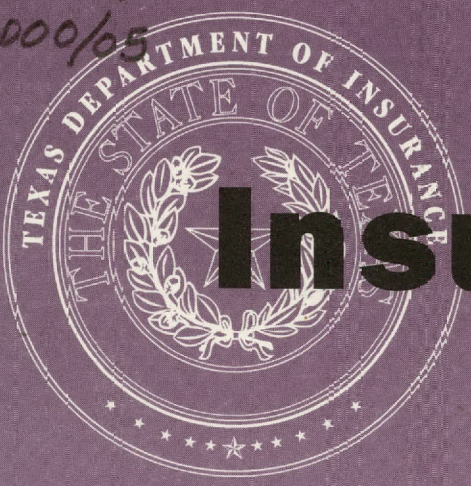


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# Texas Insurance News

REGULATORY NEWS PUBLISHED BY THE TEXAS DEPARTMENT OF INSURANCE

## Residential Benchmark Rates Cut 5.8%

**C**OMMISSIONER JOSE MONTEMAYOR has reduced residential property insurance benchmark rates by a statewide average of 5.8 percent.

The new benchmark rates will take effect June 15, 2000. Rate-regulated companies then will have 30 days to file their new rates. Under Texas' file-and-use system, a company's rates may take effect as soon as they are filed with TDI or as late as 60 days after filing.

TDI issued its "machine letter" on the rates to rate-regulated insurers in mid-April for use in calculating their own rate filings. It is available as Bulletin No. B-0028-00 on TDI's Web site, [www.tdi.state.tx.us](http://www.tdi.state.tx.us).

The industry requested a 7.2 percent average increase in residential property rates, while the TDI staff and the Office of Public Insurance Counsel recommended reductions averaging 2.8 percent and 11.2 percent, respectively.

The residential property rate change includes average statewide reductions of 6.6 percent in homeowners rates and 3.4 percent in renters insurance rates. Montemayor noted that average homeowner rates have gone down in four of the last five annual benchmark cases.

Montemayor raised dwelling fire benchmark rates 9.8 percent and dwelling extended coverage rates an average of 1.1 percent.

The dwelling extended coverage benchmark change has a direct impact on coastal residential policies sold through the Texas Windstorm Insurance Association. Rates on these policies, by law,

are tied to benchmark rates for dwelling extended coverage in the coastal territories.

Benchmark rates affect only rate-regulated insurance companies, which write about 11 percent of the Texas residential property insurance market. The rest of the market is written by Lloyds companies and reciprocal exchanges, which are exempt by law from rate regulation.

Rate-regulated companies set their own rates, subject to TDI review, within a 30 percent range above or below benchmark in each rating territory.

For rating purposes, Texas is divided into four zones and 23 territories. The table below shows rate changes for each residential property sub-line in the four rating zones:

Nineteen of the 23 rating territories received homeowners benchmark rate decreases, with the deepest cuts coming in a 16-county rural area south and southwest of Fort Worth (minus 14.18 percent), Galveston County (minus 11.56 percent) and Tarrant County (minus 11.18 percent).

Of the four rating territories with homeowners benchmark rate increases, the highest was 2.1 percent in a 29-county, mostly rural area running from south of Amarillo to north of Big Spring in Northwest Texas, including Lubbock.

The rate order capped at 70 percent the premium credits given by rate-regulated companies when Endorsement 140, the Windstorm, Hurricane and Hail Exclusion Agreement Endorsement, is attached to homeowners policies insuring residences in the coastal counties. ★

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### Texas Insurance News

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

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

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

	SEACOAST	CENTRAL-SOUTH	CENTRAL-NORTH	NORTH-NORTHWEST	STATEWIDE AVERAGE
Homeowners	-6.4%	-4.9%	-8.6%	-2.5%	-6.6%
Tenant HO	-0.1%	-4.5%	-6.5%	+3.0%	-3.4%
Fire-Dwellings	+9.8%	+9.8%	+9.8%	+9.8%	+9.8%
EC-Dwellings	+6.2%	+3.5%	-8.6%	+12.9%	+1.1%
Additional EC	+4.7%	+4.5%	+9.6%	+4.8%	+6.4%
Physical Loss Form	-12.2%	+0.8%	+0.4%	+1.4%	-4.7%

## NewsBriefs

### TDI Clarifies Position On Diminished Value

**T**HE DEPARTMENT has issued a bulletin clarifying that first-party physical damage coverages under the standard Texas Personal Automobile Policy (PAP) do not include reimbursement for a completely repaired vehicle's diminished market value.

Insurer attorneys and a plaintiff's attorney involved in class action suits on diminished value had requested a bulletin clarifying TDI's position. TDI's position was sought because all companies writing auto insurance in Texas must use the policy form promulgated by the Department.

David Durden, associate commissioner in the Property and Casualty Program, issued the bulletin (B-0027-00) on April 6, 2000. The bulletin is available on the Department's Web site, [www.tdi.state.tx.us](http://www.tdi.state.tx.us).

Durden pointed out that the standard Texas policy provides that an insurer's liability under the first-party physical damage coverages (collision and comprehensive) is the lesser of the following three options, minus any applicable deduction:

- 1 Actual cash value of the stolen or damaged property.
- 2 Amount necessary to repair or replace the property with other of like kind and quality.
- 3 Amount stated in the declarations of the policy.

Option 2 is the option that applies when a vehicle is repaired rather than "totaled."

"The position of the Department is that an insurer is not obligated to pay a first party claimant for diminished value when an automobile is completely repaired to its pre-damage condition," Durden's bulletin said. "The language of the insurance policy does not require payment for, or refer to, diminished value."

The bulletin left open the possibility of using loss of value as a measure that an insurer and first party claimant may use to settle other disputes.

"For example, if an automobile was repaired properly but the vehicle still does not function as it did before the accident, the insurer and policyholder may agree to use loss of the automobile's market value as a measure of damages to settle the dispute," Durden said.

He also noted that an insurer may be obligated to pay a third party liability claimant for any loss of market value, regardless of the completeness of

the repair. Similarly, an insurer may be obligated to pay a first party claimant for loss of market value under his or her uninsured/underinsured motorist coverage, regardless of the completeness of the repair. ★

### Montemayor OKs New TWIA Reinsurance Plan

**C**OMMISSIONER JOSE MONTEMAYOR has approved an expanded catastrophe reinsurance program for the Texas Windstorm Insurance Association (TWIA), the residual market for windstorm and hail coverage along the Texas coast.

The new program, brokered through Guy Carpenter & Company Inc. of Minneapolis, will provide the TWIA with \$325 million in reinsurance coverage for calendar year 2000 compared with \$300 million for 1999.

According to the TWIA's petition, the gross cost of the reinsurance will be \$18.6 million.

If a major hurricane hit the Texas coast, the TWIA would pay the first \$100 million in claims by assessing all property insurers, which, by law constitute the TWIA. The state's Catastrophe Reserve Trust Fund and the reinsurance program would be tapped for funds to pay the next layer of claims until the reserve—currently about \$250 million—is exhausted. At that point, insurers would be assessed again, with reinsurance supplementing the assessment on a 50-50 basis. If this second assessment exceeded \$200 million, companies could recoup the difference through state premium tax credits over a five-year period.

Under the program, more than \$500 million in claims would be paid by the catastrophe reserve trust fund and reinsurance before a second assessment of insurers could occur. ★

### Fraud Unit Prosecutions

#### Convictions

**Bergthold, Jerry Lee**, convicted in Collin County of securing the execution of a document by deception and sentenced to five years probation and restitution of \$14,146.

**Blum, Jack**, convicted in Dallas of insurance fraud and sentenced to one year deferred adjudication and a \$100 fine.

**Baggett, Curtis Leo**, convicted in Austin of making a false statement in a written instrument and sentenced to 24 months deferred adjudication and 80 hours of community service.

**Evans, Paul David**, convicted in Austin of forgery and sentenced to 36 months deferred adjudication and 120 hours of community service.

**Hernandez, Ofelia**, convicted in Austin of making a false statement in a written instrument and sentenced to 60 months deferred adjudication and 160 hours of community service.

#### Indictments

**Igbinoba, Idehen Amas**, indicted in Dallas on charges of money laundering, a third-degree felony, and forgery, a state jail felony.

**Ero, Andrew Yusufu**, indicted in Dallas on charges of money laundering, a third-degree felony, and forgery, a state jail felony.

**Slayton, Dyrall Anthony II**, indicted in Dallas on charges of insurance fraud, a Class A misdemeanor.

**Lopez, Anastacio**, indicted in Austin on charges of unauthorized insurance, a third-degree felony.

**Lindamood, Charles**, indicted in Fort Worth on four counts of unauthorized insurance, a third-degree felony.

### Data Call Reminders

#### Call for Quarterly Experience

The Call for First Quarter 2000 Experience was mailed March 31, 2000 and is due May 15, 2000. The bulletin and forms may be downloaded from TDI's web page located at [www.tdi.state.tx.us](http://www.tdi.state.tx.us). TDI contact is Vicky Knox, 512 475-1879. E-mail address: [vicky.knox@tdi.state.tx.us](mailto:vicky.knox@tdi.state.tx.us)

#### Call for Quarterly Experience, Workers' Compensation Deductible Plans

The Call for First Quarter 2000 Experience was mailed March 31, 2000 and is due May 15, 2000. The bulletin and forms may be downloaded from TDI's web page located at [www.tdi.state.tx.us](http://www.tdi.state.tx.us). TDI contact is Vicky Knox, 512 475-1879. E-mail address: [vicky.knox@tdi.state.tx.us](mailto:vicky.knox@tdi.state.tx.us)

#### Texas Title Insurance Company Call

The 2000 Texas Title Insurance Company Call for Calendar Year Ended December 31, 1999 was mailed March 2, 2000 and was due May 1, 2000. The bulletin, forms and data entry program may be downloaded from TDI's web page located at [www.tdi.state.tx.us](http://www.tdi.state.tx.us). TDI contact is Julie Jones, 512 475-1878. E-mail address: [julie.jones@tdi.state.tx.us](mailto:julie.jones@tdi.state.tx.us) ★



## Auto Rate Arguments Scheduled for May 19

**C**OMMISSIONER JOSE MONTEMAYOR will hear final arguments on proposed new private passenger and commercial auto benchmark rates on May 19, 2000.

The public meeting is scheduled for 9 a.m. in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

Parties to the rate case are Insurance Council of Texas (formerly Texas Insurance Organization), State Farm, Texas Farmers, the Office of Public Insurance Counsel and TDI staff.

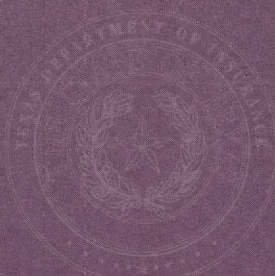
Administrative law judges (ALJs) for the State Office of Administrative Hearings conducted the benchmark rate hearing on September 8-10, 1999. The ALJs issued their proposal for decision on March 18, 2000.

ALJs received a single joint rate recommendation on behalf of the industry and a recommendation from OPIC on behalf of consumers. TDI staff's actuarial consultant did not recommend a specific rate change.

Following are average statewide rate recommendations by the parties and the ALJs:

	INDUSTRY	OPIC	ALJs
Private			
Passenger	+10.6 %	-4.8%	+1.9%
Commercial	+17.3%	+2.4%	+7.5%

Montemayor will make his decision after hearing the final arguments and reviewing the record of evidence produced at the hearing before the ALJs. ★



# PersonalNotes

## Durden Named to Government Relations Post

**C**OMMISSIONER JOSE MONTEMAYOR has named TDI veteran David Durden as the agency's new associate commissioner for Government Relations. Durden had been serving as associate commissioner of Property and Casualty. The appointment took effect April 18.

Durden replaces Rhonda Myron, who left TDI to join the staff of the Senate Economic Development Committee.

"In his 15 years with the Department, David has worked well with Government Relations and demonstrated time and again his knowledge of the legislative process and the importance of maintaining a good working relationship with legislators," Montemayor said.

The Commissioner also named Carol Frasier, who has been handling consumer and legislative complaints for the Commissioner's Office, as assistant director of Government Relations. She replaces Frances Dudley, who also left the Department in April.

Durden received his undergraduate degree in economics from Northwestern University in Evanston, Illinois, in 1981 and his law degree from the University of Texas School of Law in 1984.

He joined the Department in 1985 as a title insurance technician. Two years later he was named manager of the Bond and Miscellaneous Lines Division, and in 1991, he was promoted to deputy commissioner of the Casualty Division, where he served until his appointment last summer as associate commissioner for the newly formed Property and Casualty Program.

Frasier joined the Department in January 1991 and has served as the Commissioner's consumer and legislative liaison since January 1992. She is a 1991 graduate of St. Edward's University with a bachelor's degree in liberal studies. She will continue to supervise the Commissioner's consumer and legislative liaison work while serving as assistant director of Government Relations. ★

## Texas Joins 25 States Smoothing Licensure

**TDI HAS JOINED** a growing number of state insurance departments that smooth the company licensing and expansion process by accepting the NAIC's Uniform Certificate of Authority Application (UCAA).

As of mid-April, 25 states had signed on as "uniform states" that agree to use the UCAA in lieu of the unique application processes that each employed in the past. Texas joined the list on March 24, 2000.

The new uniform application process can be downloaded and printed from the NAIC's UCAA page, [www.naic.org/ucaa](http://www.naic.org/ucaa). The site includes both a primary application for new insurance companies seeking charters in their domiciliary states and an expansion application for established companies that want admission to additional states.

When asked about starting the process of applying for admission or for chartering as a Texas domestic insurer, TDI staff now refers callers to the NAIC Web site for the uniform application process.

At the present time, TDI uses the UCAA only for insurance companies. HMO applicants must continue using TDI's own forms.

Although the purpose of the UCAA is uniformity, the NAIC recognized that most states have certain unique information requirements. For that reason, the UCAA page provides links to state-specific information. Texas' state-specific information includes links to the *Texas Insurance Code*, *Texas Administrative Code* and the Web pages of the State Comptroller (tax information) and the Texas Workers' Compensation Commission.

Jeff Hunt, admissions officer for company licensing and registration in TDI's Financial Program, said the UCAA captures virtually the same information as TDI's own insurer licensing applications. Texas, therefore, requires very little additional state-specific information.

"The UCAA form is very comprehensive, and, in most cases, we will get all the information we need to make competent decisions on licensing and admissions," Hunt said.

He said insurers should welcome the UCAA system because "it is going to save them a lot of time and money for correspondence and research." ★

# RuleMaking

## AMUSEMENT RIDES

### APA Adoption

#### Implementation Rules

■ Commissioner Jose Montemayor has adopted amendments to TDI's amusement ride rules, codified as 28 TAC §§5.9001-5.9014. The amendments implement House Bill 1059 of the 76th Legislature.

Among other things, the legislation established new reporting requirements for amusement ride operators. It further directed the Commissioner to adopt rules requiring mobile amusement ride operators to perform daily inspections of rides, including safety restraints. The new laws also require the Commissioner to prescribe the language and location of signs informing the public how to report rides that appear unsafe or whose operators appear to be violating the law.

TDI records indicate that 134 fixed amusement ride parks and approximately 128 traveling shows that include mobile amusement rides are operating in Texas.

The newly adopted amendments include provisions that:

- Increase from \$20 to \$40 the annual fee that owners and operators must pay for each ride when submitting to TDI the insurance policies and inspection certificates (TDI Form AR-100) required by Texas law.
- Require that inspections and reinspections performed on behalf of insurers include a method to test for stress- and wear-related damage to critical parts whose failure could result in injuries. Such inspections and reinspections also must include a review of the owner or operator's own daily inspection records. Reports of inspections and reinspections made on behalf of insurers must be made available to law enforcement officers upon request.
- Require owners or operators of mobile amusement rides to perform and record daily inspections of each ride. The inspections must include items in at least 14 different categories, including safety belts, bars, locks and other passenger restraints. Before opening each day, a ride must be operated through one complete cycle of proper functioning.
- Mandate the posting of signs informing the public how to report amusement rides

that appear unsafe or to report amusement ride operators who appear to be violating the law. A sign must be 20 inches by 30 inches, in both English and Spanish, with type of at least 50-point bold-faced capital block letters, readable from 25 feet away. Owner/operators must post the signs at the principal entrances to sites where an amusement ride is located or at any location on that site where tickets for a ride are available.

- Require owner/operators to keep accurate records of governmental actions taken toward their rides in any state and to report such actions quarterly to TDI. Such actions include inspections resulting in the repair or replacement of equipment used in the operation of the ride. Owner/operators must maintain copies of the governmental action reports and make them available when requested by law enforcement officers.
- Prescribe standards of the American Society for Testing and Materials as the minimum standards applicable to each ride sold, maintained or operated in Texas. If an ASTM standard conflicts with the requirements of Texas law, the more stringent requirement or standard will apply.
- Incorporate into TDI rules provisions of the new law that authorize municipal, county or state law enforcement officers to enter and inspect amusement rides and, if authorized, shut them down until they comply with state safety requirements.

*Projected publication date: April 28, 2000  
Effective date: May 4, 2000  
Further information: 512 463-6327*

## FINANCIAL

### APA Proposal

#### Relocation of Books and Records

■ The Department has proposed new 28 TAC § 7.25 concerning the relocation of a domestic insurer's principal offices, books and records outside Texas. TDI also proposes repeal of 28 TAC §§ 7.25 and 7.26, the existing rules on the subject.

The proposed new rule implements House Bill 3304 of the 76th Legislature, which amended *Texas Insurance Code* Article 1.28, which requires TDI approval to move a Texas-domiciled company's books and records out of state. Among other things, House Bill 3304 made HMOs that are affiliated with other

HMOs or health care providers subject to the provisions of Article 1.28.

The new rule would set forth an improved procedure for use by TDI in acting on applications of domestic insurers and HMOs to move some or all of their books and records outside the state. Applicants no longer would be required to complete a TDI form. Instead, they could submit the required information in a manner they consider most efficient.

The proposed rule applies to "eligible insurers." These are defined as domestic insurers that are affiliates of insurance holding company systems; HMOs affiliated with other HMOs or health care providers; or nonprofit legal service corporations affiliated with insurance holding company systems.

An eligible insurer wishing to move its records outside the state would be required to file notice of its intent with TDI's Financial Analysis and Examinations Division. The notice would include specific information items, including an analysis of the anticipated benefits to the eligible insurer and a description of the impact of the relocation on policyholders and claimants.

TDI would have 30 days after receiving a complete notice of intent to approve or disapprove a relocation of books and records.

The Commissioner could limit or revoke an insurer's authority to maintain records outside the state for not complying with a request to provide information to examiners. This authority also could be revoked if the Commissioner determines that the insurer's continued operations might be hazardous to policyholders, creditors or the general public.

The proposed rules allow possession of relocated records by someone other than the eligible insurer, in line with the provisions of House Bill 3304. In these circumstances, the eligible insurer would be required to provide TDI with additional information including names of officers, directors and principals or principal shareholders of the entity that would possess the documents. The entity's relationship with the eligible insurer would have to be described, along with control mechanisms to assure effective and efficient reconciliation of the records with those maintained by the eligible insurer.

# RuleMaking

Eligible insurers would be required to have written agreements with entities possessing and maintaining their records. Included would be authorization for TDI to examine records regarding the insurers' record maintenance arrangements with those entities.

Nonaffiliated entities could maintain an eligible insurer's active files related to policyholder claims, policy administration and related processes. Such nonaffiliated entities would have to be licensed by TDI to perform the services contemplated by such arrangements. An eligible insurer would be required to audit the nonaffiliated entity at least once every six months to evaluate internal controls and compliance with their agreement.

*Publication: 25TexReg3415, April 21, 2000  
Earliest possible adoption: May 22, 2000  
Further information: 512 463-6327*

## MEDICAL LIABILITY

### APA Proposal

#### JUA Reinsurance Program

■ The Department has proposed new 28 TAC § 5.2006, concerning the authority of the Texas Medical Liability Insurance Underwriting Association, also known as the "Joint Underwriting Association" or JUA, to cede and purchase reinsurance. The proposed rule would implement *Texas Insurance Code* Article 12.49-3, Section 3(b)(4).

Under the rule, the JUA would be required to obtain the Commissioner's prior approval before implementing a reinsurance program. Among other things, a proposal submitted to the Commissioner would have to include:

- The reinsurance program's structure, terms and cost;
- Recommended percentage of reinsured business to be assumed by each individual reinsurer;
- A summary of the financial condition of each recommended reinsurer; and
- The JUA's anticipated administrative expenses for the program.

No later than 90 days before a reinsurance contract expires, the JUA would have to submit a proposed renewal reinsurance program or a statement of why a reinsurance program is no longer necessary.

TDI proposed the rule to accommodate the inclusion of not-for-profit nursing homes as a category of providers eligible to buy coverage from the JUA; maintain the JUA's statutory pur-

pose of providing medical liability insurance on a self-supporting basis; protect the operations of the JUA and the policyholder's stabilization reserve fund; and protect the state's general revenue.

*Publication: 25TexReg3410, April 21, 2000  
Earliest possible adoption: May 22, 2000  
Further information: 512 463-6327*

## PROPERTY

### APA Proposals

#### Building Code Changes

■ Commissioner Jose Montemayor has scheduled a May 11, 2000, hearing on proposed amendments to 28 TAC § 5.4008, revising the *Building Code for Windstorm Resistant Construction*. The hearing will be at 10 a.m. in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe, Austin.

The proposed changes were recommended by the Building Code Advisory Committee on Specifications and Maintenance. The amendments are non-substantive. Their purpose is to provide clarifications and editorial changes that will make the code easier to apply.

*Publication: 25TexReg3411, April 21, 2000  
Earliest possible adoption: May 22, 2000  
Further information: 512 463-6327*

#### Inland Marine Insurance Auto Floor Plan Coverage

■ The Department has proposed an amendment to 28 TAC § 5.5002, relating to the definition of inland marine insurance.

The change would delete language that currently excludes automobiles and other motor vehicles from floor plan coverage under inland marine policies. If adopted, the amendment would enable insurers to cover dealers' automobile inventories under floor plan policies if the inventories meet eligibility requirements. Financed auto dealer inventories typically meet such requirements.

Under existing rules, insurers can provide coverage for auto dealers' inventories only as motor vehicle insurance under a single contract or as part of a commercial multi-peril policy. The proposed rule would give insurers the option of covering auto dealer inventories as either inland marine insurance or as motor vehicle insurance.

As a type of inland marine insurance, rules, rates and forms for floor plan policies covering motor vehicles would have to be filed only once with TDI instead of annually. In addition,

insurers providing this coverage no longer would be required to file individual risk submissions with TDI.

*Publication: 25TexReg2910, April 7, 2000  
Earliest possible adoption: May 7, 2000  
Further information: 512 463-6327*

### Residential Property Insurance Market Assistance Program

■ The Department has proposed amendments to 28 TAC §§ 5.9403, 5.9404, 5.9406, 5.9409, 5.9410 and 5.9411 concerning the plan of operation of the Residential Property Insurance Market Assistance Program (MAP). The proposed rules would implement provisions of Senate Bills 323 and 324 of the 76th Legislature.

The MAP is a mechanism to help owners or renters of property in underserved areas find homeowners, renters and other residential property insurance in the admitted market. TDI sends information from eligible applications to voluntarily participating insurers via a secure Internet link.

The primary change made by the proposed amendments would authorize TDI staff to complete MAP applications on behalf of applicants and submit them directly to participating insurers. Current rules allow applications to be completed only by licensed local recording agents, who submit them to TDI for transmission to the participating companies. Under the proposed rules, applicants would have both options.

TDI staff members receiving applications by phone would request documentation to verify that an applicant has been unable to obtain insurance in the admitted market within the preceding year. If asked to do so, a staff member would make a diligent effort to help an applicant to obtain the necessary documentation. Applications taken by phone would be initialed and dated by the staff members who helped complete them, in lieu of the applicant's signature.

Existing rules requiring confidentiality of application files and related documents would be repealed.

Under the rules and provisions of Senate Bill 324, farm and farm and ranch insurance no longer could be requested through the MAP.

*Publication: 25TexReg3168, April 14, 2000  
Earliest possible adoption: May 14, 2000  
Further information: 512 463-6327*

*Continued on page 6*

# RuleMaking

## TITLE

### APA Proposal

#### Reverse Mortgage Rule and Forms

■ The Department has proposed changes to 28 TAC § 9.1, adopting by reference amendments to Procedural Rule P-45, Texas Reverse Mortgage Endorsement (T-43), and the Texas Reverse Mortgage Endorsement (Form T-43), which are contained in the *Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas*.

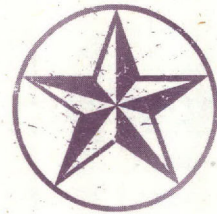
The amendments would enable title insurance companies to issue title policies on reverse mortgages. Such mortgages have not been issued in Texas because of previous ambiguities and inconsistencies in the state laws that authorize them. However, a constitutional amendment adopted by the voters on November 2, 1999, eliminated those problems and made the Texas law consistent with requirements of the Federal National Mortgage Association ("Fannie Mae") and the U. S. Department of Housing and Urban Development (HUD).

The proposed changes to Form T-43 make the form consistent with the constitutional amendment and clarify the reverse mortgage coverages that can be underwritten by title companies in a form acceptable to Fannie Mae. These coverages insure against the invalidity of a lien because of:

- Failure to comply with the requirement that the owner of the mortgaged property, or one of the spouses in the case of joint ownership by a married couple, be 62 or older;
- Failure of the owner to execute at closing a document stating that the owner received counseling about the advisability and availability of reverse mortgages and other financial alternatives, or
- Failure of the owner to receive a disclosure at closing about the circumstances under which the lender can require payment of the loan. (These circumstances include death of the borrower or borrowers, sale of the home and cessation of occupancy of the home for 12 months or longer without approval.)

Proposed revisions to Procedural Rule P-45, Texas Reverse Mortgage Endorsement (T-43), retain the present wording of the rule and add general requirements and limitations for the issuance of coverage. The rule also provides that a title company may delete certain provisions of the endorsement if the company does not consider the additional risk insurable. The company must delete certain provisions of the endorsement in such instances as failure to execute the insured mortgage and promissory note at the office of a title company.

Publication: 25TexReg2912, April 7, 2000  
 Earliest possible adoption: May 7, 2000  
 Further information: 512 463-6327 ★



# CompanyLicensing

## Applications Pending

### For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Amerisure Partners Insurance Co.	Fire & Casualty	Farmington Hills, MI
Banc One Kentucky Insurance Co.	Life	Louisville, KY
Benefit Land Title Insurance Co.	Title	Santa Ana, CA
The Epoch Group, L.C.	TPA	Kansas City, MO
Lincoln General Insurance Co.	Fire & Casualty	York, PA
Manufacturers Alliance Insurance Co. (MAICO)	Fire & Casualty	Blue Bell, PA
Mendota Insurance Co.	Fire & Casualty	Mendota Heights, MN
Pennsylvania Manufacturers Indemnity Co. (PMIC)	Fire & Casualty	Blue Bell, PA
Specialty Benefits Inc. (doing business under the assumed name of Specialty Accident Benefits Inc.)	TPA	Fort Wayne, IN

### For incorporation

COMPANY NAME	LINE	HOME OFFICE
Administrative Solutions Inc.	TPA	Austin, TX
Community Neuropsychiatric Network (doing business under the assumed name of Community Behavioral Health Network)	TPA	Houston, TX

### For name change in Texas

FROM	TO	LINE	LOCATION
Bradford National Life Insurance Co.	National Union Life Insurance Co.	Life	Austin, TX
Independent Fire Insurance Co.	State National Specialty Insurance Co.	Fire & Casualty	Jacksonville, FL
Intercargo Insurance Co.	XL Specialty Insurance Co.	Fire & Casualty	Schaumburg, IL
Maryland Netherlands Credit Insurance Co.	NCM Americas Inc.	Fire & Casualty	Baltimore, MD

# Company Licensing

## Applications Pending

### For name change in Texas (continued)

FROM	TO	LINE	LOCATION
Massachusetts Casualty Insurance Co.	Centre Life Insurance Co.	Life	Boston, MA
Republic Service Life Insurance Co.	American Century Life Insurance Company of Texas	Life	North Richland Hills, TX
Royal Maccabees Life Insurance Co.	Reassure America Life Insurance Co.	Life	Jacksonville, FL
The TOA-RE Insurance Company of America	The TOA Reinsurance Company of America	Fire & Casualty	Wilmington, DE
USF Re Insurance Co.	AXA Re America Insurance Co.	Fire & Casualty	Boston, MA
Value Behavioral Health of Texas Inc.	Valuoptions of Texas Inc.	HMO	Dallas, TX

## Applications Approved

### For admission to do business in Texas

COMPANY NAME	LINE	HOME OFFICE
Avomark Insurance Co.	Fire & Casualty	Indianapolis, IN
Bass Administrators Inc.	TPA	Lafayette, LA
Dan Services Inc.	TPA	Durham, NC
Great American Life Assurance Co.	Life	Cincinnati, OH
Medical Benefit Administrators Inc.	TPA	Newark, OH
Performax Inc.	TPA	Wilmington, DE
Reliance Universal Insurance Co.	Fire & Casualty	Rancho Cordova, CA
21st Century Casualty Co.	Fire & Casualty	woodland Hills, CA
Underwriters for the Professions Insurance Co.	Casualty	Denver, CO

### For incorporation

COMPANY	LINE	HOME OFFICE
Health Management Solutions	TPA	Houston, TX
JNT Group Inc., dba JEM Resources Partners	TPA	Webster, TX
Managed Dentalguard Inc.	HMO	Dallas, TX
Memorial Hermann Healthnet Providers Inc.	TPA	Bellaire, TX
Quantum Southwest Medical Associates	TPA	San Antonio, TX
Quantum Southwest Medical Management Inc.	TPA	San Antonio, TX
Retiredirect Inc.	TPA	Dallas, TX
Select OB/GYN Associates, P.A.	TPA	San Antonio, TX

### For name change in Texas

FROM	TO	LINE	LOCATION
Albany Insurance Co.	Liberty Marine Underwriters, Inc.	Fire & Casualty	New York, NY
Bollinger Fowler Co.	Bollinger Inc.	TPA	Short Hills, NJ
CIGNA Lloyds Insurance Co.	Ace American Lloyds Insurance Co.	Lloyds	Irving, TX
EBPLife Insurance Co.	Genam Benefits Insurance Co.	Life	St. Louis, MO
Federated Rural Electric Insurance Corp.	Federated Rural Electric Insurance Exchange	Converted from Stock Fire & Casualty to Reciprocal Exchange	Madison, WI
Florists' Life Insurance Co.	Financial American Life Insurance Co.	Life	Des Plaines, IL
Gan National Insurance Co.	Rampart Insurance Co.	Fire & Casualty	New York, NY
Investors Equity Insurance Co.	GMG Mortgage Assurance Co.	Casualty	San Francisco, CA
John Deere Casualty Co.	Sentry Casualty Co.	Fire & Casualty	Moline, IL
John Deere Insurance Co.	Sentry Select Insurance Co.	Fire & Casualty	Moline, IL
John Hancock Mutual Life Insurance Co.	John Hancock Life Insurance Co.	Life	Boston, MA
Lawrenceville Property and Casualty Co. Inc.	Lawrenceville Property and Casualty Co.	Fire & Casualty	Fairfax, VA
Liberty Marine Underwriters Inc.	Liberty Insurance Underwriters, Inc.	Fire & Casualty	New York, NY
Mutual Assurance Inc.	The Medical Assurance Co. Inc.	Fire & Casualty	New York, NY
Texas R.V.O.S. Insurance Co.	Priority One Insurance Co.	Fire & Casualty	Temple, TX

# Disciplinary Actions

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

<b>AGENTS &amp; AGENCIES</b>		<b>NAME</b>	<b>CITY</b>	<b>ACTION TAKEN</b>	<b>VIOLATION</b>	<b>ORDER</b>	<b>DATE</b>
	Conley, Leonard Alden	Houston	Group I Agent's License Revoked	Misappropriation and/or Conversion	00-0223	2/28/00	
	Dady, David William, and Dady Insurance Agency	Georgetown	Probated Suspension of Group I and Local Recording Agent's Licenses; \$2,000 Fine	Consent Order; Alleged Failure to Timely Remit Premium Refunds to Customers	00-0271	3/7/00	
	Fernandez, Victor	San Antonio	Agent's License Application Denied	Felony Conviction; Material Misstatements on License Application	00-0222	2/28/00	
	Henke, Marcella Vana	Hallettsville	Probated Suspension of Group I and Local Recording Agent's Licenses; \$1,500 Fine	Material Misrepresentation of the Terms and Conditions of an Insurance Policy	00-0332	3/20/00	
	Lee, Andrew	Beaumont	Group I and Local Recording Agent's Licenses Revoked	Misappropriation or Conversion; Fraudulent or Dishonest Practices	00-0275	3/8/00	
	Pennington, Michael Christian	Killeen	Solicitor's License Revoked	Felony Conviction	00-0226	2/28/00	
	Reyes, Noe Antonio	Dallas	\$2,000 Fine; \$500 Restitution	Conversion	00-0352	3/24/00	
	Schwartz, William Matthew	Houston	\$10,000 Fine; Probated Suspension of Local Recording Agent's License	Material Misstatements on License Renewal Applications	00-0351	3/24/00	
<b>COMPANIES</b>		<b>NAME</b>	<b>CITY</b>	<b>ACTION TAKEN</b>	<b>VIOLATION</b>	<b>ORDER</b>	<b>DATE</b>
	American Bankers Life Assurance Company of Florida	Miami	Refund of Premium Overcharges, with Interest	Failure to Implement New Presumptive Rates for Credit Life and Disability Insurance on the Effective Date	00-0384	3/31/00	
	Employers Insurance of Wausau, a Mutual Company; Wausau Business Insurance Co.; and Wausau Underwriters Insurance Co.	Wausau, WI	\$11,500 Fine	Late Filing of Commercial Auto Experience Rating Data	00-0350	3/24/00	
	Independence Casualty & Surety Co.	Bellaire	\$3,000 Fine	Affiliate Transaction Without TDI's Prior Approval	00-0311	3/17/00	
	Mid-Century Insurance Company Of Texas	Austin	\$11 Million in Auto Insurance Premium Refunds; Rate Reductions	Consent Order; Alleged Unreasonable and Excessive Auto Insurance Rates	00-0267	3/7/00	
	Old United Life Insurance Co.	Merriam, KS	Refund of Premium Overcharges, with Interest	Failure to Implement New Presumptive Rates for Credit Life and Disability Insurance on the Effective Date	00-0381	3/31/00	
	Service Life & Casualty Co.	Austin	Refund of Premium Overcharges, with Interest	Failure to Implement New Presumptive Rates for Credit Life and Disability Insurance on the Effective Date	00-0379	3/31/00	
	Standard Guaranty Insurance Co.	Atlanta, GA	Refund of Premium Overcharges, with Interest	Failure to Implement New Presumptive Rates for Credit Life and Disability Insurance on the Effective Date	00-0385	3/31/00	



**Texas Department of Insurance**  
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