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INSIDE

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

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

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

GLBA-Related Law Changes Recommended

TEXAS' INSURANCE, banking, securities and savings and loan commissioners have agreed on a set of recommendations to implement the Gramm-Leach-Bliley Act (GLBA) in Texas, avert federal preemption of state laws and smooth the way for financial services modernization.

Among other things, the recommendations include streamlining insurance agent licensing laws, assuring regulatory cooperation among agencies, reducing the time allowed for TDI approval of affiliate transactions and granting the Commissioner more flexibility in rulemaking.

Insurance Commissioner Jose Montemayor, Banking Commissioner Randall James, Securities Commissioner Denise Voigt Crawford and Savings and Loan Commissioner James L. Pledger signed the report.

The report was requested by the chairmen of the Senate Economic Development Committee, the House Insurance Committee and the House Financial Institutions Committee.

In their study, the four commissioners targeted two primary areas: (1) GLBA-mandated statutory changes and possible preemption of Texas statutes and (2) cooperation among functional regulators through broad-based interagency agreements.

Each commissioner concluded that none of the laws that he or she is responsible for enforcing "directly prevents or significantly interferes with affiliations among the insurance, banking or securities industries," the report stated.

However, the report said, Montemayor has determined that GLBA preempts or threatens to preempt certain *Texas Insurance Code* provisions involving the sale, solicitation and cross-marketing of insurance and pertaining to agent licensing and changes in control of insurance companies. TDI may address these matters in its biennial report to the Legislature, required by Texas Insurance Code Article 32.022.

AGENT LICENSING

Under GLBA, the National Association of Registered Agents and Brokers (NARAB) will come into being as a self-regulating body on November 12, 2002, unless a majority of states and territories enact uniform agent licensing requirements or institute reciprocal agent licensing. Establishment of NARAB would limit the states' authority to prescribe non-resident agent licensing requirements. As noted by the report, Montemayor is a participant in NAIC efforts to find state-acceptable solutions.

"The TDI strongly believes the licensing function should remain with the states," the report said. "The number of disciplinary actions taken by TDI and other insurance regulators against agents every year underscores the public policy concerns that would arise under NARAB."

Senate Bill 956 of the 1999 Legislature, vetoed by Governor Bush because of an amendment unrelated to agent licensing, provided for reciprocal licensing and contained many provisions subsequently adopted by the NAIC as part of the Producer License Model Act.

"As part of the effort to maintain state control of agent licensing, the 76th Legislature's SB 956 should be revised to fully implement GLBA and be reintroduced in the 77th [2001] Legislature," the commissioners' report said.

In addition, it said, insurance code provisions that are inconsistent with GLBA provisions authorizing the sale of insurance by banks must be amended. TDI currently licenses banks as insurance agents under interim guidelines issued by Montemayor on January 18, 2000, as Commissioner's Bulletin B-0005-00.

INFORMATION

The report stressed the need for sharing regulatory information, including confidential information, among the agencies that regulate financial service industries.

"An agency otherwise empowered to examine an affiliate that is primarily regulated by another agency can coordinate its activities with the other agency, such as by first attempting to obtain needed information from the primary agency that regulates the affiliate before conducting its own examination of the affiliate," the report said.

Please see **GLBA Recommendations** *on page 4*

NewsBriefs

P&C Companies Advised on MROs in Claim Cases

THE DEPARTMENT HAS ADVISED PROPERTY and casualty insurers that TDI expects them to follow fair claim settlement practices when using medical review organizations (MROs) to process bodily injury claims.

Senior Associate Commissioner C H Mah of the Property and Casualty Program outlined the Department's expectations in a bulletin (B-0050-00) issued on September 11, 2000. The full text of the bulletin is on TDI's Web site, **www.tdi.state.tx.us.**

In the bulletin, Mah noted recent public interest in the use of MROs. Typically, a company sends medical information on a claimant's injuries to an MRO, then uses the MRO's evaluation in adjusting, reimbursing medical expenses or settling the bodily injury claim.

Mah said that while the *Texas Insurance Code* does not prohibit the use of MROs to furnish technical assistance to a company's adjusters, TDI "expects all property and casualty insurance companies to use fair claim settlement practices when using these medical review organizations to process bodily injury claims."

"For example," Mah said, "a company should not direct or encourage a medical review organization to reach a particular conclusion in an evaluation. Any company that uses a medical review organization or any similar organization to process bodily injury claims should ensure that the organization is properly reviewing medical information.

"Further, any person who adjusts, or leads others to believe that he or she adjust claims, must hold an adjuster's license." ★▲

Reminders Issued to LTC Insurance Writers

TDI HAS REMINDED LONG-TERM CARE insurers of requirements to file their rates annually and to assure that their agents or marketing personnel give each sales prospect a copy of TDI's consumer booklet, *"Long-Term Care Insurance,"* before presenting an application or enrollment form.

Deputy Commissioner Ana M. Smith-Daley of the Life/Health Division issued the advisories in a bulletin, B-0048-00A, on September 7, 2000. The full text of the bulletin is available on TDI's Web site, **www.tdi.state.tx.us.**

She enclosed a copy of the newly revised and re-titled consumer publication, which companies may reproduce or download from the TDI Web site.

Smith-Daley also reminded the companies that *Texas Insurance Code* Article 3.70-12, Section 4(b), requires companies annually to file their rates, rating schedules and supporting documentation to demonstrate that rates comply with loss ratio standards required by 28 TAC § 3.3831. ★

TDI Drops Equity Index Reporting Requirement

THE DEPARTMENT no longer requires life insurers writing equity index products to submit quarterly reports detailing the amount of business written in Texas.

Deputy Commissioner Ana M. Smith-Daley of the Life/Health Division issued a letter on September 5, 2000, to all insurers writing such products, notifying them that the reporting requirement had been discontinued.

"The Texas Department of Insurance has reconsidered the need for this information and determined that quarterly reports are no longer necessary," Smith-Daley said. "Instead, the information should be provided to the Department only upon request."

Questions may be directed to Lynn Carlson, director of the Life, Annuity and Credit Section, **512 305-7495**, e-mail address **lynn.carlson@tdi.state.tx.us.**

Under the discontinued requirement, insurers had to report the form numbers of approved forms, the number of policies issued, the cumulative number of policies issued, cumulative premiums collected at the end of each quarter and the number and amount of surrenders paid out before the end of the term period. ★

Page 15 Report Available

THE **1999** *State of Texas Property and Casualty Insurance Experience by Coverage and Carriers* is now available from the Department.

This annual report contains premium and loss cost data from all licensed property and casualty insurance carriers that had Texas business in the calendar year ending December 31, 1999, including county mutuals and title insurers. The data is taken from page 15 of the P&C companies annual statements.

The report can be downloaded directly from TDI's Web site. The URL for the report is **http://www.tdi.state.tx.us/company/indexcmp.html#reports_ind.**

Paper copies also are available. To order, send a check for $5.40 to the following address:

Texas Department of Insurance
Distribution (MC 9999)
P. O. Box 14904
Austin, TX 78714-19404 ★

Using Product Checklists Speeds Form Approvals

CONSULTING TDI'S PRODUCT checklists on the agency's Web site, **www.tdi.state.tx.us,** is a good way for life and health insurers to accelerate approval of their policy forms.

The checklists on the Web site are identical to those used by TDI analysts when they review forms submitted for approval. By comparing a proposed form with the applicable checklist before submitting it to TDI, a company can identify possible objections in advance and make repairs that will reduce the likelihood that the form will be returned for correction.

To access life insurance and annuity checklists from TDI's home page, look under Company, click on Life and Health, scroll down to Life, Annuity and Credit, and click on Product Checklists. Or you can type in the URL for the checklists, **www.tdi.state.tx.us/company/lhck_lst.html#la&c_start,** and hit "enter."

To access the accident and health checklists, look under the Company heading, click on Life and Health, scroll down to Accident and Health and click on Product Resource Guides and Checklists. The URL for the accident and health checklists is **www.tdi.state.tx.us/company/lhck_lst.html#a&h_start**

Policy form requirements may change from time to time. TDI revises its product checklists when this happens. It is important, therefore, to check the Web site and get the most current version of the checklist for each form submission.

The Life and Health Group welcomes comments regarding the checklists. Please direct comments about the life and annuity checklists to the Life, Annuity and Credit Section, 512 322-3406. Comments about the accident and health checklists should be directed to the Accident and Health Section, 512 322-3409. ★

TDI update

Agent License Info Now Available on the Web

COMPANIES, AGENTS and members of the public can now verify an agent's licensure and appointments on-line.

Agent license information from the Department's database went on the Internet for the first time on September 14, 2000. It's on the state's TexasOnline Web site, www.texasonline.state.tx.us, which is linked to TDI's Web site, www.tdi.state.tx.us.

Both individual and corporate agent license information is available. Agent searches may be made by name or the last four digits of a Social Security number.

Because the information available through TexasOnline includes expiration dates of current licenses, an agent awaiting confirmation of the issuance or renewal of a license can verify its status by checking the Internet. The new expiration date will appear almost as soon as the renewal or new license has been approved. The same holds true for new appointments.

Texas Online provides the following information about either an individual agent or a corporate agency: license number, mailing address, types of licenses held, active or inactive status, license expiration dates and active company appointments. In addition, corporate agency information includes names of officers, directors and shareholders.

The next step, tentatively planned for October, is on-line license renewals through the TexasOnline Web site.

TexasOnline is part of the "Portal Project," a major initiative to enable customers of state agencies to conduct business on-line. ★

PersonalNotes

Evelyn Jenkins Heads Liquidation Oversight

EVELYN JENKINS, an accountant and veteran auditor, has been appointed director of TDI's Liquidation Oversight Activity. She had been serving as acting director.

Jenkins' appointment took effect September 1 and was announced by Senior Associate Commissioner Betty Patterson of the Financial Program. At the same time, Liquidation Oversight became a separate division of Financial, with Jenkins reporting directly to Patterson.

"Evelyn's education and prior work history in the Liquidation Oversight Activity make her highly qualified for this key management position. . . . She brings a wealth of respect and expertise to her new position, and I welcome Evelyn as a valuable member of Financial's management team," Patterson said.

Jenkins holds a bachelor of business administration degree in accounting from Midwestern State University in Wichita Falls and a master of business administration degree from Southwest Texas State University.

Before joining TDI, she had worked as a tax auditor for the state comptroller's department (1980-88) and a finance manager for Dell Computer (1988-94). She joined TDI in February 1995 as a management auditor in Liquidation Oversight. ★

EnforcementActions

Unlicensed Boat insurers Fined $700,000

COMMISSIONER JOSE MONTEMAYOR has ordered a London-based "foundation" and a Panama company to pay fines totaling $700,000 and to stop offering boat insurance in Texas without a license or other proper authority from TDI.

Montemayor fined International Marine Safety Foundation (IMSF) of London, England, $500,000 and North American General Insurance Co. Ltd. of Panama City, Republic of Panama, $200,000. He ordered both to cease and desist from doing an unauthorized insurance business in Texas.

Essentially, IMSF acted as the agent for North American. Neither holds a license or other authority to sell insurance in Texas.

"Texas law prohibits selling insurance without a license or other authority from TDI," Montemayor said. "This is a vital protection from fly-by-night insurers that may collect your premiums but disappear when you have a claim. Companies and individuals that violate this law can expect fines and other sanctions."

Montemayor reiterated the importance of consumers calling TDI (800 252-3439) to verify that any company or agent seeking their business has a license or other authorization to sell insurance in Texas.

IMSF and North American both failed to respond to hearing notices issued by the Department in June. Therefore, the unauthorized insurance allegations in the hearing notices were deemed admitted as true.

TDI attorneys alleged in the hearing notices that IMSF faxed Texas residents solicitations to buy insurance that would be placed with North American on all types of water craft, including rental boats, charter boats, guide boats and jet skis.

In addition, IMSF faxed Texas insurance agents and boat dealers offers of "discounted insurance coverage" and "immediate coverage" from North American through a membership in IMSF. ★

TAIPA Rates Cut by 6.1 Percent

COMMISSIONER JOSE MONTEMAYOR has reduced Texas Automobile Insurance Plan Association rates by 6.1 percent for all coverages combined, effective December 1, 2000.

The Commissioner's order cut rates for bodily injury liability insurance by 10.3 percent but raised property damage liability rates by 1.2 percent. Combined, rates for required auto liability coverage will drop by 4.6 percent.

Rates for optional personal injury protection (PIP) and uninsured/underinsured motorist coverage were reduced by an average of 23.0 percent, making a total decrease of 6.1 percent for all coverages combined, both mandatory and optional.

Montemayor gave credit for the rate reductions to TAIPA drivers "for helping keep down the cost of accidents, which enabled the rate reductions to take place. By law, TAIPA rates must cover the plan's costs, so holding down losses from accidents is the key."

TAIPA is the state's assigned risk plan for basic auto liability coverage. All rate-regulated auto insurers operating in Texas must participate. To be eligible for coverage through TAIPA, an applicant must have been rejected by at least two auto insurers. About 50,000 Texas drivers currently obtain their liability insurance through TAIPA.

TAIPA had requested a 13.4 percent rate increase, while the Office of Public Insurance Counsel, a state agency representing consumers, proposed a decrease of more than 20 percent. Administrative law judges who heard testimony in the case for the State Office of Administrative Hearings recommended a decrease of approximately 6.7 percent. TDI staff recommended a 1.6 percent increase. ★

GLBA Recommendations... *from page 1*

The commissioners recommended enactment of legislation to address:

- The preservation of confidentiality when confidential information is shared among functional regulators.
- The preservation of legal privileges when privileged information is shared, and
- The commissioners' responsibility to exercise appropriate judgment and discretion in determining when regulatory information should be shared.

The commissioners recommended an amendment to the Public Information Act to specifically define insurance companies as "financial institutions." The act provides an exception for "information contained in or relating to examination, operating or condition reports prepared by or for an agency responsible for the regulation of financial institutions or securities or both." A series of attorney general open records opinions had held that insurers are "financial institutions," but an appellate court recently ruled they are not.

Montemayor has publicly stated that the proposed amendment would apply to such documents as examination reports but not to such data as private passenger automobile insurance Quarterly Market Reports.

AFFILIATE TRANSACTIONS

GLBA gives insurance regulators a maximum of 60 days to review affiliations between depository institutions and insurers. Current provisions of the *Texas Insurance Code* allow for a longer review of affiliations. The four commissioners recommended legislation conforming the review time in these cases to the 60 days contemplated by GLBA.

RULEMAKING

The report observes that while the banking, securities and savings and loan departments "have adequate discretion and flexibility" to promptly adapt regulatory practices to changing conditions, TDI "has less flexibility because of limitations in the insurance code."

Limitations on TDI's rulemaking authority "could hamper TDI's ability to respond to fast-paced changes in the insurance regulatory arena,' the report said.

The four commissioners recommended amending *Texas Insurance Code* Chapter 36 "to ensure that TDI has adequate rulemaking authority to adapt its regulatory practices promptly from time to time to allow financial institutions to compete in an ever-changing, technology-driven market."

"Flexible rulemaking authority is not without limits," the report noted. "The Texas Administrative Procedures Act, *Government Code* Chapter 2000, provides a procedural structure for rulemaking that facilitates and encourages meaningful input from all interest groups, including legislators, industry and consumers." ★

Data Call Reminders

(Forms and/or bulletins for most calls may be downloaded from TDI's Web site, **www.tdi.state.tx.us.***)*

Closed Claims Reporting

Reports for claims closed during the second quarter of 2000 were due July 10, 2000. Commissioner's Bulletin B-0044-00, calling for the 1999 Annual Aggregate Closed Claim Report and Reconciliation Form, was mailed August 8, 2000, and data was due September 25, 2000. TDI contacts are Vicky Knox, 512 475-1879 and Nita Rene Smith, 512 475-1999. E-mail addresses: vicky.knox@tdi.state.tx.us, nita.rene.smith@tdi.state.tx.us

Call for Quarterly Experience

The Call for Third Quarter 2000 Experience was mailed September 29, 2000, and will be due November 15, 2000. 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 was mailed September 29, 2000, and will be due November 15, 2000. 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 August 15, 2000, and the data call was due September 15, 2000. TDI contact is Vicky Knox, 512 475-1879. E-mail address: vicky.knox@tdi.state.tx.us

Report Available - 1999 Texas Title Insurance Agents Statistical Report

This annual report contains summaries of specific income and expense items for each title agent doing business in Texas for calendar year ending December 31, 1999. It also contains cumulative summaries by type of agent (independent, affiliated, and direct operation) as well as premium breakdown by county. The report is available for download from TDI's web site, **http://www.tdi.state.tx.us/company/indexcmp.html#title_ind** or you may contact Publications Distribution at 512 322-4283.

TDI contact is Michael Davis, 512 475-1878. E-mail address: michael.davis@tdi.state.tx.us ★

RuleMaking

ADJUSTERS

APA Proposal

Consolidation of License Types

- The Department has proposed amendments to 28 TAC § 19.602 concerning the types of adjuster licenses.

The proposed rules would consolidate the present fire, allied lines and inland marine; casualty; fidelity and surety; boiler and machinery; and marine licenses into a single property, casualty and surety license type. Persons holding the license types that are being consolidated would receive a new property, casualty and surety adjuster's license.

Adjusters holding the multi-lines license or all lines license would receive a new "all lines" license.

The workers' compensation, employer's liability and U. S. Longshoremen's and Harbor Workers' Compensation Insurance license type would be retained as a separate license.

Persons holding the CPCU or AIC designations would be licensed without an examination, eliminating the requirement of one year of claims experience.

Publication: 25TexReg8136, August 25, 2000
Earliest possible adoption: September 24, 2000
Further information: 512 463-6327

ADMINISTRATION

APA Adoption

Collection of Delinquent Debts

- Commissioner Jose Montemayor has adopted new 28 TAC §§ 1.1701 - 1.1703 concerning the collection of delinquent obligations owed to the Department. All state agencies are required to report uncollected and delinquent obligations to the attorney general for collection efforts after the agencies' own collection procedures have failed. The new rules establish TDI's procedures for referring such obligations for collection.

Under the new rules, the Commissioner or his designee will decide whether to refer a delinquent obligation to the attorney general for collection.

TDI must decide within 120 days after the failure of its own collection efforts whether to refer a debt to the attorney general. In determining whether to make such a referral, the Department will consider the expense of further collection efforts, the size of the debt, the existence of any security, the possibility of collection or satisfaction of the debt through other means, the likelihood of collection and any other relevant factors.

Before referring a debt to the attorney general for collection, TDI is required to:

- Verify the debtor's address and telephone number.
- Conclude that the obligation is collectible.
- Send the debtor two demand letters at the debtor's verified address.

TDI will maintain records identifying persons and entities liable for delinquent obligations, along with their correct physical addresses, if available. The records must contain collection histories on each debtor, including attempts to contact the debtor, efforts to locate the debtor and efforts to locate the debtor's assets, and the results of those efforts.

Publication: 25TexReg 9657, September 22, 2000
Effective date: September 28, 2000
Further information: 512 463-6327

APA Proposals

TDI Employee Training

- The Department has proposed amendments to 28 TAC § 1.2702 concerning training of Department employees. Substantive changes include those that would:

  - Require new employees to attend an orientation on TDI policies and procedures, including information on discrimination and sexual harassment. Employees also would be required to attend supplemental training on discrimination, including sexual harassment, every two years.
  - Prohibit reimbursement of travel expenses for required training unless the training was unavailable at the employee's designated headquarters via interactive television or videoconferencing or at a training facility leased for less than the total travel costs associated with the event.
  - Prohibit tuition reimbursement if an employee leaves TDI before submitting the final grade report for a course for which tuition reimbursement had been authorized.

Publication: 25TexReg8134, August 25, 2000
Earliest possible adoption: September 24, 2000
Further information: 512 463-6327

Negotiation and Mediation of Breach of Contract Claims

- The Department has proposed new 28 TAC §§ 1.1801 - 1.1823 (Subchapter P) establishing procedures for the negotiation and mediation of certain breach of contract claims asserted by contractors against TDI. The new sections are necessary to comply with House Bill 826 of the 76th Legislature, codified as *Government Code* Chapter 2260.

Under the statute, the negotiation and mediation procedures are required prerequisites to litigation under the *Civil Practices and Remedies Code* and the *Government Code.* Use of the procedures would not waive TDI's sovereign immunity to suit or liability.

Contractors claiming breach of contract would be required to deliver their claims within 180 days after the dates of the events asserted as the bases of the claims. A contractor and TDI would have a duty to negotiate but would not be obligated to settle with one another as a result.

The proposed rules include a timetable and deadlines for negotiations. The parties could agree to mediation at any time before the 270th day after TDI receives a contractor's notice of claim or following the expiration of any extension agreed to by the parties. A contractor could request a contested case hearing before the State Office of Administrative Hearings (SOAH) after the 270th day. TDI and the contractor could agree to mediation even after their dispute has gone to SOAH. SOAH itself could refer a case for mediation.

Settlement agreements reached through mediation would have to be in writing. If any issues remain unresolved, the settlement agreement would have to identify them.

Publication: 25TexReg9172, September 15, 2000
Earliest possible adoption: October 15, 2000
Further information: 512 463-6327

AGENTS

APA Proposal

Specialty Licenses

- The Department has proposed new 28 TAC §§ 19.1901 - 19.1910 (Subchapter T) implementing provisions of Senate Bill 957 of the 76th Legislature, codified as *Texas Insurance Code* Article 21.09.

Article 21.09 enables rental car companies, travel agencies, self-service storage facilities and lenders of various types (including retailers, auto dealers and manufactured home dealers) to become licensed as agents to sell certain types of insurance commonly sold in conjunction with other transactions. These products include credit insurance, travel insurance, excess auto liability, personal property coverage and other coverages commonly

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associated with the loans, goods or services purchased. Individual employees of such licensees no longer must be licensed to sell insurance but do have to be trained by their employers if they engage in insurance transactions with customers.

To qualify for a license, a corporate or individual applicant would be required to:

- Hold an appointment from a licensed company to write the specific type of insurance the applicant seeks authority to sell;
- Be actively engaged in a finance or retail business at each location where insurance would be sold, with the primary purpose of providing goods or services other than insurance;
- Solicit and deliver the insurance product only in connection with an associated consumer transaction.

Under the proposed rules, a corporation, partnership or depository institution would have to be organized under federal law or the laws of Texas, another state or a territory of the United States; be admitted to conduct business in Texas by the secretary of state, if so required; provide a current franchise tax certificate from the state comptroller's office; and provide the name, address, date of birth and Social Security number of each officer, director, member, manager, partner or other person with the right or ability to control the specialty license holder.

Individuals would have to be at least 18 years old, with no history of acts for which a license may be denied under TDI rules or the laws of Texas or any other state.

An applicant could seek licensure under more than one license authority on the same specialty license application. There would be a separate $50 fee for each license authority.

Applicants and licensees would have to register each location where insurance would be sold and could not solicit insurance from an unregistered location. An applicant or license holder that also is a franchisor could not register a business location that is independently owned or operated by a franchisee. The independent owner of a franchise location would be required to submit an application separately from any application submitted by the franchisor.

Nonresidents could receive specialty licenses under the same requirements as Texas residents.

Each employee of a specialty licensee who performs the acts of an insurance agent would be required to complete a training program designed by the insurer whose policies the licensee is appointed to sell. The insurer would be required to submit an outline of the training program for TDI approval before any specialty license holder could use it. The outline should be detailed enough to show that the specialty license holder's employees would be trained in all required disclosures as well as in the specific type of insurance product to be sold. Specialty license holders and applicants would be required to submit all employee training materials to TDI upon request. TDI could take disciplinary action against an insurance company or specialty license holder if it found that a training program was deficient, misrepresented any aspect of the insurance transaction, contained misleading inaccuracies or was not properly administered.

Publication: 25TexReg9177, September 15, 2000
Earliest possible adoption: October 15, 2000
Further information: 512 463-6425

APA Repeal
Agent License Study Committee

■ The Department has proposed the repeal of 28 TAC § 19.1901 concerning the Advisory Committee for the Interim Study of Agents and Agents License Statutes. The committee completed its study and was automatically terminated effective December 31, 1998.

Publication: 25TexReg9176, September 15, 2000
Earliest possible adoption: October 15, 2000
Further information: 512 463-6327

AUTOMOBILE

Exempt Adoption
TAIPA Plan of Operation

■ Commissioner Jose Montemayor has adopted an amendment to the plan of operation of the Texas Automobile Insurance Plan Association. The change establishes a late payment charge of 0.05 percent per day (1.50 percent per month), with a minimum charge of $50, when a member company fails to mail its assessment or membership fee payment by the due date shown on its invoice. TAIPA may report late payments to TDI for possible disciplinary action.

Publication: 25TexReg8088, August 18, 2000
File number: A-0600-14
Further information: 512 463-6327

FINANCIAL

APA Proposal
Revised Surplus Lines Requirements

■ The Department has proposed adoption of new 28 TAC §§ 15.1 - 15.25 and 15.101, an extensive revision of the rules governing surplus lines insurance in Texas. The Department also proposed repeal of existing 28 TAC §§ 15.1 - 15.13, 15.16 - 15.23, 15.27, 15.29 and 15.101.

Commissioner Jose Montemayor will hold a public hearing on the proposed rules at 10 a.m., October 19, 2000, in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

Major changes that the proposed rules would make in existing requirements include, but are not limited to, the following:

All surplus lines agents would be required to post a $50,000 surety bond as proof of solvency. The current alternative of $100,000 in proven, unencumbered assets would be eliminated. The Commissioner could waive the bond requirement, in whole or in part, if necessary to conform to the requirements of the Gramm-Leach-Bliley Act.

Surplus lines agents who violate the *Texas Insurance Code* would be subject to the same sanctions, including fines, as any general property and casualty agent or a managing general agent.

The rules would specify in greater detail the information that insurers must provide to TDI and the Surplus Lines Stamping Office of Texas when they apply for surplus lines eligibility and every year thereafter. The required information would be available to the public and would include:

- Annual and quarterly annual statements on NAIC blanks,
- SEC 10K reports,
- Audited financial statements,
- Documents showing authorization from their domiciliary states or nations to write the same kind and class of business they propose to write in Texas,
- Documents showing the existence and amount of United States trust funds of alien insurers,
- Certified actuarial opinions on adequacy of loss reserves,
- Biographical affidavits of owners, officers,

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directors and management,
- A three-year business plan discussing the insurer's plan of operation in Texas,
- IRIS ratio reports with management's explanation of ratios outside the allowed range and a description of related corrective action,
- For foreign companies only, a copy of their latest examination reports from their domiciliary states,
- For alien companies listed with the NAIC's International Insurance Department (IID), copies of their annual IID filings, and
- A list of Texas surplus lines agents they currently use and propose to use.

The Department or the SLSOT also could request, and carriers would be required to provide, other relevant information including activities of management and agents, history and competency of reinsurers, pattern of claims services, domestic trust agreements and powers of attorney.

The period during which surplus lines agents must retain contract records for possible examination by TDI and/or the Comptroller of Public Accounts would be lengthened from three to five years.

Surplus lines agents would be required to maintain their accounting records in accordance with generally accepted accounting principles (GAAP).

Surplus lines agents would receive the option of filing copies of policies electronically, using a method pre-approved by TDI. The SLSOT would be required to provide surplus lines agents with a written procedure for optional electronic filing of policies, contracts and other detailed evidences of coverage.

Surplus agents would be required to file policies with the SLSOT on the effective date of coverage or within 60 days of issuance, whichever is later. This provision would replace the current requirement that policies be filed within 10 days of issuance.

The proposed rules specify the contents of a "true and correct copy of a surplus lines policy" that must be filed with the stamping office. These components are the declarations page, a listing of all participating insurers on the policy, all coverage parts and schedules, extended coverage exclusions, all premium-bearing documents and any other parts that the SLSOT may require to review and record the policy.

The proposal also includes changes in rules related to the SLSOT plan of operations. A two-thirds vote of the board of directors would be required to approve contracts of $15,000 or more that are not contemplated in the SLSOT's annual budget. The proposed rules would allow up to two directors to participate in a meeting by telephone, conference call or video conference call, so long as the meeting is accessible to the public. Board meetings would be subject to the Open Meetings Act. Board meetings would be required at least quarterly, instead of monthly. The SLSOT would be required to use competitive bidding for out-sourced contracts of a material amount.

The SLSOT would be required to report to TDI any surplus lines agent who is more than 90 days delinquent in payment of stamping fees.

The present requirement that TDI accept any SLSOT recommendation against eligibility would be changed to require only that TDI consider such recommendations.

Publication: 25TexReg8823, September 8, 2000
Earliest possible adoption: October 8, 2000
Further information: 512 463-6327

PROPERTY

APA Adoption

Catastrophe Reserve Trust Fund

■ Commissioner Jose Montemayor has adopted new 28 TAC §§ 5.9901 - 5.9906, concerning the Catastrophe Reserve Trust Fund created by the Legislature as a source of funding for a layer of Texas Windstorm Insurance Association losses and loss adjustment expenses in the event of a hurricane. The rules implement House Bill 2253 of the 76th Legislature, which amended *Texas Insurance Code* Article 21.49.

House Bill 2253 and the new rules provide that insurers relinquish their net equity in the Catastrophe Reserve Trust fund on an annual basis. The bill and the rules clarify that the trust fund is a state fund exempt from federal and state income taxation.

Under Texas law, the trust fund and any reinsurance purchased by the TWIA are to be used to pay claims that exceed TWIA premiums for the calendar year plus a $100 million assessment of member companies.

The new rules specify that the trust fund is administered by the state comptroller of public accounts and is held outside the state treasury on behalf of, and with legal title in, the Texas Department of Insurance. The Texas Treasury Safekeeping Trust Company, a special purpose trust company managed by the comptroller, will receive, invest, hold, manage and disburse all money deposited into the trust fund.

TWIA members' net equity includes all premium and other revenue of the association in excess of incurred losses and operating expenses. The rules require TWIA to pay the net equity of its members each year directly to the comptroller for deposit in the trust fund. The net equity payments will fund the trust fund's obligations under *Texas Insurance Code* Article 21.49, Section 19(a). The net equity payments also will fund the mitigation and preparedness plan required under *Texas Insurance Code* Article 21.49, Section 8(i).

The newly adopted rules spell out when and how funds may be disbursed from the trust fund. When TWIA reasonably estimates there has been an "ultimate net loss," its general manager will notify TDI and the comptroller promptly in writing of the total amount of this loss. Ultimate net loss is defined as any loss event caused by one or more occurrences in a single calendar year resulting in insured losses and associated loss adjustment expenses totaling more than $100 million. The Department can require TWIA to provide additional information. In the event of an ultimate net loss, the Commissioner or other TDI authorized representative will notify the comptroller in writing to pay TWIA the portion of the ultimate net loss that exceeds the $100 million assessed against member companies, plus available reinsurance. TWIA would have to remit to the trust fund or to an approved reinsurance program any money received from the trust fund but not spent to pay losses and loss adjustment expenses.

The trust company also may disburse funds for an annual mitigation and preparedness plan based on a letter of instruction from the Commissioner or other TDI authorized representative that states the distribution is in accordance with *Texas Insurance Code* Article 21.49, Section 8(i). For other expenses associated with maintaining or managing the trust fund, the Commissioner or representative may issue a letter of instruction to the trust company, specifying how much to pay and specifying any third party payee.

TDI will pay the trust company an amount sufficient to reimburse it for the actual monthly

RuleMaking

costs of administering and maintaining the trust fund. The trust company must record trust fund transactions in accordance with generally accepted accounting principles and make those records available for inspection by TDI.

The trust company may intermingle trust fund money with other funds for the purposes of common investment and operational efficiency.

Should the Legislature terminate the trust fund in the future, all assets of the trust fund would revert to the state and would be used by the Department to finance the annual loss mitigation and preparedness plan.

Publication: 25TexReg8031, August 18, 2000
Effective date: August 21, 2000
Further information: 512 463-6327

APA Proposal

Building Code for Windstorm Resistant Construction

■ The Department proposes amendments to 28 TAC § 5.4008, which would adopt by reference changes to the Building Code for Windstorm Resistant Construction that were recommended by the Building Code Advisory Committee on Specifications and Maintenance.

Substantive changes proposed for the code include, but are not limited to:

- The addition of a minimum standard for structural panel siding.
- An alternative standard for corrosion resistance that is more applicable for threaded rods.
- Revision of the section on recessed front entryways to allow construction of both recessed and flush entryways.
- Guidance for the construction of supports for multiple garage door openings.
- Guidance for sheathing around chimneys, bay windows and rafters that lap top plates.
- A new subsection addressing minimum shearwall segment widths.
- Clarification of fastener requirements for wood structural panels and gypsum wallboard used as shearwalls.
- Additional fastener options for attaching gypsum wallboard to wall framing.
- Clarification of fastening requirements for shear transfer, and revision of the shear transfer section to make the requirements easier to understand.
- Guidance for attachment of framing members that are part of the overhangs at gable endwalls.

Publication: 25TexReg8597, September 1, 2000
Earliest possible adoption: October 1, 2000
Further information: 512 463-6327

WORKERS' COMPENSATION

Exempt Proposal

Revised Classification Relativities

■ Commissioner Jose Montemayor will hold a public hearing at 10 a.m., October 4, 2000, on a staff petition for adoption of revised workers' compensation classification relativities and a new table of expected loss rates and discount ratios. The hearing will be in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

The petition asks that the revised relativities be available for optional use by insurers immediately upon adoption and be made mandatory for policies effective on and after January 1, 2001. Staff also requested a January 1 effective date for the proposed new table of expected loss rates and discount ratios.

Existing classification relativities are based on the experience of policies with 1992-1996 effective dates. The proposed relativities are based on the analysis of experience data from policies with 1993-1997 effective dates. The new classification relativities recommended by staff reflect changes in experience that occur over time due to such things as technological advances and improvement in safety programs. The proposed changes would be revenue neutral but are capped at plus or minus 25 percent to minimize rate shock.

Changes in the table of expected loss rates also would be capped at plus or minus 25 percent. The current expected loss rates are essentially based on the level of losses used to experience rate policies effective on July 1, 2000. The proposed adjustments would make expected loss rates more reflective of the level of losses that would be used to experience rate policies effective in 2001.

Publication: 25TexReg8743, September 1, 2000
Reference number: W-0800-21-1
Further information or copies: 512 322-4147 ★

Fraud Unit Prosecutions

Indictments

Davila, Obed Alvarado, indicted in Austin on charges of making a false statement in a written instrument.

Fernandez, Victor, indicted in Austin on charges of making a false statement in a written instrument.

Lanny Aiken Insurance Agency, indicted in Granbury on charges of theft and misapplication of fiduciary property.

Aiken, Lavera, indicted in Granbury on charges of theft and misapplication of fiduciary property.

Mahar, Keith, indicted in Austin on charges of misapplication of fiduciary property.

Loyd, Alfred Darnel, indicted in Houston, on charges of insurance fraud.

Martin, Dorothy, indicted in Houston on charges of insurance fraud.

Walter-Brooks, Alfredia, indicted in Houston on theft charges.

Convictions

Groesbeck, Ted, pleaded guilty in Fort Worth to insurance fraud, a third-degree felony, and was sentenced to three years' deferred adjudication, 160 hours of community service and a $3,000 fine.

Vu, Michelle Pham, pleaded guilty in Houston to insurance fraud, a state jail felony, and was sentenced to five years' deferred adjudication and a $1,000 fine.

Eze, Evbuomwan Amuse, pleaded guilty in Dallas to insurance fraud, a second-degree felony, and was sentenced to five years' probation and a $1,000 fine.

Graves, Linda, pleaded guilty in Austin to misapplication of fiduciary funds, a Class A misdemeanor and was sentenced to 24 months' probation and 80 hours' community service.

Dettloff, John, pleaded guilty in Austin to deceptive business practices, a Class A misdemeanor, and was sentenced to 12 months' deferred adjudication and a $4,000 fine.

Sutton, Thomas, pleaded guilty in Austin to deceptive business practices, a Class A misdemeanor and was sentenced to 12 months' deferred adjudication and a $4,000 fine.

Mission Cooperative Group, pleaded guilty in Austin to unauthorized insurance, a third-degree degree felony.

United Exchange Group, pleaded guilty in Austin to unauthorized insurance, a third-degree felony.

Toscano, Genaro, pleaded guilty in Austin to unauthorized insurance, a third-degree felony, and was sentenced to 60 days in jail, 120 hours' community service and 10 years' probation. ★

LegalNotes

Federal Appellate Court again Rules On Slab Damage Claim

By **Ann Bright,** *Section Chief, Agency Counsel Section, Legal and Compliance Division.*

IN 1998, THE TEXAS SUPREME COURT addressed the question of whether the standard Texas homeowners insurance policy covered damage to a home's foundation resulting from a plumbing leak. The Texas Supreme Court decided that the standard Texas homeowners insurance policy did cover foundation damage resulting from a plumbing leak. In that case, the homeowner had purchased insurance on the home and on the contents of the home.

A similar issue was recently presented to the Fifth U. S. Circuit Court of Appeals. The Court was asked to decide whether foundation damage caused by a plumbing leak was covered when the homeowner had purchased coverage for the home but had not purchased coverage for the contents of the home. For more information about this case, please consult the opinion of the court.

GEHL V. STATE FARM FIRE AND CASUALTY CO.

Dennis and Connie Gehl (the Gehls) owned a house in San Antonio that was used as rental property. The Gehls had purchased an insurance policy on the house from State Farm Fire and Casualty Co. (State Farm). The policy was written using a standard Texas homeowners insurance policy form.

In May 1996, the Gehls notified State Farm of damage to the foundation of the house caused by a plumbing leak. State Farm denied the claim. The Gehls sued State Farm, alleging breach of contract, negligence and violation of the *Texas Insurance Code* and the Texas Deceptive Trade Practices Act. The trial court ruled in favor of State Farm. The Gehls appealed to the Fifth Circuit Court of Appeals.

The Fifth Circuit Court of Appeals (the court) began by reviewing the policy. The standard Texas homeowners insurance policy was divided into two sections. The first section, known as Coverage A, provides insurance coverage only for the house. The other section, known as Coverage B, provides coverage for the personal property located in the house. The Gehls had purchased Coverage A, but had not purchased Coverage B.

In describing the extent of Coverage A, the policy stated "We insure against all risks of physical loss to the property described in Coverage A (Dwelling) unless the loss is excluded in General Exclusions."

Coverage B stated, "We insure for direct physical loss to the property described in Coverage B (Personal Property) caused by a peril listed below unless the loss is excluded in General Exclusions." Among the covered perils was the following regarding "accidental discharge":

> Accidental Discharge, Leakage or Overflow of Water or Steam from within a plumbing, heating or air conditioning system or household appliance. A loss resulting from this peril includes the cost of tearing out and replacing any part of the building necessary to repair or replace the system or appliance. But this does not include loss to the system or appliance from which the water or steam escaped.

This accidental discharge provision in Coverage B also included the following "exclusion repealer" clause which stated,

> Exclusions 1.a. through 1.i. under General Exclusions do not apply to loss caused by this peril.

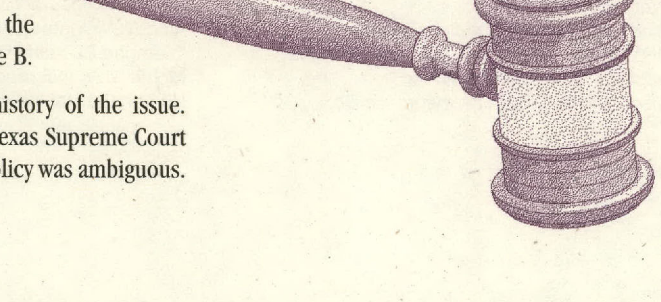
The relevant exclusion was exclusion 1.i.. Exclusion 1.i. stated, "We do not cover loss under Coverage A (Dwelling) caused by settling, cracking, bulging, shrinkage or expansion of foundations, walls, floors, ceiling, roof structures, walks, drives, curbs, fences, retaining walls or swimming pools."

After reviewing the policy, the court noted that the Texas Supreme Court had previously determined that foundation damage caused by a plumbing leak was covered when the homeowner had purchased both Coverage A and Coverage B. State Farm argued that the Gehls' case was different from the previous case because the Gehls did not buy Coverage B.

The court reviewed the history of the issue. The court noted that the Texas Supreme Court had determined that the policy was ambiguous. The Texas Supreme Court stated that the policy could reasonably be interpreted to include or to exclude coverage for foundation damage resulting from a plumbing leak. Therefore, under general principles of contract construction, the policy should be interpreted in favor of the insured. In addition, "the [Texas Supreme] court reviewed the background surrounding the promulgation of the insurance form and determined that although the exclusion repealer section is listed under Coverage B, the repealer nonetheless applies to Coverage A." In other words, although Coverage B contained the accidental discharge provision and the provision making certain exclusions inapplicable to the accidental discharge provision (the exclusion repealer), those provisions also applied to Coverage A.

Therefore, although the Gehls had only purchased Coverage A, their coverage included the accidental discharge provision. Also, since the exclusion for foundation damage did not apply to losses covered by the accidental discharge provision, damage to a home's foundation resulting from a plumbing leak was covered by Coverage A. As a result, the court determined that the Gehls' homeowners' insurance policy with State Farm covered foundation damage resulting from a plumbing leak. *Gehl v. State Farm Fire and Casualty Co.,* 2000 WL 758333 (5th Cir. 2000).

(For additional discussion of the application of Coverage A to foundation damage resulting from a leak, please also consult the opinion of the Fifth Circuit of Appeals in *Sczepanik v. State Farm Fire and Casualty Co.,* 211 F.3d 256 (5th Cir. 2000). For more information about either of these cases, please consult the opinions of the court.) ★



Medical Community Insurance Co. Placed in Temporary Receivership

MEDICAL COMMUNITY INSURANCE CO. (MCIC) OF HOUSTON, a physician-owned company that specialized in major medical insurance for small employers in Texas, has been placed in temporary receivership.

Judge John Dietz of the 353rd District Court in Austin signed a temporary restraining order and appointed Insurance Commissioner Jose Montemayor as temporary receiver of MCIC on August 30, 2000. The company did not contest the receivership.

MCIC incorporated in November 1997 and operated only in Texas. The company primarily wrote group policies for employers with two to 50 employees, providing health coverage for approximately 10,000 people. MCIC collected $11.9 million in premiums in 1999, with a net loss of $2.7 million.

TDI staff and the Texas Life, Accident, Health and Hospital Service Guaranty Association negotiated an assumption of MCIC's policies by Heritage National Insurance Co. of Tulsa from September 1, 2000, forward. Heritage will issue notification letters to MCIC's policyholders and agents.

Unpaid claims incurred under MCIC policies before September 1, 2000, will be paid by the Texas Life, Accident, Health and Hospital Service Guaranty Association to the extent provided by Texas law.

TDI will seek proposals from eligible parties to serve as special deputy receiver for the company. The special deputy receiver will be responsible for marshaling the company's assets and using them, to the extent possible, to pay MCIC's obligations that were not payable by Heritage or the guaranty association.

Judge Dietz entered the receivership order in response to a petition filed by the Office of the Attorney General on behalf of TDI. The state's receivership petition alleged that MCIC's liabilities exceeded its assets by at least $847,229.

TDI financial analysts identified problems with MCIC after receiving MCIC's 1999 annual statement in March of this year. The Department placed the company into confidential supervision in April, but rehabilitation efforts were not successful.

MCIC was a subsidiary of Physicians Inc., which was created by the Harris County Medical Society and is owned by more than 1,400 doctors in the Houston area. ★

TDI Opens Toll-Free Fraud Report Hotline

COMMISSIONER JOSE MONTEMAYOR has announced creation of a toll-free telephone number for reporting insurance fraud to TDI's Fraud Unit. The number is **1-888-327-8818.**

At an Austin news conference in September, Montemayor cited studies showing that claim fraud can add from $200 to $1,000 a year to the average cost of insurance for U.S. policyholders.

"This is money out of our pockets," he said. "By calling TDI, Texans can help cut insurance costs."

Last year alone, the Fraud Unit handled more than 2,000 complaints and helped district attorneys' offices convict 74 suspects on various charges. The Fraud Unit currently has about 200 cases under investigation.

TDI's Fraud Unit has 20 investigators, three attorneys and two criminal analysts.

Montemayor also announced a "Top 10" list of cases investigated by the Fraud Unit.

CompanyLicensing

Applications Pending

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Adjusting Alternatives, LLC	TPA	Albuquerque, NM
AGC Life Insurance Co.	Life	Jefferson City, MO
Brokers National Life Assurance Co.	Life	Sherwood, AR
Camico Mutual Insurance Co.	Fire & Casualty	Redwood City, CA
GMAC Insurance Online Inc.	Fire & Casualty	Hazelwood, MO
Great River Insurance Co.	Fire & Casualty	Meridian, MS
IOA RE Inc.	TPA	Wilmington, DE
Minnesota Lawyers Mutual Insurance Co.	Fire & Casualty	Minneapolis, MN
William Penn Life Insurance Company of New York	Life	Garden City, NY

For incorporation

COMPANY NAME	LINE	HOME OFFICE
Access Healthsource Administrators Inc.	TPA	El Paso, TX
Hefner & Associates Inc.	TPA	Richardson, TX

For name change in Texas

FROM	TO	LINE	LOCATION
Celtic Life Insurance Co.	Celtic Insurance Co.	Life	Chicago, IL
CompDent Insurance Co.	CompBenefits Insurance Co.	Life	Houston, TX
Integral Insurance Co.	Caterpillar Insurance Co.	Fire & Casualty	Jefferson City, MO
Michigan Mutual Insurance Co.	Amerisure Mutual Insurance Co.	Fire & Casualty	Farmington Hills, MI
Mission Insurance Company of Texas Inc.	Triumphe Casualty Co.	Fire & Casualty	Arlington, TX
Mobile USA Insurance Co. Inc.	Mobile USA Insurance Co.	Fire & Casualty	Pinellas Park, FL
Wisconsin National Life Insurance Co.	HumanaDental Insurance Co.	Life	Green Bay, WI

CompanyLicensing

Applications Approved

For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Alternative Benefit Management Inc.	TPA	Reno, NV
Automatic Data Processing Insurance Agency Inc.	TPA	Roseland, NJ
Employee Benefit Plan Administrators Inc.	TPA	Hampton, NH
Heritage National Insurance Co. Inc.	Life	Tulsa, OK
Manufacturers Alliance Insurance Co.	Fire & Casualty	Blue Bell, PA
Pennsylvania Manufacturers Indemnity Co.	Fire & Casualty	Blue Bell, PA
Pinnacle Risk Management Services Inc.	TPA	Murray, UT
Star Administrative Services Inc.	TPA	Phoenix, AZ
Uniprise Inc	TPA	Wilmington, DE

For incorporation

COMPANY	LINE	HOME OFFICE
New Century Lloyds	Fire & Casualty	Temple, TX
Texas Association of Builders Employee Benefit Trust	MEWA	Austin, TX
Texas Plan Administrators Inc.	TPA	Midland, TX
Today's Vision Franchising Corp., dba Today's Vision Network	TPA	Houston, TX

For name change in Texas

FROM	TO	LINE	LOCATION
A-Total Dental Plan Inc.	A-Total Dental System Inc.	TPA	Houston, TX
American Physicians Life Insurance Co.	Emphesys Insurance Co.	Life	Austin, TX
Chatham Reinsurance Corp.	Mapfre Reinsurance Corp.	Fire & Casualty	San Francisco, CA
CNR Health Inc.	Innovative Resource Group Inc.	TPA	Waukesha,WI
Commercial Union Life Insurance Company of America	CGU Life Insurance Company of America	Life	Wilmington, DE
Cybertek Corp.	Mynd Corp. (fka Cybertek Corp.)	TPA	Dallas, TX
Healthcare Compare Administrative Services Inc.	First Health Benefits Administrators Corp.	TPA	Downers Grove, IL
Harbourton Reassurance Inc.	Scottish Re (U.S.) Inc.	Life	Wilmington, DE
Life of Boston Insurance Co.	Lincoln Heritage Life Insurance Co.	Life	Springfield, IL
Physicians of East Texas, L.L.P.	Physicians of East Texas, LLC	TPA	Lufkin, TX
Republic Service Life Insurance Co.	American Century Life Insurance Company of Texas	Life	North Richland Hills, TX
Sun Life of Canada Reinsurance Co.	Clarica Life Reinsurance Co.	Life	Lansing, MI
White Mountains Insurance Co.	Mountain Valley Indemnity Co.	Fire & Casualty	Manchester, NH

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
Butler, Carrie Lynn	Sinton	Escrow Officer's License Revoked	Conversion	00-0904	8/2/00
Cooke County Abstract & Title Co.	Gainesville	$6,000 Fine	Consent Order; Alleged Accounting Procedure and Reconciliation Violations	00-0967	8/15/00
Dragnett, Alan Duane	Harker Heights	Group I and Prepaid Legal Service Agent's Licenses Revoked, Plus $6,618 in Restitution	Misappropriation or Conversion	00-0923	8/3/00
Eichstadt, Mark A. Sr.	Port Aransas	$1,500 Fine and Suspension (Probated) of Qualified Inspector's Appointment	Consent Order; Alleged Failure to Provide Requested Documentation to Support Certification of Structures	00-1001	8/30/00
Galindo, George Almanza Sr.	Beaumont	Group I and Local Recording Agent's Licenses Revoked	Misappropriation or Conversion	00-0866	7/25/00
Garrett, Alvin Fitzgerald	San Augustine	Legal Reserve Combination or Industrial License Revoked	Misappropriation or Conversion	00-0875	7/26/00
Jarrell, Dan H.	Minden	Local Recording Agent's License Revoked	Fraudulent or Dishonest Acts	00-0902	8/1/00
Jennings, Ronald G.	Granbury	Credit Insurance Agent's License Application Denied	Fraudulent or Dishonest Practices	00-0903	8/1/00

DisciplinaryActions

AGENTS & AGENCIES

NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
Lara, Thomas	Fort Davis	$2,500 Fine	Consent Order; Alleged Soliciting or Accepting Power of Attorney from Insurance Applicants	00-0948	8/9/00
Lawyers Title Insurance Corp.	Dallas	$20,000 Fine	Consent Order; Alleged Payments in Exchange for Soliciting or Referral of Title Insurance Business	00-0966	8/15/00
Phoenix Abstract & Title Co.	Midlothian	$5,500 Fine	Consent Order; Alleged Procedural Rule Violations	00-0905	8/2/00
Roberts, Steven C.	The Woodlands	Group I Agent's License Revoked	Fraudulent or Dishonest Practices	00-0877	7/26/00
Sharma, Arvind Ramalingam	Dallas	$1,000 Fine	Failure to Meet Continuing Education Requirements	00-0899	8/1/00
Trevino, Rosa A.	Eldorado	Solicitor's License Revoked	Felony Conviction	00-0900	8/1/00
Williams, Broderick C.	Houston	Agent Licenses Denied	Fraudulent and/ or Dishonest Acts	00-0876	7/26/00
Williams, Oletha M.	Texarkana	Group I Agent's License Revoked	Fraudulent and Dishonest Practices	00-0901	8/1/00

COMPANIES

NAME	CITY	ACTION TAKEN	VIOLATION	ORDER	DATE
Affiliated Benefits Organization Inc.	Dallas	$5,000 Fine, Cease-and-Desist Order and Restitution	Consent Order; Alleged Unauthorized Insurance	00-0979	8/17/00
Aguila Premium Finance Co.	Cibolo	$4,000 Fine and Cease-and-Desist Order	Failure to File Annual Operations Report and Other Violations	00-0957	8/10/00
Allied Premium Finance Plan Inc.	Dallas	$500 Fine	Late Filing of Annual Operations Report	00-0907	8/2/00
Hartford Accident & Indemnity Co.	Hartford, CT	$2,000 Fine	Failure to Submit Closed Claim Report	00-0926	8/7/00
Hartford Casualty Insurance Co.	Hartford, CT	$4,000 Fine	Failure to Submit Closed Claim Report	00-0927	8/7/00
Hartford Fire Insurance Co.	Hartford, CT	$7,000 Fine	Failure to Submit Closed Claim Report	00-0920	8/3/00
Hartford Insurance Company of the Midwest	Hartford, CT	$1,000 Fine	Failure to Submit Closed Claim Report	00-0928	8/7/00
Hartford Lloyds Insurance Co.	Houston	$2,000 Fine	Failure to Submit Closed Claim Report	00-0919	8/3/00
Hartford Underwriters Insurance Co.	Hartford, CT	$2,000 Fine	Failure to Submit Closed Claim Report	00-0922	8/3/00
Navarro Premium Finance	Corsicana	$750 Fine	Late Filing of Annual Operations Report	00-0906	8/2/00
Rampart Insurance Co.	New York, NY	$5,000 Fine	Late Filing of Required Workers' Compensation Insurance Report	00-0924	8/3/00
Recor Insurance Co. Inc.	Jericho, NY	$1,000 Fine	Failure to Respond to TDI Information Request	00-0908	8/2/00
Twin City Fire Insurance Co.	Hartford, CT	$2,000 Fine	Failure to Submit Closed Claim Report	00-0921	8/3/00

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