a policy is assigned, sold or otherwise transferred to someone else. The disclosure would have to include the identity of the person or persons to whom the policy was assigned, sold or transferred.
- That any accidental death benefit or future increases in the death benefit provided by the policy remains payable by the insurance company to the beneficiary last named by the viator, life settlor or policy owner before entering the viatical or life settlement transaction. In the absence of a beneficiary, the accidental death benefit would be payable to the estate of the viator, life settlor or owner.

Prohibited Practices

Among other things, viatical and life settlement companies and brokers could not require viators, life settlors or owners to provide information about their family members, including spouse or "significant other," unless such person has been designated as the contact person for health status information.

Discrimination between viators or life settlors with and without dependents would be prohibited.

When the viator or life settlor and the owner of a policy are different individuals, no contract could be entered into without the written consent of both. Required disclosures also would have to be made to both individuals.

Brokers and companies could not enter into contracts with installment payments unless the settlement is effected through an annuity with an authorized insurer or through an escrow or trust account established by an FDIC-member financial institution.

No company or broker could buy the benefits of a policy or rider that provides for accidental death benefits or future increases in the death

RuleMaking

benefit. If it did buy a policy or rider containing such a benefit, the additional death benefits would remain payable to the last named beneficiary (excluding the viatical or life settlement company) or to the estate of the viator, life settlor or owner.

Other Provisions

Brokers, other than captive brokers, would be deemed to represent only viators, life settlors and owners and to owe them a fiduciary duty to act according to their instructions and in their best interest.

Health status contacts could not be made with a viator or life settlor unless a broker or company had tried unsuccessfully to contact the viator's or life settlor's designee for more than 30 calendar days.

Contacts to determine health status could be made no more frequently than every 30 days for viators and life settlors with life expectancies of a year or less and no more than once every three months for those with life expectancies of more than a year, as determined at the time of the contract. Only a registered broker or company could make such health status contacts.

Publication: 25TexReg7465, August 11, 2000
Earliest possible adoption: September 10, 2000
Further information: 512 463-6327

LONG-TERM CARE

APA Adoption Standards for LTC Policies

■ Commissioner Jose Montemayor has adopted new 28 TAC § 3.3806, concerning conditions of eligibility for persons who may become covered under long-term care insurance policies or certificates. The rules implement House Bill 1586 of the 76th Legislature, which amended *Texas Insurance Code* Article 3.70-12.

The rule lists the individuals who may be eligible for coverage under a long-term care policy. It requires policies to include a provision stating the conditions under which long-term care coverage will become effective for someone who becomes insured after the policy and/or certificate is issued.

A policy and/or certificate must contain a provision setting forth the people eligible for coverage. For group policies these people would be the certificate holder and his or her spouse, children, stepchildren, parents, parents-in-law

and any other persons included as eligible individuals under the policies. For individual coverage, persons eligible for coverage under a policy are the policyholder and his or her spouse, children, stepchildren, parents, parents-in-law and any other individuals included as an eligible person under a long-term care policy.

A policy and/or certificate must state the conditions under which coverage will become effective for a person who becomes insured after the policy and/or certificate were issued. These conditions must include the time within which any action is to be taken by the individual and any requirements relating to:

- Evidence of insurability.
- The necessity of an application or a notice from the individual.
- Payment of premiums.

Publication: 25TexReg7354, June 2, 2000
Effective date: August 10, 2000
Further information: 463-6327 ★

CompanyLicensing

Applications Pending

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
ARAG Insurance Co.	Prepaid Legal	Des Moines, IA
Automatic Data Processing Insurance Agency	TPA	Roseland, NJ
Doral Therapy Services, LLC	TPA	Mequon, WI
Member Protection Insurance Plans Inc.	TPA	Wallingford, CT
P5, L.L.C. (doing business under the Assumed name of P5 Electronic Health Services)	TPA	Salt Lake City, UT
Response Indemnity Company of Delaware	Fire & Casualty	Wilmington, DE
Response Insurance Company of America	Fire & Casualty	Washington, D.C.
Theraphysics Corp.	TPA	Wilmington, DE
Wausau Benefits Inc.	TPA	Wilmington, DE
Workup, LLC	TPA	Portland, ME

For incorporation

COMPANY NAME	LINE	HOME OFFICE
Frontier General Insurance Agency Inc.	TPA	Fort Worth, TX
Maxorplus Ltd.	TPA	Amarillo, TX
North American Medical Management-San Antonio, L.P.	TPA	San Antonio, TX

To do business in Texas

COMPANY NAME	LINE	HOME OFFICE
XL Capital Assurance Inc.	Fire & Casualty	New York, NY
Uniprise Inc.	TPA	Wilmington, DE

Company Licensing

Applications Pending

For name change in Texas

FROM	TO	LINE	LOCATION
Chartwell Reinsurance Co.	Chartwell Insurance Co.	Fire & Casualty	Stamford, CT
Chatham Reinsurance Corporation	Mapfre Reinsurance Corp.	Fire & Casualty	San Francisco, CA
Harbourton Reassurance Inc.	Scottish Re (U.S.) Inc.	Life	Wilmington, DE
Partnerre Life Insurance Company of the U.S.	Scor Life U.S. Re Insurance Co.	Life	Dallas, TX
Republic Service Life Insurance Co.	American Century Life Insurance Company of Texas	Life	Fort Worth, TX
Sun Life of Canada Reinsurance Co. (U.S.)	Clarica Life Reinsurance Co.	Life	Lansing, MI
Unistar Insurance Co.	Worth Casualty Co.	Fire & Casualty	Fort Worth, TX
White Mountains Insurance Co.	Mountain Valley Indemnity Co.	Fire & Casualty	Manchester, NH

Applications Approved

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Affinity Group Underwriters Inc.	TPA	Glen Allen, VA
American Specialty Health Networks Inc.	TPA	San Diego, CA
Commercial Compensation Casualty Co.	Fire & Casualty	Calabasas, CA
Matrix Absence Management Inc.	TPA	Wilmington, DE
Pen-Star Insurance Co.	Fire & Casualty	Hatboro, PA
Resource Partner Inc. dba One Source Resources Co., The	TPA	Wilmington, DE

For incorporation

COMPANY	LINE	HOME OFFICE
Caprock Healthplans Inc.	TPA	Lubbock, TX
City-wide OB/GYN Associates, P.A.	TPA	San Antonio, TX
PCT Operations Inc. dba Partnercare	TPA	Lubbock, TX
Pension Consultants and Administrators Inc.	TPA	Austin, TX
Scott A. Humpal, dba Comp Care	TPA	Corpus Christi, TX
Texas Managed Care Administrative Services Inc.	TPA	Houston, TX

For name change in Texas

FROM	TO	LINE	LOCATION
Alpine Life Insurance Co.	Hart Life Insurance Co.	Life	Simsbury, CT
CMS Insurance Administrators Inc.	Mesa Insurance Administrators Inc.	TPA	Santa Rosa, CA
Liberty Standard Life Insurance Company of Texas	North American Life Insurance Company of Texas	Life	Austin, TX
Royal Life Insurance Company of America	Servus Life Insurance Co.	Life	Simsbury, CT
Toyota Motor Life Insurance Co.	Nutmeg Life Insurance Co.	Life	Bettendorf, IA

Disciplinary Actions

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
	Acosta, Agustin Jr.	Laredo	\$1,500 Fine	Failure to Meet Continuing Education Requirements	00-0804	7/10/00
	Anderson, Randy Hawk	Corpus Christi	\$2,000 Fine	Consent Order; Alleged Advertising Violation	00-0836	7/17/00
	Bryant, Carmen Laycock	Houston	\$500 Fine	Failure to Meet Continuing Education Requirements	00-0805	7/10/00
	Cantu, Pamela C.	Los Fresnos	Local Recording Agent's License Suspended, with Probation	Withholding Money Belonging to an Insurer; Lack of Company Appointment	00-0878	7/26/00
	Dulaney Abstract Co.	Haskell	\$1,000 Fine	Consent Order; Alleged Escrow Accounting Violations	00-0810	7/11/00
	General Agents Premium Finance Co.	Fort Worth	\$600 Fine	Late Filing of Annual Report	00-0862	7/21/00
	Hernandez, Angela	Austin	\$1,500 Fine	Failure to Meet Continuing Education Requirements	00-0880	7/26/00
	Hout, Jackie Joe	El Paso	Local Recording Agent's License Revoked	Misappropriation or Conversion; Fraudulent and Dishonest Acts	00-0827	7/13/00
	Kinney, H. L.	Sugarland	Group I and Local Recording Agent's Licenses Revoked	Fraudulent or Dishonest Practices	00-0554	5/19/00

Continued on page 8

Disciplinary Actions

AGENTS & AGENCIES	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
	Litteaur, Bruce Raymond	Austin	\$3,000 Fine	Consent Order; Alleged Lack of Trustworthiness	00-0826	7/13/00
	Pryor, William E. Jr.	Austin	\$1,500 Fine	Failure to Meet Continuing Education Requirements	00-0803	7/10/00
	Velasquez, Reynaldo C.	Corpus Christi	Group I and Variable Contract Agent's Licenses Revoked	Misappropriation or Conversion	00-0802	7/10/00
	Vu, Tanya	Houston	Group I and Variable Contract Agent's Licenses Suspended	Fraudulent and Dishonest Practices	00-0879	7/26/00
HMOS	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
	Healthsource North Texas	Irving	\$1,000 Fine	Late Response to TDI Information Request	00-0854	7/20/00
COMPANIES	NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
	Ace Insurance Company Of Texas; Ace Property & Casualty Insurance Co.; and Pacific Employers Insurance Co.	Philadelphia	Fines Totaling \$6,600	Failure to File Commercial Auto Experience Rating Data	00-0789	7/3/00
	Aetna Life Insurance Co.	Hartford, CT	Requirement to Review Speech Therapy Claim Denials by Prudential; an Aetna Subsidiary, and Reverse Those in Violation of Texas Law	Consent Order; Alleged Unfair Claim Settlement Practices by Prudential	00-0809	7/10/00
	Fidelity & Guaranty Insurance Co.	St. Paul, MN	\$2,100 Fine	Late Filing of Commercial Auto Experience Rating Data	00-0794	7/3/00
	Genesis Insurance Co.	Stamford, CT	\$2,500 Fine	Failure to Respond to TDI Information Request	00-0849	7/19/00
	Mustang Life Insurance Co.	Galveston	\$1,500 Fine	Failure to Respond to TDI Information Request	00-0806	7/10/00
	Northbrook Indemnity Co.	St. Paul, MN	\$2,000 Fine	Late Filing of Commercial Auto Experience Rating Data	00-0793	7/3/00
	Northbrook Property & Casualty Insurance Co.	St. Paul, MN	\$1,500 Fine	Late Filing of Commercial Auto Experience Rating Data	00-0792	7/3/00
	Physicians Mutual Insurance Co.	Omaha	\$7,500 Fine	Advertising Violations	00-0830	7/13/00
	Physicians Life Insurance Co.	Omaha	\$7,500 Fine	Advertising Violations	00-0829	7/13/00
	Prudential Insurance Company of America	Newark, NJ	\$15,000 Fine	Consent Order; Alleged Unfair Claim Settlement Practices	00-0808	7/10/00
	Reliance Insurance Co. and Reliance National Indemnity Co.	Philadelphia	\$7,250 Fine \$2,750 Fine	Late Filing of Commercial Auto Experience Rating Data	00-0835	7/17/00
	Safeco Lloyds Insurance Co.	Richardson	\$1,500 Fine	Failure to Respond to TDI Information Request	00-0807	7/10/00
	St. Paul Guardian Insurance Co.	St. Paul, MN	\$800 Fine	Late Filing of Commercial Auto Experience Rating Data	00-0791	7/3/00
	Travelers Life & Annuity Co.	Hartford, CT	Order to Comply with TDI Advertising Requirements	Consent Order; Alleged Advertising Violations	00-0861	7/21/00
	United States Fidelity & Guaranty Co.	St. Paul, MN	\$2,600 Fine	Failure to File Commercial Auto Experience Rating Data	00-0790	7/3/00



Texas Department of Insurance

P.O. Box 149104

Austin, Texas 78714-9104

Bulk Rate
U. S. Postage
P A I D
Austin, Texas
Permit No.1613