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**1993**

**Annual  
Report** 

**Texas Department of Insurance**





# 118th

# Annual Report To The Governor *and* Legislature



**FOR FISCAL YEAR 1993 ENDING AUGUST 31, 1993**

Claire Koriath, Chair

Allene D. Evans, Member

Deece Eckstein, Member

J. Robert Hunter, Commissioner of Insurance

*Issued By The Texas Department of Insurance*





# Texas Department of Insurance

333 Guadalupe Street P.O.Box 149104 Austin, Texas 78714-9104  
512/463-6169

January 21, 1994

The Honorable Ann W. Richards, *Governor*  
The Honorable Bob Bullock, *Lieutenant Governor*  
The Honorable James E. "Pete" Laney, *Speaker of the House*

Dear Governors and Speaker:

We are pleased to submit the *118th Annual Report* of the Texas Department of Insurance for the year ended August 31, 1993, in compliance with Section 12, Article 1.10, *Texas Insurance Code*, and Section b, Article 1.25, *Texas Insurance Code*.

Part V, the agency's annual financial report, was submitted under separate cover on December 9, 1993, in compliance with the General Appropriations Act, Article V, and in accordance with Comptroller of Public Accounts requirements. Because the financial report will be audited by the State Auditor as part of the audit of the statewide annual financial report, an opinion has not been expressed on the financial statements and related information contained in this report.

We are filing copies of this report simultaneously with the State Auditor, State Treasurer, Legislative Budget Board, Comptroller of Public Accounts, Legislative Reference Library and State Library. We also are notifying members of the Legislature of the report's availability.

If you have questions about the contents of this report or affairs of the Texas Department of Insurance, we will be happy to respond.

A handwritten signature in cursive script that reads "Claire Koriath".

Claire Koriath, *Chair*

A handwritten signature in cursive script that reads "Allene D. Evans".

Allene D. Evans, *Member*

A handwritten signature in cursive script that reads "Deece Eckstein".

Deece Eckstein, *Member*

A handwritten signature in cursive script that reads "Robert Hunter".

J. Robert Hunter, *Commissioner of Insurance*  
(Sworn in November 1993)



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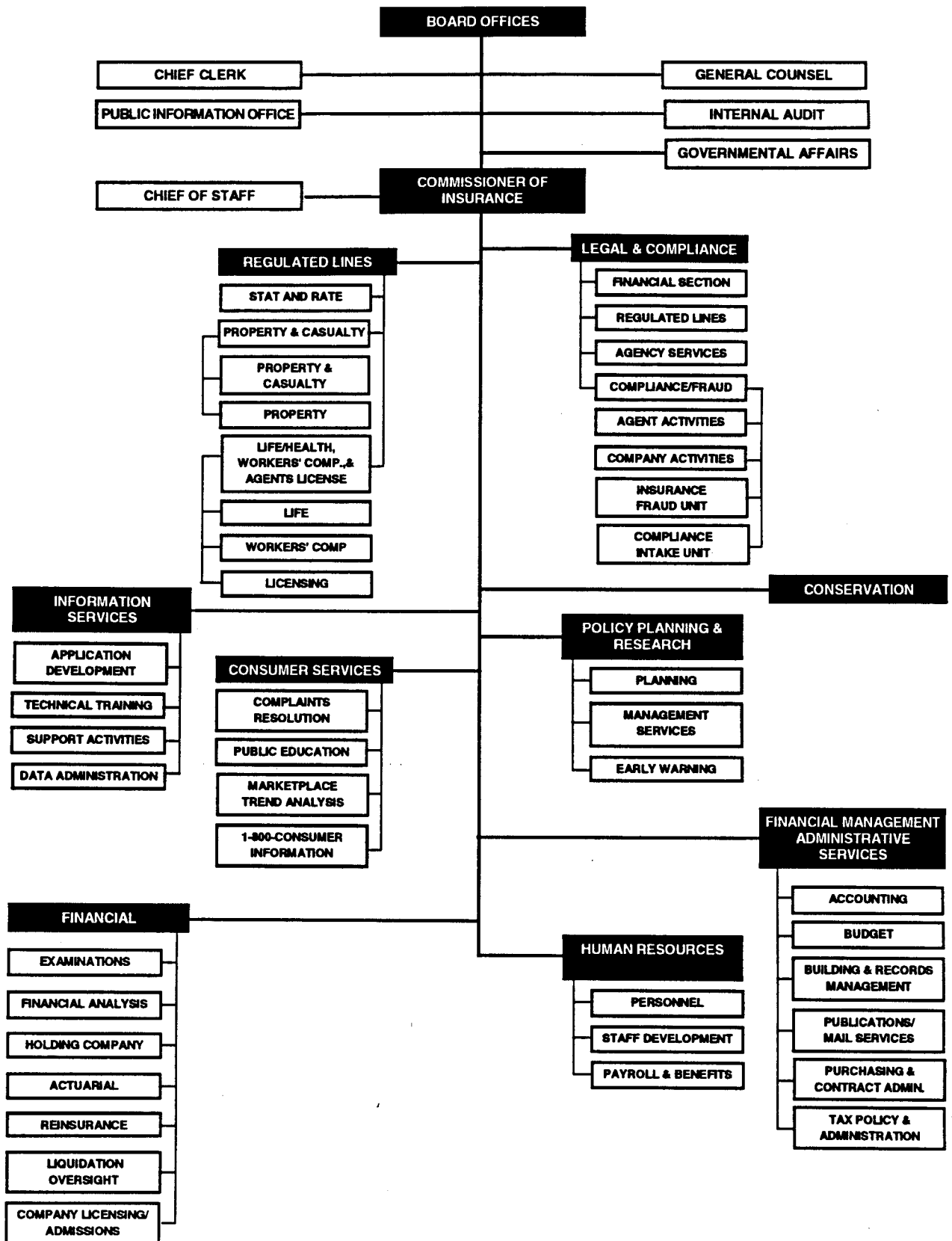
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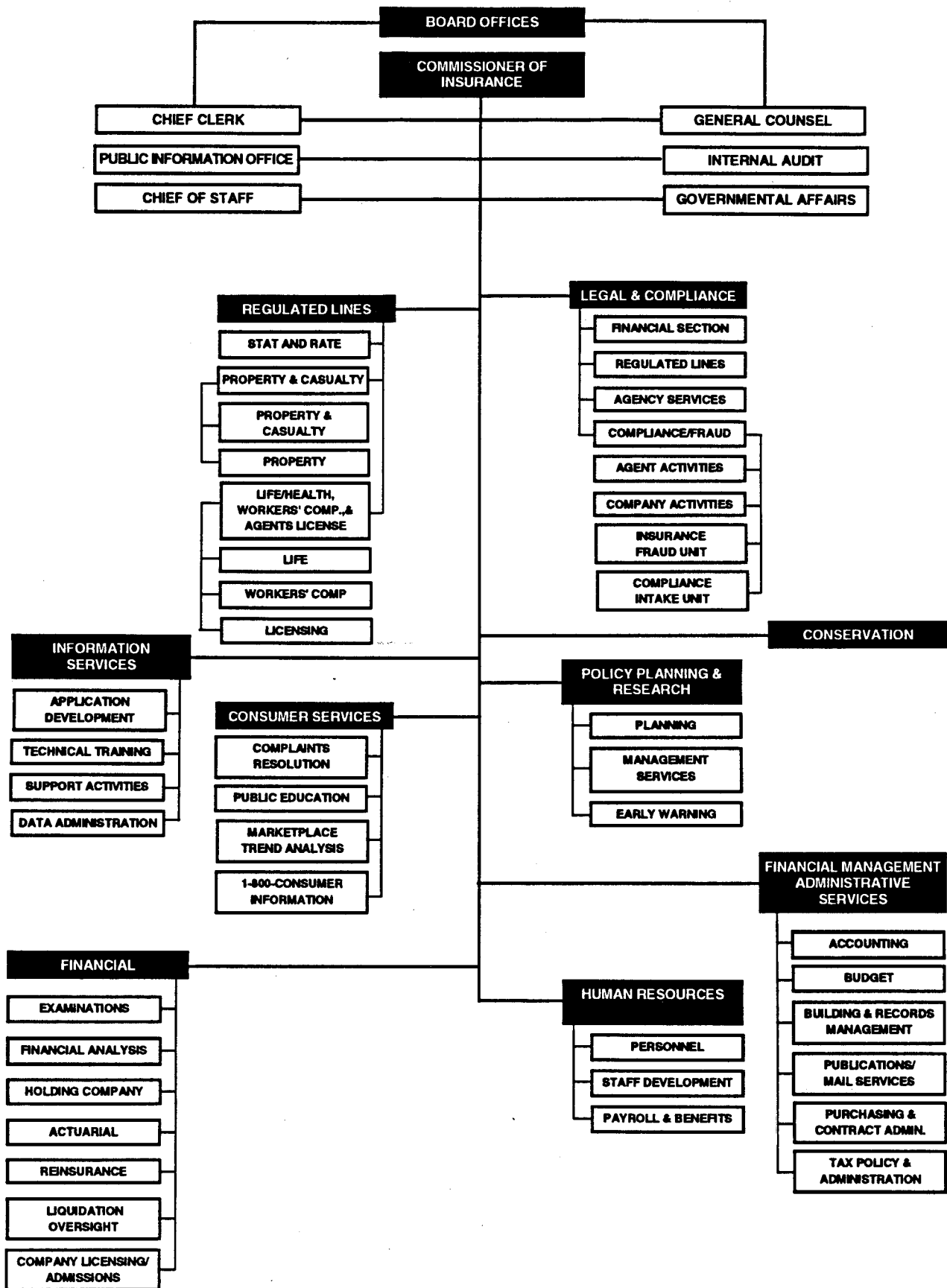
# Texas Department of Insurance

Organizational Chart  
As of August 31, 1993



# Texas Department of Insurance

Organizational Chart  
As of September 1, 1993



# Mission Statement

Our mission is to work for the availability of quality insurance products for all Texans at reasonable prices and under reasonable terms. We will enforce solvency standards and promote competition in the industry while protecting consumers from fraud, misrepresentation and unfair trade practices. We will educate the public about insurance so that Texans can make informed choices, and we will insist that the industry be responsive to its customers.

# Philosophy Statement

In meeting our regulatory responsibilities, we will conduct ourselves with the highest standards of ethics and accountability. We will be open and responsive to consumers and to the industry. Our decisions will be based on thorough research and independent information. Within the department, we will foster a working environment that encourages communication, respects differing points of view and nurtures pride in public service. We will retain and attract a talented and diverse work force.

# Agency Goals

1. We will aggressively enforce laws and regulations so as to monitor and regulate the conduct of persons and entities in the insurance industry.
2. We will aggressively monitor and regulate the financial health of insurance companies and all other regulated entities.
3. We will work to develop and maintain credible and verifiable data for all regulatory purposes.
4. We will work to eliminate insurance industry fraud as well as insurance fraud perpetrated by consumers.
5. We will work to eliminate unlawful trade practices in all lines of insurance.
6. We will promote consumer education and informed consumer choices.
7. We will encourage competition in insurance markets.

# Explanatory Notes

References to Statutes and Insurance-Related Legislation: In all instances, SB1 refers to Senate Bill 1, *Acts of the 71st Legislature, 2nd Called Session*-the 1989 workers' compensation reform bill; HB2 refers to House Bill 2, *Acts of the 72nd Legislature*-the 1991 insurance reform package; HB62 refers to House Bill 62, *Acts of the 72nd Legislature, 2nd Called Session*-additional insurance reforms adopted in 1991; HB2055 refers to House Bill 2055, *Acts of the 73rd Legislature-the Small Employer Health Insurance Availability Act*; and House Bill 1461 refers to House Bill 1461, *Acts of the 73rd Legislature*-sunset legislation continuing the agency. Unless otherwise noted, statutory references, including citations of articles, refer to the *Texas Insurance Code*.

J. Robert Hunter was sworn in as Commissioner of Insurance on November 3, 1993, in Fiscal Year 1994. Hunter's name appears on this report for Fiscal Year 1993 because it was published during his administration.







# Part I

# Reports of Program Activity



*Issued By The Texas Department of Insurance*

This section of the Texas Department of Insurance's 118th Annual Report gives a brief summary of major activity of agency programs and divisions during Fiscal Year 1993. Some agency reorganization occurred during the fiscal year. This report reflects the agency structure as it existed on August 31, 1993.



# Preface

Insurance regulation in Texas aims at a single outcome: competitively priced products sold by financially sound companies that treat their customers fairly and honestly.

With this vision in mind, the State Board of Insurance and the Texas Department of Insurance concentrated throughout Fiscal Year 1993 on addressing market conditions. With an emphasis on encouraging competition and bettering the insurance marketplace for all Texans, regulatory activities included:

- ★ Acting to obtain statistical data independently of insurance industry-controlled organizations.
- ★ Correcting unfair and illegal practices.
- ★ Educating consumers on how to shop in a competitive environment.
- ★ Researching availability questions.
- ★ Tracking insurance prices.

Each of these activities is described under applicable program headings throughout this annual report.

This introductory chapter addresses three lines of insurance that received particular attention — homeowners, private passenger automobile and workers compensation — and concludes with a brief discussion of solvency matters.

## PERSONAL LINES AVAILABILITY ISSUES

Availability problems that began in late 1989 and early 1990 continued during Fiscal Year 1993. Many drivers could find coverage only with high-risk county mutual companies at significantly higher rates or in the Texas Automobile Insurance Plan (TAIP) — the state's residual market for motorists turned down by insurance companies in the voluntary market. County mutual insurers, which are exempt by law from rate regulation, insured more than one-fifth of the private passenger auto market, as measured by total written premiums. During the first quarter of Calendar Year 1993, half of the top 20 private passenger auto writers were county mutuals. TAIP applications increased dramatically in 1991 following enactment of laws strengthening enforcement of the state law requiring drivers to have automobile liability insurance or other acceptable proof of financial responsibility.

Figure I indicates that the number of drivers seeking coverage with the TAIP did not decline after the initial surge in September, 1991 but continued growing.

The TAIP's growth in 1990-93 is further illustrated by Figure II.

## NEW APPLICATIONS PROCESSED BY THE TEXAS AUTOMOBILE INSURANCE PLAN

Month	FY 1990	FY 1991	FY 1992	FY 1993
	(CY 89)	(CY 90)	(CY 91)	(CY 92)
September	10,419	13,303	50,048	59,810
October	11,430	15,226	58,706	59,694
November	10,273	14,852	45,774	56,459
December	9,389	14,463	48,276	58,540
	(CY 90)	(CY 91)	(CY 92)	(CY 93)
January	12,525	18,568	51,766	54,819
February	12,349	18,576	52,634	68,668
March	14,974	23,349	61,296	78,319
April	14,941	23,417	63,057	76,124
May	14,448	20,070	56,959	63,347
June	12,845	19,326	59,825	68,062
July	13,743	21,781	52,264	53,747
August	14,054	25,812	52,857	55,712

Source: Texas Automobile Insurance Plan  
Figure I

Availability of homeowners insurance at reasonable prices also remained a concern. A TDI research report documented a declining number of policies written in rural and coastal areas between the end of 1990 and the close of 1992 and indicated that fewer homes valued at less than \$49,000 were insured in 1992 than in 1990.<sup>1</sup> Reduced availability of coverage along the coast also is reflected by the 27 percent increase in coastal properties covered by the Texas Catastrophe Property Insurance Association ("Catpool") since 1990.

Further evidence of a tightening personal lines market was the volume of homeowners, farm and ranch owners and private passenger automobile business written by surplus lines carriers. (Surplus lines carriers are non-admitted, but legally eligible, companies that traditionally have specialized in hard-to-place business coverages.) As Figure III indicates, the period 1990-93 witnessed a twelve-fold increase in the number of residential property insurance policies and a quadrupling of the private passenger auto policies written by surplus lines carriers.

## TEXAS AUTOMOBILE INSURANCE PLAN GROWTH 1990-1993

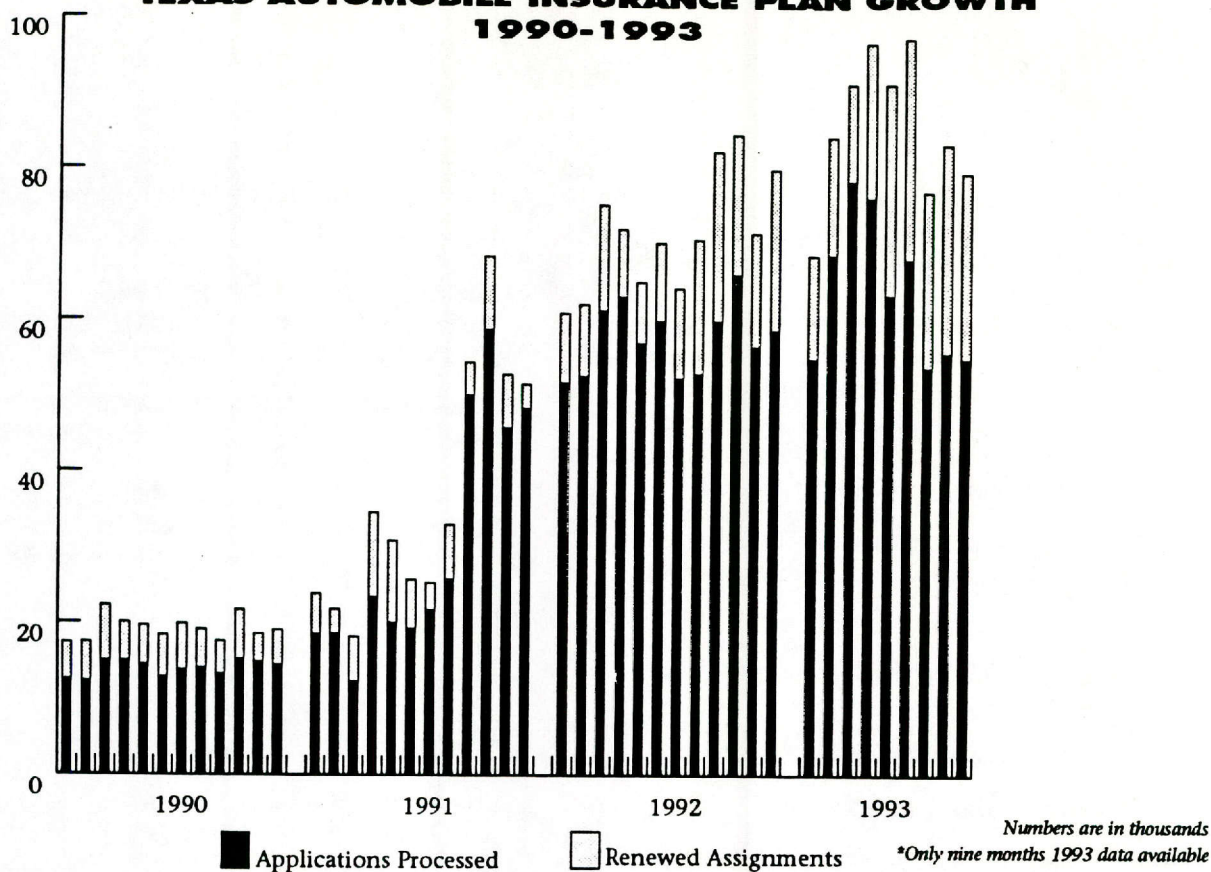


Figure II

### PERSONAL LINES AS A COMPONENT OF TEXAS SURPLUS LINES MARKET, 1990-93

	1990	1991	1992	1993 (Jan.-Aug.)
<b>Premium Volume (In Millions)</b>				
All Lines	\$716.2	\$890.8	\$1,048.5	\$934.4
Personal Auto				
Physical Damage	3.2	20.3	46.2	29.9
Homeowners	.9	6.7	16.2	17.5
Farm & Ranch Owners	.7	1.6	1.8	1.6
<b>Policy Count</b>				
All Lines	167,574	179,786	280,523	231,087*
Personal Auto				
Physical Damage	17,901	25,540	81,385	52,417
Homeowners/Farm & Ranch Owners	2,180	10,036	26,608	24,712

*\*Estimate — All others are actual.  
Source: Texas Surplus Lines Stamping Office*

Figure III

### PRICES

Availability must be coupled with affordable prices if the insurance system is to work for the average consumer. Fiscal Year 1993 was the second year of Texas' experiment with "flex-rating." This system relies on competition — within boundaries established by the Board — to establish prices charged by rate-regulated companies in the homeowners and auto insurance markets.

In 1993, the Board left homeowners benchmark rates<sup>2</sup> at their 1992 level and allowed companies to charge as much as 30 percent above and 30 percent below benchmark rates without prior approval. Evidently because of the moderating effects of competition, filed homeowners rates averaged 6.9 percent above benchmark — well below the upper limit of the flexibility band. Among the top 40 carriers, individual companies' average homeowners' rates ranged from 12.8 percent below benchmark to 25.7 percent above benchmark.

The Board's 1993 automobile rate order increased benchmark rates for liability coverages but reduced them for physical damage insurance. The net result was no change from 1992 benchmark rates. The flexibility band was established with a range 30 percent below to 30 percent above benchmark. Rates outside that range may be charged only with prior approval of the Board.

As with homeowners insurance, flex-rating produces a wide range of automobile insurance rates. Rates filed during the summer of 1993 averaged 8.2 percent above benchmark. For the top 40 rate-regulated auto carriers, individual companies' average rates ranged from 10.1 percent below to 32.7 percent above benchmark rates.<sup>3</sup>

The wide diversity of homeowners and auto insurance rates places a premium on shopping the market, which was the message of the "Shopping Smart" consumer awareness campaign the Governor and the Department carried out in Fiscal Year 1993. This campaign included publication of rate guides containing sample rates for all flex-rated insurers in each of the 23 homeowner rating territories and 52 automobile insurance rating territories.

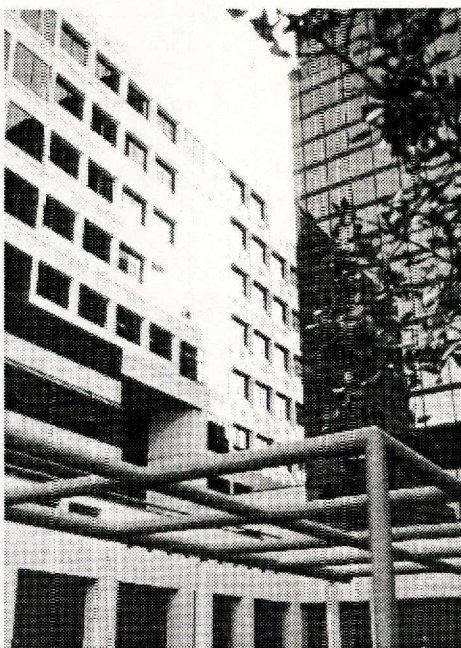
The high degree of consumer interest in rates and other insurance matters is indicated by the fact that TDI responded to more than 900,000 inquiries during Fiscal Year 1993, compared with projections of 276,000.

It should be noted that significant portions of the personal lines market are not subject to flex-rating. As indicated above, one-fifth of the state's total private passenger auto insurance premium volume is written by county mutuals. Approximately 60 percent of residential property coverage is written outside the rate-regulated market, primarily in Lloyds companies and reciprocal exchanges.<sup>4</sup> One such company, State Farm Lloyds, writes almost 25 percent of the Texas homeowners market, according to data reported through the first six months of Calendar 1993.<sup>5</sup> Lloyds companies and reciprocal exchanges commonly use their freedom from rate regulation to compete for preferred-risk business, rather than to provide a market for high-risk business at commensurate rates.

## DISCRIMINATION ISSUES

Identification and correction of unfair practices such as "redlining" were among the Department's and the Board's priorities during the fiscal year. A TDI study raised the possibility that higher premiums and reduced availability of personal lines insurance are based on criteria other than risk. "In Houston there is a statistical relationship between minority and Hispanic concentrations and availability and price of homeowners insurance," TDI's research report said.<sup>6</sup> The same report identified a correlation between minority status and assignment to the TAIP:

*In the major urban areas the level of assignments to the TAIP ... is generally statistically related to the proportion*



*of renters and housing value. In Houston and Dallas-Fort Worth and possibly other cities, it also appears to be related to minority and Hispanic concentrations. None of these variables appear to be directly related to the hazard insured by the TAIP (i. e., third party automobile liability.)<sup>7</sup>*

The Board addressed the possibility of "redlining" and other illegal forms of discrimination with rules adopted at the close of Fiscal Year 1993. The rules (28 TAC 21.7) prohibit discrimination based on race, color, religion or national origin; outlaw discrimination among insureds or prospective insureds having a like hazard; and forbid discrimination based on

geographic location, age, sex or disability unless justified by sound actuarial principals. Enforcement of this rule was suspended by a permanent injunction on October 25, 1993. (*State Farm Mutual Insurance Co., et al, vs. Texas Department of Insurance, et al, Cause 93-11489, Travis County Texas*).

In addition, the Board issued a rule forbidding unfair non-renewals of homeowners policies based on condition of premises. The rule bars such non-renewals unless the insurer has informed the policyholder of necessary corrections and the insurer has allowed adequate time to remedy the problem.

Board members addressed unfair practices in the selection or termination of automobile policyholders through rules prohibiting insurers from:

- ★ Denying coverage because of another company's previous renewal, cancellation or denial of coverage.
- ★ Making auto coverage conditional on the number of vehicles insured or on the purchase of any other policy.
- ★ Refusing to renew a policy because a family member reaches driving age.

## WORKERS' COMPENSATION

Declining rates and increased availability of coverage characterized Texas' workers' compensation market during Fiscal Year 1993.

Workers' compensation reforms<sup>8</sup> reduced claims costs by 30 percent or more in 1991 and 1992 and substantially reduced the industrywide workers' compensation loss ratio as shown by Figure IV.

**WORKERS' COMPENSATION PREMIUMS AND LOSSES  
1982-1992**

Year	Direct Premiums Earned	Direct Losses Incurred	Loss Ratio
1982	\$1,559,617,941	\$1,200,170,161	77.0
1983	1,624,025,740	1,301,028,773	80.1
1984	1,650,182,935	1,594,997,502	96.7
1985	1,687,856,023	1,917,302,868	113.6
1986	2,188,767,986	2,280,769,803	104.2
1987	2,422,313,700	2,536,416,940	104.7
1988	2,879,387,379	3,157,071,342	109.7
1989	3,415,483,998	3,597,452,087	102.4
1990	4,077,110,907	3,870,449,094	94.9
1991	4,482,722,277	3,566,693,254	79.6
1992	2,840,828,895*	2,021,781,554	71.2

\*The substantial decrease in premium from 1991 to 1992 is attributed to the widespread use of large-deductible plans, beginning January 1, 1992. Workers' compensation deductibles were authorized by Senate Bill 1 as a mechanism for employers to reduce their premiums.

Figure IV

In addition, the Texas Workers' Compensation Insurance Facility, which ran half-billion-dollar deficits in 1989 and 1990, announced rebates totaling \$345 million to participating insurers for accident years 1991 and 1992. The facility successfully petitioned the Board for rate reductions averaging 13.7 percent in recognition of its reduced losses.

Although rates, overall, continued at levels higher than warranted by the industrywide reduction in losses,<sup>9</sup> considerable progress occurred toward bringing down workers' compensation costs. The Texas Workers' Compensation Insurance Fund and the 26 largest company groups have an 89 percent market share. The average rate for these carriers dropped from 8.7 percent above 1991 manual rates<sup>10</sup> in September 1992 to 5.9 percent below 1991 manual rates in November 1993. The Department also tracks the occurrence of various rate levels in comparison with the market share of companies filing those rates. As Figure V indicates, companies charging at or below 1991 manual rates were scarce in February 1993 but accounted for almost two-thirds of the market by November.

Not all workers' compensation rate reductions were purely voluntary. During Fiscal Year 1993, three carriers lowered their filed rates only after the Board challenged them by scheduling rollback hearings.

The bellwether in filing rates reflecting the substantial decline in losses was the Texas Workers' Compensation Insurance Fund, which wrote its first policy on January 1, 1992. By June 30, 1993, the fund was the state's No. 1 workers' compensation carrier, with a 17.7 percent market share. As of September 1, 1993, the fund's rates were 30 percent below 1991 manual rates for preferred risks, 20 percent below manual for standard risks, 12.5 percent above manual for substandard risks and manual for all others, including small premium policies.

As the voluntary market strengthened, the number of policies written by the Texas Workers'

**WORKERS' COMPENSATION RATE TRACKING**

**Percent Above or Below 1991 Manual Rates**

	2/93		10/93		11/93	
	Accepted Filings	Mkt Share	Accepted Filings	Mkt Share	Accepted Filings	Mkt Share
+15	89	45.5%	59	32.9%	48	15.0%
+10 to +14	20	4.6%	12	4.8%	12	4.8%
+5 to +9	23	17.9%	24	7.0%	22	5.5%
+1 to +4	8	4.0%	9	0.6%	9	0.6%
0	81	19.3%	86	26.8%	97	44.8%
-1 to -5	11	4.2%	16	4.6%	15	4.5%
-6 to -10	10	2.2%	24	6.0%	24	7.5%
-11 to -30	9	2.2%	17	8.1%	19	8.3%
<b>TOTAL*</b>	<b>251</b>	<b>100.0%</b>	<b>247</b>	<b>90.8%</b>	<b>246</b>	<b>91.0%</b>

\*Where total market share is shown as less than 100 percent, it represents the market share of companies whose rate filings had been accepted. It does not include the market share of companies whose filings had been received but were undergoing review.

Figure V

Compensation Insurance Facility continued to decline. Between January 1 and August 31, 1993, the number of risks in the Facility dropped from 22,460 to 8,417. The Texas Workers' Compensation Insurance Fund replaces the Facility as Texas' workers' compensation insurer of last resort on January 1, 1994.

## SOLVENCY

Underlying a vibrant, competitive market must be the financial strength to pay claims as they arise.

During the fiscal year, the Department continued to refine its computer-assisted Early Warning System to detect troubled companies soon enough to minimize harm to consumers and increase the likelihood of rehabilitation. Between March 1, 1992, and July 31, 1993, Early Warning referrals for corrective action saved between \$14 million and \$59 million in potential guaranty fund liabilities.<sup>11</sup>

In the wake of the Executive Life Insurance Co. and Mutual Benefit Life Insurance Co. rehabilitations, regulators and insurers focused greater attention on the need to recognize variations in the quality of insurer assets. The Board took the lead nationally in issuing rules relating capital and surplus requirements to underwriting risks and investment risks. Risk-based capital and surplus rules for both property-casualty and life-health insurers took effect during Fiscal Year 1993. These rules measure the risk associated with the amount of insurance written — the more exposure to loss a company has, the more capital and surplus it needs. The rules also consider the risk associated with various investments and reinsurance transactions. Under these new rules, the Commissioner may require companies to add to their capital and surplus or reduce total risk as necessary to meet the risk-based standards now in effect. Preliminary testing of the Texas formula for property-casualty companies demonstrated that it successfully identified companies that had received low ratings from the A. M. Best Co.

Such rules, along with the computer-assisted Early Warning System and other monitoring efforts, are designed to prevent the expense and human suffering occasioned by insurance company failures. Nonetheless, in a competitive economic system, some insolvencies are inevitable.

Nine domestic (Texas-chartered) companies failed in Fiscal Year 1993, continuing a downtrend that began in 1991 (Figure VI). For the most part, these were small companies. Assets of the nine impaired insurers

averaged \$3.2 million. Estimated guaranty fund obligations arising from these insolvencies total \$45.6 million.<sup>12</sup>

### TEXAS DOMESTIC INSURANCE COMPANY INSOLVENCIES, FY 1983-93

	Life & Health	Property & Casualty
1983	2	3
1984	0	0
1985	2	3
1986	1	1
1987	2	3
1988	3	6
1989	14	5
1990	13	6
1991	7	5*
1992	6	4
1993	6	3

\* Two of these companies were placed in receivership but were released shortly afterward

Figure VI

One key measure of an insurer's soundness that also is used in evaluating the financial strength of the industry as a whole is the ratio of surplus (net worth) to assets. This ratio is important because it indicates the insurer's ability to respond to unforeseen losses. The ratio for licensed property-casualty companies operating in Texas declined slightly — from 29.17 percent in 1991 to 28.14 percent in 1992, the latest year for which data is available. Despite this dip, the ratio remained above that of 1990. Nationally, the property-casualty industry maintained a ratio in the 25 percent range over the past two decades.

Life and health insurers, which have smaller liquidity requirements than property-casualty companies, had an aggregate surplus-to-assets ratio of 6.17 percent in 1992. This represented a decline

from the previous year but was above the 1990 ratio.

Regulators are responsible for monitoring the solvency of all admitted companies selling insurance in their states. But under the present system of state-by-state regulation, this responsibility is particularly great with respect to a state's domestic insurers. Texas has an unusually high number of domestic companies to regulate, in part because of low capital and surplus

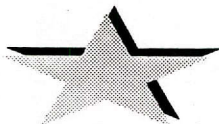


requirements in the past. The trend over the past nine years (FY 1985-FY 1993) has been one of declining numbers of domestic insurers. Since 1985, the number of domestic life-health companies has fallen from 508 to 318, and the number of Texas-chartered property-casualty insurers has diminished from 283 to 270. For the first time in more than a decade, Texas had fewer than 600 domestic insurance companies in Fiscal Year 1993.

The long-range trend toward a reduction in the number of insurers, particularly when weak companies merge with strong ones, is healthy. The trend toward insurer consolidation means regulators are better able to monitor the industry within the resources provided by the Legislature. At the same time, the large number of insurers operating in Texas provides an environment in which vigorous competition should occur.

## **CONCLUSION**

The report that follows outlines the Department's activities during a year in which it strengthened its financial monitoring efforts, worked for a fairer and more competitive insurance marketplace and underwent detailed Sunset review by the 73rd Legislature.





## ENDNOTES

- <sup>1</sup> Texas Department of Insurance, *The Texas Residential Property Insurance Market, 1988-92*, August 1993.
- <sup>2</sup> Benchmark rates are reference points to be used by insurance companies in determining what their rates should be, within the flexibility band set by the Board.
- <sup>3</sup> The 32.7 percent-above-benchmark rate filing was made pending a prior approval hearing by the Board.
- <sup>4</sup> Texas Department of Insurance, *The Residential Property Insurance Market, 1988-1992*, August 1993, p. 1. Non-rate-regulated companies were found to have written 60 percent of the homeowners, 70 percent of the dwelling, 57 percent of the farm and ranch owners and 62 percent of the farm market.
- <sup>5</sup> Texas Department of Insurance, *Quarterly Legislative Report on Market Conditions: 2nd Quarter, 1993*, October 1993, p. 15.
- <sup>6</sup> Texas Department of Insurance, *Analysis of Texas Automobile Insurance Plan (TAIP) and Homeowners Markets*, August 30, 1993, p. 19.
- <sup>7</sup> Ibid.
- <sup>8</sup> Senate Bill 1, *Acts of the 71st Legislature, 2nd Called Session*. Key provisions took effect January 1, 1991, and remained in force pending the final outcome of litigation challenging the statute. The major provisions affecting losses were held unconstitutional by a state district court in Eagle Pass in 1991. The 4th Court of Appeals in San Antonio upheld that decision in 1993, but the state planned an appeal to the Texas Supreme Court.
- <sup>9</sup> Analysis of workers' compensation data "indicates that an appropriate average rate level for the voluntary market in 1992 was between 10% and 20% below the 1991 rate level. Considering the earned rate level in 1992 was about 2% above the 1991 rate level this analysis indicates the 1992 rates were, on average, excessive by 12% to 22%." Texas Department of Insurance, "Analysis of Texas Workers' Compensation Experience as of December 31, 1992," p. 3, issued with *Summary of Results of Texas Workers' Compensation Financial Call as of 12/31/92* as W. C. Circular letter 653, dated July 16, 1993.
- <sup>10</sup> Manual rates for 1991 are the reference point or "benchmark" for comparison because 1991 was the last year of uniform workers' compensation rates set by the Board. Beginning in 1992, companies set their own rates under a new file-and-use system, subject to a statutory ceiling of 15 percent above 1991 manual rates. The ceiling rose to 30 percent in 1993 and will be eliminated altogether in 1994.
- <sup>11</sup> "The broad range of estimated savings results from the difficulty of predicting a percentage of recovery of company assets. Savings for these companies can be more accurately determined over a two year period." Texas Department of Insurance, *Report on Early Warning*, July 1993, p. 2.
- <sup>12</sup> Insurance companies are assessed by guaranty associations ("guaranty funds") for the money to pay claims against insolvent insurers. Companies are reimbursed through premium tax write-offs in 10 equal yearly installments.



# Board Offices

Prior to September 1, 1993, the Governor by statute appointed, with the advice and consent of the Senate, the three members of the State Board of Insurance to serve as the agency's chief policymakers. The Board then appointed the Commissioner of Insurance to handle the day-to-day operation of the Department. The Board also issued rules and performed certain rate-regulation duties.

Under sunset legislation taking effect in Fiscal Year 1994, a Commissioner appointed by the Governor, with the advice and consent of the Senate, assumes the Board's policymaking and administrative duties. During a transition period, the Board retains certain duties involving rates and policy forms until turning them over to the Commissioner. This transfer must occur by September 1, 1994, the date the Board is abolished by law.

## BASICS

As part of its rate-setting duties, the Board sets "benchmark" rates and "flexibility bands" for automobile and residential property insurance, reviews auto and residential property rates outside the flexibility bands, reviews workers' compensation insurance rates as necessary, establishes title insurance rates and sets rates for the Texas Automobile Insurance Plan ("assigned risk plan") and the Texas Catastrophe Property Insurance Association ("Catpool"). In addition, the Board may review rates submitted to the Department under "file and use" provisions for such lines as boiler and machinery, business owners, commercial multi-peril, credit and involuntary unemployment, crime, fire and allied commercial, general liability, glass, miscellaneous liability, mortgage guaranty, medical malpractice, other professional liability and commercial umbrella.

Board Offices include six activities.

- ★ **Board Administration** provides clerical, research and other support services to the Board.
- ★ **Chief Clerk** advises the Board on rule-making matters and related appeals, coordinates Board matters involving contested cases and rulemaking matters, performs legal research, certifies rules for the agency, and maintains all Board records and proceedings.

During the year, the Chief Clerk's Office also assumed several hearings-related duties after the

Hearings Activity, formerly part of the Commissioner's Office, moved to the new State Office of Administrative Hearings (SOAH). A portion of the Hearings Activity's work force (five hearings reporters and one docket clerk) moved under the supervision of the Chief Clerk's Office.

- ★ **General Counsel** serves as the Board's chief legal adviser, coordinates all rate hearings, and assists the Board in developing rules, setting rates and handling appeals from the Commissioner, the Workers' Compensation Insurance Facility, and the Texas Catastrophe Property Insurance Association. In addition, the General Counsel serves as the legal liaison between the Board and the Attorney General's Office.
- ★ **Public Information Office** serves as the agency's primary contact with news media, including the trade press, researches, writes and edits consumer material, speeches, testimony, the employee newsletter, the regulatory newsletter sold to the public, and the Annual Report, provides Spanish translations of brochures, releases, and proposed agency rules, and operates the agency research library.
- ★ **Internal Audit** provides the Board and Commissioner with independent reviews of the adequacy and effectiveness of internal controls established by agency management.
- ★ **Governmental Affairs** assists the Board in drafting proposed legislation, overseeing implementation of adopted legislation, preparing reports for the Legislature and other state agencies and monitoring and analyzing legislation affecting the agency. In addition, it serves generally as a liaison between the Department and the Legislature, as well as other governmental entities.

The Liaison for State-Federal Affairs also advises the Board on contemplated or pending federal insurance legislation and serves as a resource on Texas insurance regulation for federal agencies and members of Congress.

SUMMARY OF ACTIVITY BOARD OFFICES		
	FY92	FY93
Board Meetings	110	92
Public Hearings	66	113
Board Orders	804	601

Figure I-1

## BOARD ACTIONS & EVENTS

Major Board actions, significant new Board rules, and Board-related events in Fiscal Year 1993 included:

### Automobile Regulation

- ★ Board votes March 23 to keep average "benchmark" rate unchanged for private passenger automobiles, rejecting a request by one insurer for an average increase of up to 14.6 percent. The Board makes adjustments to reflect increased costs due to injuries but lower total costs for repairing damaged vehicles. The Board also changes the flex rate from 25 percent above the benchmark and 30 percent below to 30 percent both ways. (March 1993)
- ★ Board conducts week-long hearing on private passenger automobile "benchmark" rates and rates charged by the Texas Automobile Insurance Plan (TAIP). The Board allows the Texas Automobile Insurance Plan to increase its surcharge from 27 percent higher than the liability insurance benchmark to 28 percent higher. (This action is in litigation and could change as a result.) (February-March 1993)
- ★ Board authorizes new optional auto discounts, including rate relief for parents of students living away from home and drivers with anti-lock brakes. (November 1992)
- ★ Board adopts new rules making clear consumers' right to choose who can repair damage to their automobiles. (This rule is in litigation and could change as a result.) (June 1993)
- ★ Board holds hearing on a series of significant rule changes that would affect auto and homeowners insurance, including a requirement that personal automobile policies be available in Spanish. Board instructs staff to make the Spanish translation available. (June 1993)



### Property Regulation

- ★ Board adopts rule prohibiting insurers from refusing to renew residential property coverage because of condition of the premises unless: (1) the condition of the property has changed, (2) the policyholder has been told what must be corrected in order to maintain coverage and (3) the policyholder has been given adequate time to remedy the problem. (This rule is in litigation and could change as a result.) (January 1993)
- ★ Board votes to leave "benchmark" rates unchanged for residential property insurance, rejecting a request by one insurer for an 8.5 percent

increase in rates for homeowners insurance. Board changes the flex rate range to 30 percent above the benchmark to 30 percent below. It had been 25 percent above to 30 percent below. The Board also leaves residential and commercial windstorm insurance rates unchanged for the Texas Catastrophe Insurance Association ("Catpool"). The Catpool's request, however, calls for increasing residential rates by an average of 135 percent and increasing commercial rates by an average of 28.8 percent. (March-April 1993)

- ★ Board changes homeowners replacement cost coverage to allow initial payment up to \$1,500 on personal property losses. In many cases, that provides more cash up front for purchasing replacements than before the change. Previously, homeowners received an initial payment based on depreciated value followed by a final payment made only upon replacement of the lost, stolen or damaged property. (August 1993)

### Workers' Compensation Regulation

- ★ Board, bolstered by results of an independent audit, votes to leave workers' compensation rates, surcharges and differentials unchanged in 1993 for the Texas Workers' Compensation Insurance Facility, which covers businesses unable to obtain workers' comp insurance in the voluntary market. (December 1992)
- ★ Board modifies rules to keep employers with bad accident records from using employee leasing as a subterfuge to obtain artificially low workers' compensation premiums. (October 1992)
- ★ Board cuts number of workers' compensation rate classifications from 650 to 350. A major advantage of the change is to eliminate "classification shopping" by some businesses and promote rate stability in some smaller rate classifications. (June 1993)
- ★ Board agrees to a Texas Workers' Compensation Insurance Facility request for a 13.7 percent overall decrease in rates, which is expected to save Texas businesses an estimated \$7 million to \$13 million. (July 1993)
- ★ Board and Commissioner recommend insurers lower workers' compensation insurance rates, saying they are overcharging Texas employers by at least \$130 million a year. Later, hearings are set to consider disapproving workers' compensation rate filings from three major insurance groups. One hearing is held before the three agree to rate reductions. (July 1993)

## Data Collection

- ★ Board forms working group to create an independent auto insurance data collection system for developing rates, monitoring markets and assisting policymakers and consumers with insurance-related decisions. (October 1992)
- ★ Board approves plan to end industry control of the collection of data needed to set automobile benchmark rates. Plans call for regulators to use the data for monitoring competition in the market, building a database to assist in identifying and addressing factors that lead to higher premiums, providing more timely data for analysis and developing other information of interest to consumers. (May 1993)
- ★ Board selects Acxiom Corp. of Conway, Arkansas, to help the state establish an independent data collection system for gathering statistics used in rate regulation and monitoring Texas insurance markets. Acxiom initiates plan to collect statistics on private passenger automobile, residential and various kinds of business insurance, including general liability, commercial property and commercial casualty. (August, 1993)

## Consumer Help

- ★ Governor Ann Richards and Board introduce "Shopping Smart" brochure to help Texans save money on home and car insurance by learning ways to shop around for the best insurance values, including price and service. This kicks off a statewide campaign in which individual Board members held news conferences and met with editorial boards in 17 cities. (November 1992)
- ★ Board Chair Claire Koriath and Board Member Allene Evans seek federal help in protecting consumers from fraudulent offshore insurance companies and support federal legislation seeking data on insurance redlining and the problems of unserved and undeserved insurance markets. They appear before the Consumer Credit and Insurance Subcommittee of the House Banking, Finance and Urban Affairs Committee in Washington, D.C. (April 1993)
- ★ Board approves "Consumer Bills of Rights," a step toward making Texas the first state to adopt this method of notifying consumers. The rule requires insurers to distribute the document with all new auto, homeowners, credit life and credit disability insurance policies.
- ★ Board approves several consumer-related items, including a rule outlawing rating practices that have the purpose or effect of unfair discrimination on the basis of (1) race, color, religion or national origin, under any circumstances, or (2) geographic location, age, sex or disability, unless justified by sound actuarial principles. In addition, it prohibits unfairly distinguishing or unfairly discriminating among insurance consumers or potential consumers who have a like hazard or essentially the same risks. A

district court judge later voids the rule, however. (August 1993)

## National/International Issues

- ★ Board votes to require property and casualty companies to meet additional capital and surplus requirements. The change requires some insurers to have a larger financial surplus based in part on the volume of insurance business that must be safeguarded and the riskiness of their investments. (November 1992)
- ★ At a quarterly meeting of the National Association of Insurance Commissioners, Board leads successful effort to eliminate questionable perquisites provided by the insurance industry. (March 1993)
- ★ Board officials join Mexican regulators, as well as officials from California and New Mexico, in unprecedented effort to address bilateral insurance issues, including possible effects of the North American Free Trade Agreement, insurance problems faced by U.S. tourists and challenges facing insurance and reinsurance companies seeking to invest and operate across the border. (August 1993)

## People

- ★ Board Member Paul J. Williams is sworn in on February 10, 1993 replacing Richard F. Reynolds.
- ★ Board Member Paul Williams leaves to take post with State Treasurer. (July, 1993)
- ★ Board Member Deece Eckstein is sworn in on August 25, 1993 replacing Paul Williams.
- ★ Board names Assistant Attorney General Edna Ramon Butts as interim Commissioner of Insurance, replacing Georgia D. Flint. Butts, chief of the Finance Division for the Attorney General's Office, agrees to serve until Governor Ann Richards named a permanent Commissioner under a new single Commissioner form of administration. (August 1993)

## HIGHLIGHTS . . .

Major accomplishments by Board Offices for Fiscal Year 1993 included:

## BOARD ADMINISTRATION

- ★ Supporting Board activities highlighted on pages I-11 - I-12.
- ★ Helping Board members respond to questions raised during the sunset review of the agency and to requests from the public, as well as industry, regulatory and other governmental (state and federal) officials.
- ★ Producing the agency's property and casualty solvency model for use with new risk-based capital rules.

## CHIEF CLERK

- ★ Unifying several of the agency's hearings-related duties after the Hearings Activity moved to the new State Office of Administrative Hearings (SOAH).
- ★ Improving the Oracle system for tracking all incoming documents and upgrading the system's report generator.
- ★ Implementing a system for determining at a glance the status of all manual and APTRA (*Administrative Procedure and Texas Register Act*) rules, petitions and appeals.

### SUMMARY OF ACTIVITY HEARINGS

	FY 92	FY 93
Hearings Conducted for the Commissioner	749	726
Hearings Conducted for the Board	135	170
Total Hearings Conducted	884	896

Figure 1 - 2

### COMMISSIONER'S HEARINGS BY TYPE

	FY 92	FY 93
Disciplinary	369	407
License Applications	83	37
Applications for Certificates of Authority	25	57
Charter Amendments	63	33
Acquisitions	47	14
Merger and Reinsurance	16	41
Application for Exempt Filing	2	4
Supervision	115	103
Applications by Corporate Agents to Withdraw Statutory Deposits	2	1
Unauthorized Insurance	0	4
Cease & Desist	26	24
HMO Applications	1	1
<b>TOTAL</b>	<b>749</b>	<b>726</b>

Figure 1 - 3

## GENERAL COUNSEL

- ★ Organizing visit of Mexican regulators to discuss common insurance issues, including port of entry provisions contained in HB 1461.
- ★ Advising the Board on approximately 87 appeals from the Commissioner and overseeing the reviewing and entering of 93 orders in contested cases.
- ★ Assisting the Board in preparing testimony for a Congressional committee concerning the North America Free Trade Agreement and coordinating responses to various federal government inquiries.

## PUBLIC INFORMATION OFFICE

- ★ Installing a computerized fax system for delivering news releases in a timelier manner.
- ★ Coordinating a statewide "Shopping Smart" campaign, with news conferences and editorial board meetings in 17 cities, to tell consumers how to save money by shopping for insurance.
- ★ Initiating a program to improve communication with Spanish-language media in Texas and to increase the number of news releases and consumer brochures translated into Spanish.
- ★ Preparing new material to help consumers deal with hurricanes and other damaging storms, including an emergency plan for disseminating information before and after major storms, a "Storm Warnings" brochure and special storm recovery handouts first used for tornado victims in the Channelview area.
- ★ Developing, in cooperation with Public Education, additional new consumer brochures on renters insurance, long-term care coverage and how to "shop smart" for auto and homeowners insurance.

### SUMMARY OF ACTIVITY PUBLIC INFORMATION OFFICE

	FY 92	FY 93
Press Releases	119	179
Speeches/Testimony	32	28
General Information Requests	4,223	3,520
Electronic Bulletins	176	334
Electronic Managers' Memos	*	9

\*Use of Electronic Managers Memos began July 26, 1993, as part of the agency's move to reduce paperwork.

Figure 1 - 4

## INTERNAL AUDIT

- ★ Almost doubling the number of Internal Audit reports issued from nine in Fiscal Year 1992 to 15 in Fiscal Year 1993, helped in part by a return to full staff.
- ★ More than doubling the number of internal audit projects completed from 12 in Fiscal Year 1992 to 29 in Fiscal Year 1993.

### SUMMARY OF ACTIVITY INTERNAL AUDIT

	FY 92	FY 93
Projects Completed	12	29
Reports Issued	9	15

Figure 1 - 5

## **GOVERNMENTAL AFFAIRS**

- ★ Organizing TDI's response during the Legislature's sunset review of the agency.
- ★ Coordinating the agency's implementation of changes required under sunset legislation (HB 1461).
- ★ Helping prepare a four-volume compilation and index of all insurance-related legislation adopted by the Legislature in Fiscal Year 1993.
- ★ Preparing briefings on Congressional debate concerning national health care reform, availability of property and automobile insurance in urban and rural areas, proposals to bring some aspects of insurance regulation under federal control and plans to amend federal laws that grant insurers certain anti-trust exemptions.
- ★ Coordinating appearances by two Board members before a Congressional subcommittee to testify on data collection proposals for a study of insurance redlining and a plan to create a federal gate keeper for offshore insurers.

# Commissioner's Office

The Commissioner is the agency's chief executive and administrative officer. Previously, the State Board of Insurance appointed the Commissioner to serve at its will.

As of September 1, the Commissioner assumed most of the Board's policy-making and administrative duties. The Board retained rate-setting and policy-form duties but must turn those over to the Commissioner no later than September 1, 1994, and go out of existence.

## BASICS

As the agency's chief administrator, the Commissioner oversees agency regulatory functions, establishes agency operational procedures and enforces the insurance laws of Texas, taking disciplinary and legal action against violators and issuing orders designed to protect Texas insurance consumers.

The **Commissioner's Office** includes:

- ★ The **Chief of Staff**, who acts as an agency facilitator, making sure that agency goals are defined and that personnel and resources work together in responding to agency needs and to the needs of the public and the insurance industry.
- ★ **Commissioner's Administration**, which provides clerical, research and other support services to the Commissioner, including assistance in implementing orders and directives of the State Board of Insurance and acting as a liaison between the regulatory staff and the Board.

## HIGHLIGHTS . . .

Major Commissioner's Office achievements in Fiscal Year 1993 included:

- ★ Holding the agency's first "Insurer Summit" to help improve communications with the industry and to improve agency services.
- ★ Overseeing efforts of the Technical Working Group for Independent Data Collection as part of the agency's effort to end industry control of data used in rate-making.
- ★ Overseeing agency-wide efforts to enhance Early Warning's potential for detecting troubled insurance companies early enough so that corrective action can be taken to improve their chances of successful rehabilitation.

- ★ Sustaining the agency's efforts in implementing the AIM (Always Improving Methods) program — the agency's own brand of "Total Quality Management" designed to improve service to "customers" both inside and outside the agency.
- ★ Completing transfer of agency's insurance company liquidation responsibilities to the private sector.

## COMMISSIONER'S ACTIONS & EVENTS

Commissioner actions in Fiscal Year 1993 included:

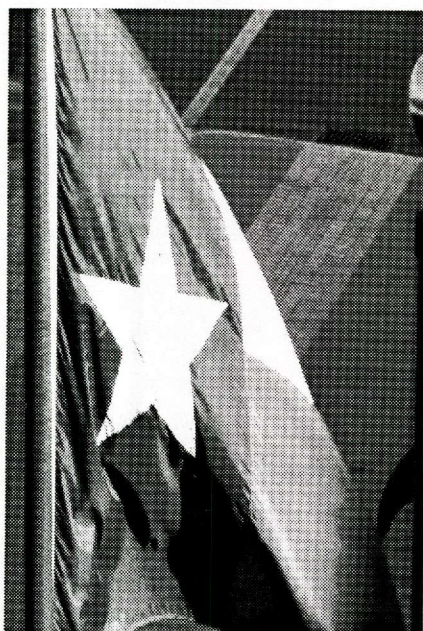
### Commissioner's Orders

- ★ Commissioner orders Standard Indemnity Company, Ltd., of Dallas to stop selling liability insurance and fidelity bonds without a license. (November 1992)
- ★ Commissioner orders halt to Peoples Assurance Co-operative Inc., a fake auto insurance operation using radio advertising to lure high-risk drivers as customers. (March 1993)
- ★ Commissioner issues cease-and-desist orders against two San Antonio agencies, State Wide Insurance Agency and Al Benitez Insurance Agency, for selling fake proof-of-insurance documents. (March 1993)
- ★ Commissioner orders Aegis Indemnity Insurance Co., an unlicensed offshore insurer, to stop selling illegal liability coverage to truckers entering Texas from Mexico. (April 1993)
- ★ Commissioner declares Missouri insurer, Casualty Indemnity Exchange, to be in hazardous financial condition and bars company from writing liability insurance. (April 1993)
- ★ Commissioner recommends receivership for Western Lloyds Insurance Co. of Beaumont, saying the company is insolvent. (April 1993)
- ★ Commissioner suspends Old Colony Life Insurance Co. of Georgia from selling or renewing policies in Texas, saying the company is in hazardous financial condition. (April 1993)
- ★ Commissioner orders halt in sales by First American Union for Workers (FAUW), an unlicensed insurer offering illegal workers' compensation insurance to Texas employers. (May 1993)
- ★ Commissioner signs order clearing the way for a state guaranty fund to pay claims against insolvent Guaranty County Mutual Insurance Co. and Western Lloyds Insurance Co., both of Beaumont. (May 1993)

- ★ Commissioner orders halt to efforts by American Hole 'N One Inc. to insure golf tournaments against the possibility of paying big prizes for a hole in one. American Hole 'N One, not licensed to sell insurance in Texas, later complies. (May 1993)
- ★ Commissioner suspends Life General Security Insurance Co. of Miami from writing new policies in Texas until it corrects financial problems and eliminates backlog of unpaid claims. (July 1993)
- ★ Commissioner imposes \$43,000 penalty against Houston insurance agency, Gallagher-Braniff Inc., for improperly charging certain fees not authorized by prior written approval. The agency voluntarily refunds \$112,094 to clients and cooperated in the investigation. (July 1993)
- ★ Commissioner orders closing of unlicensed auto insurance operations in Fort Worth and Arlington. The order names Roger Timothy Gilliam of Arlington, Eagle Insurance Agency of Fort Worth and Eagle Insurance Agency of Arlington. (July 1993)
- ★ Commissioner fines seven companies in the Hartford Fire & Casualty Group a total of \$180,000 for disobeying various reporting requirements. (August 1993)

#### Consumer Help

- ★ Commissioner and other TDI officials survey damage from Channelview tornadoes and offer victims help with insurance problems. (November 1992)
- ★ Commissioner warns public that some agents trying to sell health insurance policies are claiming to be connected with the Internal Revenue Service. (April 1993)



- ★ Commissioner warns that some insurers are misleading homeowners about the extent of roof repairs required by their homeowners insurance policies, especially those damaged in recent hail storms across the state. (June 1993)
- ★ Texas, Florida and Georgia insurance commissioners give final approval to agreement recovering \$2.3 million to settle claims left unpaid by Action Staffing — one of the nation's largest employee leasing companies before it became insolvent in 1991. (August 1993)
- ★ Commissioner announces that agency enforcement campaign brings consumers \$19.5 million in refunds from insurers that failed to give required car insurance discounts for airbags and other passive restraints. (August 1993)

#### Management

- ★ Commissioner and staff begin preliminary training needed to implement "Total Quality Management" at TDI and improve customer service. (December 1992)
- ★ Commissioner finishes closing down of Liquidation Division and transfers to the private sector much of the responsibility for winding down the affairs of insolvent insurance companies. (December 1992)
- ★ Commissioner holds first "Insurer Summit" to improve communications with industry and find ways to improve agency services. (February 1993)



# Policy, Planning and Research

**P**olicy, Planning and Research oversees the agency's efforts to uncover financially troubled insurers, conduct special research projects and provide expertise in improving management and agency performance.

## **BASICS**

**Policy, Planning and Research** consists of three activities:

- ★ **Early Warning** supports agency-wide efforts to detect potentially troubled insurance companies early enough in order that specific corrective action can be taken to minimize harm to consumers and improve chances of successful rehabilitation. The Division administers the Early Warning Watch List, a computer database system that (1) provides quick and effective sharing of information among agency divisions, (2) creates a comprehensive and centralized record on each insurance company, and (3) identifies favorable and unfavorable trends within a company. The division also supports the Early Warning Working Group, composed of employees representing the agency's key regulatory areas. This group analyzes companies that have triggered indicators of potential trouble. In addition, it recommends regulatory action and provides status reports on actions taken. The division also conducts solvency related research.
- ★ **Planning** manages the agency's strategic planning process, including development of agency mission, goals, objectives, strategies and performance measures; assists in preparation of agency appropriations request and operating budget; coordinates reports for the Legislature on agency budget output measures; coordinates projects in support of agency strategies; and helps provide training and planning support to agency staff.
- ★ **Management Services** plans and implements processes to help the agency meet its goals and objectives and provides in-house consulting services for managers and the Commissioner.

## **HIGHLIGHTS . . .**

Major achievements by Policy, Planning and Research for Fiscal Year 1993 included:

## **EARLY WARNING**

- ★ Coordinating agency handling of 9,954 Early Warning indicators, which are used to spot potentially troubled companies. The indicators include financial, market and business practice information from inside and outside TDI.
- ★ Initiating automated reporting of company financial analysis indicators from data supplied by the National Association of Insurance Commissioners (NAIC) to enhance the Early Warning effort.
- ★ Producing the agency's initial life, accident and health solvency models.
- ★ Conducting training classes for users of the Early Warning Watch List.
- ★ Improving efficiency and effectiveness of Early Warning Working Group operating procedures.

### **SUMMARY OF ACTIVITY EARLY WARNING**

<b>Major Regulatory Actions Recommended</b>	<b>Number</b>
Administrative Oversight	5
Cease and Desist Orders	1
Hazardous Financial Condition Orders	28
Conservatorships	1
Comprehensive Examinations	2
Limited Scope Examinations	1
Business Practices Examinations/Reviews	20
Letters of Materiality Issued	1

Figure 1 - 6

## **PLANNING**

- ★ Coordinating production of quarterly and annual reports to the Legislature on the agency's budget performance measures.

## **MANAGEMENT SERVICES**

- ★ Initiating a re-engineering of agency processes.
- ★ Evaluating privatization options to help the agency meet legislative requirements to reduce its work force.
- ★ Developing partnerships between Information Services and agency computer users.

# Conservation

Supervision and conservatorship, both performed by Conservation, are the strongest measures available to the Commissioner for rehabilitating insurance companies in hazardous financial condition. At the beginning of Fiscal Year 1993, Conservation had 25 insurance companies under supervision, conservatorship or special administrative and court-directed actions. Another 38 came to Conservation during the fiscal year, while 29 were closed, leaving a year-end total of 34 companies.

## BASICS

Conservation is charged with rehabilitating, if possible, insurance companies weakened financially by mismanagement, fraud, a bad economy or unforeseen catastrophes. It also protects their assets, whether or not they can be rehabilitated.

The tools used in rehabilitating a company are supervision and conservatorship\*:

- ★ **Supervision** lasts up to 60 days. It gives Conservation field examiners time to work with owners and management to determine the company's financial condition, check internal management controls and operating procedures and prepare a rehabilitation plan. Conservation releases the company if it can show at a compliance hearing that requirements of the Commissioner's supervision order have been satisfied. In certain cases, a 30-day extension can be granted and the compliance hearing rescheduled if the company is a good candidate for rehabilitation.
- ★ **Conservatorship** is another form of rehabilitation in which an appointed conservator takes charge of the company. It lasts for 90 days, with 30-day extensions up to six months possible.

If supervision or conservatorship fail, the Commissioner may ask the Attorney General to petition a state district court in Travis County for receivership, which involves liquidation of the insurer by a special deputy receiver and payment of any outstanding claims by a guaranty association. Such petitions may be requested if the company's financial condition deteriorates, rehabilitation is not possible and the company is insolvent and/or impaired.

*\*In Fiscal Year 1994, the supervision period increases from 60 days, with one 30-day extension, to 180 days. In addition, most supervisions and conservatorships become confidential.*

## HIGHLIGHTS . . .

Major achievements by Conservation for Fiscal Year 1993 included:

- ★ Assuming responsibility for monitoring five foreign (out-of-state) company rehabilitations.
- ★ Taking responsibility for monitoring and providing follow-up rehabilitation plans for 20 companies released from supervision or conservatorship.
- ★ Working as a committee with Liquidation Oversight staff to develop special procedures for handling problem companies when they are under temporary restraining orders or when transferred to special deputy receivers.
- ★ Making 16 fraud referrals—13 to the agency's Fraud Unit and three to outside law enforcement agencies.
- ★ Preparing 151 administrative and judicial orders and participating in 103 administrative and judicial hearings.

### INSURANCE COMPANIES IN SUPERVISION/CONSERVATORSHIP

	FY92	FY93
Balance of Companies at Beginning of Fiscal Year	27	25
Referred During Fiscal Year	31	14
<b>Total</b>	<b>58</b>	<b>39</b>

Figure I - 7

### INSURERS UNDER COURT DIRECTED/SPECIAL ADMINISTRATIVE ACTION

	FY92	FY93
Under Court-Directed Action	1	2
Under Special Administrative Action	5	11
Under Hazardous Financial Condition Action (Article 1.32)	0	11
<b>Total</b>	<b>6</b>	<b>24</b>

Figure I - 8

**DISPOSITION OF COMPANIES IN  
SUPERVISION/CONSERVATORSHIP**

	FY92	FY93
<b>Total</b>	<b>64</b>	<b>63</b>
Cases Closed		
Rehabilitated	25	6
In Receivership	13	9
Dissolved	1	3
Other Changes*	0	11
<b>Total Cases Closed</b>	<b>39</b>	<b>29</b>
<b>Balance at End of Fiscal Year</b>	<b>25</b>	<b>34</b>

*\*FY93/Other Changes included: 2 entities that had orders rescinded; 4 entities that moved from supervision to conservatorship; 1 that moved from supervision to an Article 1.32 action (hazardous condition action); and 4 entities under administrative action that moved, 2 to supervision and 2 to conservatorship.*

Figure I - 9

# Legal and Compliance

Legal and Compliance, which now includes the Fraud Unit, enforces the *Texas Insurance Code*, drafts rules and regulations and provides legal advice and support to the agency.

## BASICS

Legal and Compliance consists of four activities:

- ★ **Financial** provides legal advice and representation in matters involving financial solvency. This section drafts rules, reviews holding company transactions and provides support regarding company licensing matters.
- ★ **Regulated Lines** drafts rules and regulations and provides legal advice and expertise in matters relating to property and casualty lines, life, accident and health insurance, workers' compensation and other regulated lines.
- ★ **Agency Services** writes legal opinions for the agency, negotiates contracts and drafts proposed policies, rules and legislation. This section also provides legal advice to the Commissioner and agency staff and handles legal matters involving personnel and rate cases.
- ★ **Compliance/Fraud** handles compliance cases and cases involving fraudulent activity.

**Compliance/Fraud**, the program's largest activity, consists of four areas.

- (1) **Agent Activities** works on agent fraud and compliance problems, including disciplinary matters that may result in orders revoking or suspending agents' licenses or requiring restitution by agents to harmed consumers.
- (2) **Company Activities** works on company fraud and compliance problems, including cease-and-desist orders and other disciplinary matters that may result in revocation or suspension of companies' licenses or the payment of restitution by companies to harmed consumers.
- (3) **Insurance Fraud Unit** develops evidence of fraud committed by policyholders, providers and others who file insurance claims. This unit also works to take appropriate action regarding unauthorized insurance companies. In addition, it refers cases for criminal prosecution, civil litigation or administrative disciplinary action, as required.
- (4) **Compliance Intake Unit** analyzes reports and complaints for referral to the Fraud Unit, Agent Activities or Company Activities. Such referrals generally are made within 48 hours of receipt.

## HIGHLIGHTS . . .

Major accomplishments by Legal and Compliance for Fiscal Year 1993 included:

- ★ Assisting in a major project to identify all insurers not providing passive restraint discounts to eligible policyholders, as well as monitoring and enforcing refunds.
- ★ Working on a series of cases with the Department of Public Safety, Travis County District Attorney's Office and Dallas Police Department to seize fake auto liability cards. In Fiscal Year 1993, the operations resulted in nine arrests and the seizure of 35,000 fake auto liability cards with a street value of about \$1.8 million.
- ★ Assisting in prosecution of a company violating Article 21.11-1 of the *Texas Insurance Code*, prohibiting wrongful cancellation of agency contracts. The company paid \$50,000 in administrative penalties.
- ★ Working with the Attorney General's Office to obtain an injunction against an unauthorized self-funded health plan (MEWA) within 90 days of its startup and seizing \$100,000 in premiums.
- ★ Requesting a Commissioner's cease-and-desist order against an offshore company illegally issuing liability policies for use by Mexican truckers operating in Texas.
- ★ Working with the Attorney General's Office to obtain an injunction against an unauthorized self-funded health plan (MEWA), including restitution of \$400,000 from three defendants.
- ★ Assisting Internal Revenue Service and Drug Enforcement Administration agents in obtaining a supervision order on an Austin insurance agency.
- ★ Providing assistance and legal advice regarding the adoption of new Board rules relating to the Consumer Bills of Rights.
- ★ Providing *Open Records Act* training for a number of agency employees.
- ★ Assisting the Life/Health Group in developing implementation plans for the *Small Employer Health Insurance Availability Act* (House Bill 2055), designed to make small group insurance more affordable through purchasing cooperatives.
- ★ Preparing amendments to Board rules that require insurers to conform to certain procedures when they move their books and records out of state.

- ★ Preparing emergency Board orders.
- ★ Providing legal advice and assistance to the Agency Catastrophe Management Team.
- ★ Preparing a major rule on insurance companies filing plans of withdrawal.
- ★ Assisting the Attorney General's Office in defending challenges to TDI rules.
- ★ Providing assistance and legal advice in connection with implementation plans for House Bill 1461 and other insurance-related legislation passed by the 73rd Legislature, including preparing rules and Board orders.
- ★ Helping with adoption of new rules implementing amendments to the *Amusement Ride Safety Inspection and Insurance Act*.
- ★ Responding to almost 5,200 public assistance calls.
- ★ Helping establish a new automated case management tracking system that provides instant information on the status of a case.

**SUMMARY OF PROGRAM  
LEGAL/COMPLIANCE**

	FY91	FY92	FY93
Cases Received	2,260	1,567	4,553
Cases Closed	2,081	3,200	4,458
License Revocations	115	78	36
License Denials	32	26	34
License Suspensions/ Suspensions of Writing *	28	26	14
Cease & Desist Orders	26	15	16
Monetary Forfeitures/ Restitution Orders	113	279	262
Forfeitures/Assessments/ Restitution	\$1,267,936	\$801,515	\$962,250

\* This includes actions against financially hazardous companies under Article 1.32, Texas Insurance Code.

Figure I - 10

**SUMMARY OF ACTIVITY  
COMPLIANCE/FRAUD**

	FY 92	FY 93
Cases Referred to Attorney General/District Attorneys	79	199
Cases Received	796	4,486
Cases Closed	954	3,721
Site Visits and Examinations	258	269

Figure I - 11

**JUDGMENTS ASSESSED AGAINST UNAUTHORIZED INSURANCE  
OPERATIONS  
FY92-FY93**

	FY 92	FY 93
Civil Penalties	\$1,952,000	\$1,813,073
Premium Tax Liabilities	262,730	2,267,454
Miscellaneous Liabilities	149,920	971,133
Direct Restitution to Texas Consumers*	\$2,535,649	\$1,128,692

\* The amount of direct restitution was compiled from various reports, including those issued by the Texas Attorney General.

Figure I - 12

# Financial

**F**inancial monitors the solvency and business affairs of 2,175 licensed insurance companies and health maintenance organizations operating in Texas. Annual statements filed by the companies for calendar year 1992 reported \$34.9 billion in Texas premiums and \$28.7 billion in claim payments to Texas policyholders. These companies reported aggregate assets of \$2.22 trillion, liabilities of \$1.97 trillion and capital and surplus of \$257.30 billion. More information from insurance company annual statements may be found in Part IV of this report.

## BASICS

The **Financial Program** consists of seven activities:

- ★ **Examinations** performs statutory examinations of insurers, premium finance companies, managing general agents, reinsurance intermediaries and title agents. Examiners review a company's financial condition and its compliance with insurance statutes and regulations. The activity also reviews CPA audits of insurers, annual operations reports of premium finance companies and foreign (out-of-state) examination reports.
- ★ **Financial Analysis** reviews annual and interim financial statements of licensed insurance companies and health maintenance organizations to determine their financial condition.
- ★ **Holding Company** reviews proposed mergers, changes of control, transactions between affiliates, valuation of investments in non-insurance affiliates and applications to relocate an insurers' books and records. Holding Company also checks for improper activities, such as insider trading and misuse of proxies and company assets.
- ★ **Actuarial** determines whether companies selling life insurance, annuities, accident/health and property/casualty coverage have sufficient reserves to meet policyholder obligations as they arise. Actuarial, which also assists in various other actuarial functions as required, includes three functions: Actuarial Examinations, Reserve Valuation Report Reviews and Actuarial Projects.
  - (1) **Actuarial Examinations** performs field examinations of legal reserve life insurance companies, fraternal benefit societies, stipulated premium life and certain property and casualty insurance companies domiciled in Texas.

- (2) **Reserve Valuation Report** analyzes company annual statements and annual reports on reserve liabilities filed by legal reserve life insurance companies and stipulated premium companies domiciled in Texas.
- (3) **Actuarial Projects** assists the staff of Financial with various actuarial matters and performs special actuarial projects in the life and health area as requested.

- ★ **Reinsurance** analyzes reinsurance arrangements to assure they meet requirements of state law and Board rules and do not harm policyholders by jeopardizing the solvency of the primary insurance company. In addition, it monitors reinsurance activity industry-wide and individually with companies, maintains financial data on unlicensed reinsurers and provides technical assistance to other agency activities.
- ★ **Company Licensing/Admissions** oversees licensing or registration of all companies legally doing the business of insurance in Texas. It includes three functions:

- (1) **Company License** issues certificates of authority to domestic insurance companies and serves as the official custodian of the corporate records of insurance companies that do business in Texas. The activity's Securities Custodian also oversees statutory deposits licensed companies and corporate agencies are required to maintain for the protection of policyholders and creditors.
- (2) **Foreign Admissions** reviews applications and other documents to determine whether insurers domiciled outside Texas should receive certificates of authority to do business in Texas.
- (3) **Surplus Lines** monitors the activities of eligible carriers not licensed in Texas, as well as risk registered retention groups and purchasing groups. Individuals or businesses unable to obtain insurance from admitted carriers may buy coverage from companies not licensed in Texas but that meet state requirements as eligible surplus lines carriers. Coverage in these areas is largely unregulated and not covered by the state's insurance guaranty associations.

- ★ **Liquidation Oversight** analyzes business plans, budgets and expenses of all special deputy receivers (SDRs) appointed by the Commissioner to liquidate insolvent insurance companies. The activity also monitors the state's guaranty associations to ensure that all receivership claims and complaints are handled properly.

## RECEIVERSHIP REPORT

Three key components in overseeing receiverships are:

(1) **Special Deputy Receivers** - House Bill 62 requires that insolvent insurers be placed in receivership by the district courts of Travis County, with the Commissioner designated as receiver. In most cases, the Commissioner hands over administration of the receivership estates to special deputy receivers (SDRs). The SDRs, whose chief responsibility is to marshal the insurers' assets, are selected through a competitive bid process that includes an assessment of qualifications, background checks

(2) **Guaranty Associations** - Claims against receivership estates are processed by one of three guaranty associations: Texas Property and Casualty Insurance Guaranty Association, the Texas Life, Accident, Health and Hospital Service Guaranty Association and the Texas Title Insurance Guaranty Association. The associations are required to process all claims for receivership estates formed after January 1, 1992. By September 1, 1994, they must assume claims processing responsibilities for all receiverships. The associations assess member insurance companies for the funds necessary to pay the claims. In Fiscal Year 1993, the property and casualty association and the life, accident, health

TEXAS GUARANTY ASSOCIATION ASSESSMENTS				
1975-1993				
YEAR	LIFE/A&H	P&C	TITLE	TOTAL
*1993	\$66,238,272	\$119,261,000	\$0	\$185,499,272
*1992	63,257,000	112,328,000	0	175,585,000
1991	24,970,000	122,602,000	6,215,000	153,787,000
1990	112,476,000	61,019,000	5,560,000	179,055,000
1989	16,359,000	41,231,000		57,590,000
1988				-0-
1987	33,500,000	41,680,000		75,180,000
1986	5,000,000	20,000,000		25,000,000
1985	8,000,000	20,000,000		28,000,000
1984	4,000,000			4,000,000
1983				-0-
1982	10,000,000			10,000,000
1981	3,000,000			3,000,000
1980				-0-
1979	1,840,000			1,840,000
1978	1,200,000			1,200,000
1977				-0-
1976		4,120,000		4,120,000
1975	600,000	3,305,000		3,905,000

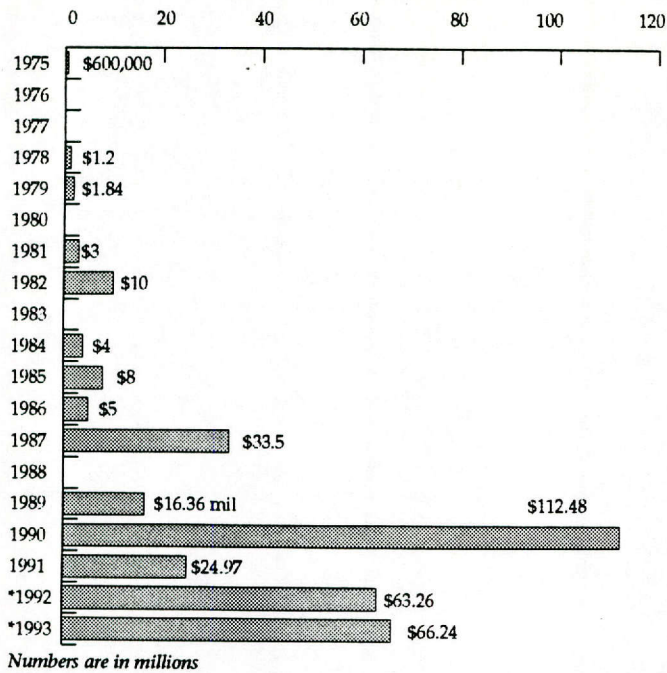
*\*1992 and 1993 guaranty association assessments involve carryover assessments from the 1991 liquidation of Executive Life Insurance Co. and the 1991 liquidation of Texas Employers Insurance Association.*

*Figure I - 13*

and a review of the bids for compliance with all requirements. An independent selection committee recommends three candidates to the Commissioner, who makes the final selection and appointment. The Legislature instituted the change in order to make the liquidation process more efficient and less expensive for the state. In Fiscal Year 1993, 31 special deputy receivers assumed administrative control of 88 new and existing receiverships. Fourteen receiverships remained under direct administration of the Liquidation Oversight Division for closure.

and hospital association established offices independent of the Texas Department of Insurance. The title association subcontracted for services with the life, accident, health and hospital association. In addition, the title association uses the offices of its attorney for some administrative functions.

**ASSESSMENTS FOR PROPERTY & CASUALTY  
GUARANTY FUND, FY75-FY93**



\*Due to carryover from assessments in prior years.

Figure I - 14

**(3) Special Master** - The district courts in Travis County appointed a special master for an indefinite term to improve administration of receiverships and expedite their closure. The program allows the special master to become more involved with receivership details, to assure adequate notice of hearings to affected parties and to hold speedier hearings than might be possible otherwise.

**NEW RECEIVERSHIPS**

State district judges placed nine domestic insurers—six property and casualty companies and three life, accident and health companies—in receivership in Fiscal Year 1993. That's a decrease of one from the number of domestic receiverships in Fiscal Year 1992 and a decrease of three from 1991. In 1992, six property and casualty and four life, accident and health companies were placed in receivership. In 1991, seven property and casualty and five life, accident and health companies went into receivership.

Insolvencies involving foreign (out-of-state) companies are now handled with impairment orders and are called impaired companies. The agency usually does not seek district court orders allowing seizure and liquidation of company assets or holdings located in Texas. Most receivership actions against foreign companies are left to the states where the companies are domiciled.

In Fiscal Year 1993, the Commissioner impaired 15 foreign companies—five property and casualty and ten life, accident and health companies. No receivership orders were sought for the foreign companies; however, regulators in the states where the 15 foreign companies are domiciled placed the insurers in receivership and pursued all company assets and holdings.

No health maintenance organizations (HMOs) nor title insurance companies were placed in receivership during the fiscal year. The Title Insurance Guaranty Association made no assessments.

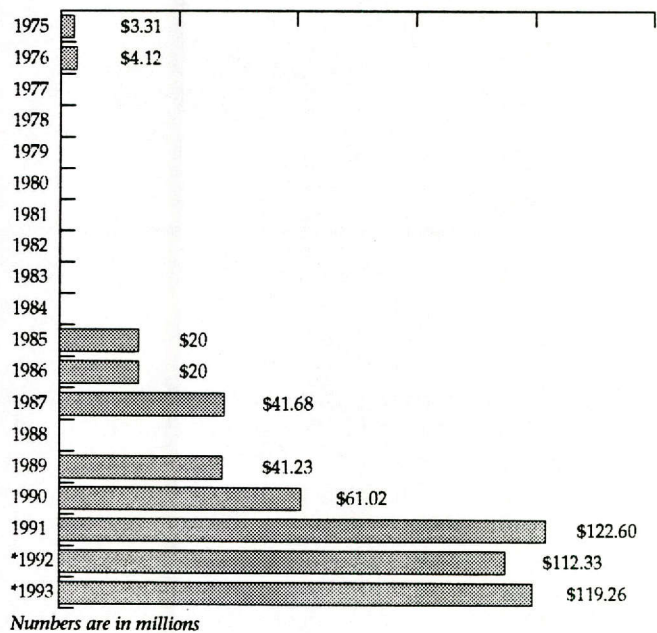
No unauthorized entities were placed into receivership in Fiscal Year 1993, as actions against these companies are handled through cease-and-desist orders and actions by the Texas Attorney General. Court-appointed receivers handle any assets.

**EXISTING RECEIVERSHIPS**

During the fiscal year, 40 receivership estates were liquidated and closed. That left 101 active receiverships still in the process of liquidation—70 property and casualty companies, 29 life, accident and health companies and two title companies.

Part III, the Receiver's and Conservator's Report, provides more complete information on the individual receiverships and guaranty association accounts.

**ASSESSMENTS FOR PROPERTY & CASUALTY  
GUARANTY FUND, FY75-FY93**



\*Due to carryover from assessments in prior years.

Figure I - 15



## HIGHLIGHTS . . .

Major accomplishments by Financial for Fiscal Year 1993 included:

- ★ Starting cross-training within the program to develop staff skills, increase communication and enhance decision-making abilities.
- ★ Implementing several TQM (total quality management) projects to streamline program decision-making, better utilize scarce resources and focus those resources based on certain risk assessment factors.
- ★ Creating a comprehensive and intensive regulatory training program to improve the agency's ability to monitor solvency. The training program included two weeks of presentations from dozens of experts, including regulators, industry representatives and financial consultants from across the nation.

## EXAMINATIONS

- ★ Completing 230 financial examinations of insurance companies.
- ★ Reviewing 363 annual operations reports of premium finance companies.

### SUMMARY OF ACTIVITY EXAMINATIONS

	FY92	FY93
Examinations Completed	223	230
Premium Finance Reports Reviewed	335	363
CPA Audit Reports Reviewed	2,144	428
Foreign Examination Reports Processed	461	413

Figure I - 16

## FINANCIAL ANALYSIS

- ★ Implementing new analysis procedures that allow for more efficient review of financial statements filed by insurance companies.
- ★ Helping develop risk-based capital and surplus requirements for life insurers and capital stock property and casualty insurers.
- ★ Participating in the agency's accreditation review by the National Association of Insurance Commissioners. (Initial accreditation granted in September 1992.)
- ★ Developing rules requiring more comprehensive filing requirements for the 1992 annual statement, 1993 quarterly statements and other financial information submitted by insurance companies.

- ★ Developing enhanced analysis procedures for monitoring the health maintenance organization (HMO) industry in Texas, including improved coordination with the HMO Solvency Surveillance Committee.

## HOLDING COMPANY

### SUMMARY OF ACTIVITY HOLDING COMPANY

	FY92	FY93
Registration Statements	461	813
Applications for Affiliate Transactions and Acquisition of Control or Exemptions	833	883
Pending Applications Closed	946	815
Insider Trading Reports	133	55
Proxy Solicitations Received and Reviewed	11	10

Figure I - 17

### SUMMARY OF CLOSED APPLICATIONS HOLDING COMPANY

	Closed at End of FY93
Reinsurance Arrangements	102
Management, Data Processing Service, Cost Sharing Arrangements	189
Pledge of Assets and Pooling of Assets	8
Investment in, Valuation of, Affiliates	17
Deposits in Affiliated Financial Institutions	1
Purchase of Securities, Real Estate, Treasury Stock	44
Affiliate Loans and Mortgage Loan Participation	13
Lease Arrangements	45
Issuance of Surplus Debentures/Notes	41
Payments on Money Advanced	11
Dividends and Other Distributions to Shareholders	212
Consolidated Tax Returns	24
Financing Arrangements	5
Acquisitions of Control	24
Exemptions from Acquisition of Control	47
Letter of Materiality	8
MGA Agreements	24
<b>Total</b>	<b>815</b>

Figure I - 18

**AMOUNT PAID FOR CONTROL OF DOMESTIC INSURANCE COMPANIES, FY89-FY93**

1989 = \$7,562,107,000
1990 = \$4,422,979,818
1991 = \$3,721,453,570
1992 = \$99,516,402
1993 = \$737,610,966*

\*The higher figure for 1993 can be attributed to one acquisition having a purchase price of approximately \$723 million.

Figure I - 19

**TEXAS POLICYHOLDER PREMIUMS, CLAIM PAYMENTS CY88-CY92**

Year	Premiums	Claim Payments	Payments as % of Premium
CY 1988	\$26.9 billion	\$18.9 billion	70.3%
CY 1989	\$29.6 billion	\$22.5 billion	76.0%
CY 1990	\$33.2 billion	\$25.0 billion	75.3%
CY 1991	\$34.4 billion	\$25.7 billion	74.7%
CY 1992	\$34.9 billion	\$28.7 billion	82.2%

Figure I - 20

**TOTAL CAPITAL/SURPLUS OF INSURANCE COMPANIES OPERATING IN TEXAS CY88-CY92**

Year	Total Capital/Surplus
CY 1988	\$186.0 billion
CY 1989	\$288.8 billion
CY 1990	\$218.7 billion
CY 1991	\$250.1 billion
CY 1992	\$257.3 billion

Figure I - 21

**REINSURANCE**

- ★ Reviewing 540 reinsurance arrangements for agency programs.

**NUMBER OF REINSURANCE ARRANGEMENTS REVIEWED FY90-FY93**

Year	Arrangements Reviewed
1990	224
1991	347
1992	540
1993	540

Figure I - 22

**ACTUARIAL**

- ★ Drafting a new rule calling for an analysis of assets to support life insurers' liabilities, unless the insurer is exempt.
- ★ Joining in a statistical study on utilization review, the process used to review the medical necessity and appropriateness of health care services.

**NUMBER OF ACTUARIAL OPINIONS REVIEWED FY89-FY93**

Year	Number Reviewed
1989	215
1990	1,484
1991	1,973
1992	2,144
1993	1,980

Figure I - 23

**NUMBER OF ACTUARIAL EXAMINATIONS PERFORMED FY89-FY93**

Year	Number of Exams
1989	106
1990	109
1991	128
1992	109
1993	82

Figure I - 24

**NUMBER OF RESERVE VALUATION  
REPORTS REVIEWED  
FY89-FY93**

Year	Reports Reviewed
1989	215
1990	238
1991	148
1992	116
1993	255

Figure I - 25

**ACTUARIAL PROJECTS COMPLETED  
FY89-FY93**

Year	Projects Completed
1989	209
1990	233
1991	167
1992	141
1993	294

Figure I - 26

**COMPANY LICENSING/  
ADMISSIONS**

- ★ Overseeing \$330 million in cash and securities that insurance companies and corporate agencies deposited with the State Treasurer during the fiscal year, as well as \$43 million in various bank funds under joint control with the Commissioner of Insurance. The funds help protect policyholders and creditors.

- ★ Adding 15 companies to the surplus lines eligible list and 83 purchasing groups and four risk retention groups to the registered list.
- ★ Licensing 105 new companies and other entities.
- ★ Terminating 83 companies through reinsurance, mergers, withdrawals, cancellations, dissolutions, redemptions or permanent receiverships.
- ★ Removing 26 surplus lines companies from the eligible list.
- ★ Removing 24 purchasing groups and two risk retention groups from the registered list.

**LIQUIDATION  
OVERSIGHT**

- ★ Handling transfer of 88 receiverships to the administrative control of 31 special deputy receivers.
- ★ Providing direct administration of 14 receiverships during the fiscal year.
- ★ Working with Conservation to develop special procedures to handle problem companies when such companies come under temporary restraining orders issued by receivership courts and when companies transfer to special deputy receivers.

**NUMBER OF COMPANY LICENSES UNDER COMMISSIONER'S JURISDICTION  
1975-1993**

	FY89	FY90	FY91	FY92	FY93
Insurance Companies	2,238	2,203	2,187	2,166	2,143
Health Maintenance Organizations	37	34	37	32	32
Premium Finance Companies	422	431	433	359	360
Continuing Care Retirement Communities	14	17	17	18	18
Third-Party Administrators	55	197	291	350	395
<b>TOTAL</b>	<b>2,766</b>	<b>2,882</b>	<b>2,965</b>	<b>2,925</b>	<b>2,948</b>

Figure I - 27

# Regulated Lines

Regulated Lines oversees the licensing of insurance agents and monitors a wide range of insurance lines from auto to prepaid legal.

## BASICS

Regulated Lines consists of: (1) **Property and Casualty**, (2) **Life/Health, Workers' Compensation and Agents License** and (3) **Statistical and Rate Services**.

★ **Property and Casualty** conducts inspections and monitors rates and policy language for all property and casualty lines, including automobile, homeowners, commercial property, liability and title insurance.

**Property and Casualty** is divided into two areas: *Inspections and Property and Casualty Lines*.

(1) **Property Inspections** is subdivided into Property Inspections/Fire and Property Inspections/Windstorm.

(a) Property Inspections/Fire inspects, promulgates, and provides base fire and extended coverage rates on commercial and public buildings statewide. These functions are achieved through a network of 8 field offices, a special protection/inspection section and a rate information service.

(b) Property Inspections/Windstorm inspects Gulf Coast property for compliance with building codes for wind-resistant construction. This function is achieved through a network of eight field offices serving the 14 counties bordering the Gulf of Mexico (first-tier counties)

(2) **Property and Casualty Lines** is subdivided into five sections:

(a) Automobile researches, develops and reviews existing and proposed automobile insurance policy forms, endorsements, coverages and auto manual rules. It also monitors the handling of auto liability insurance by the Texas Automobile Insurance Plan, the state's "assigned risk pool."

(b) Property Insurance Lines responds to industry and consumer inquiries and reviews property policy forms and endorsements for compliance with Texas statutes and rules. In addition, this section reviews rates, and rating plans for property insurance.

(c) Title, Bond and Miscellaneous Casualty Lines monitors rules, rates, policy forms and endorsements for title insurance and several casualty insurance lines, including fidelity and surety bonds, guaranty agreements, personal and commercial crime, commercial glass, mortgage guaranty, credit casualty and involuntary unemployment.

(d) Liability consists of General Liability, which analyzes policy forms, endorsements, manual rules and rating plans; Professional Liability, which regulates medical professional liability insurance, as well as more than 100 active miscellaneous professional liability programs; and Loss Control, which conducts inspections of insurance company accident prevention facilities to determine the adequacy of the delivery of services to policyholders, monitors the amusement ride safety and insurance program and oversees the agency's occupational health and safety program.

(e) The Intake Unit receives, processes and tracks all property and casualty rule, rate and policy form filings and assigns them to the proper divisions for review.

★ **Life/Health, Workers' Compensation and Licensing Group** carries out primary regulatory tasks in three areas: Life/Health Group, Workers' Compensation and the Licensing Group.

(1) **Life/Health Group** reviews policy forms and other filings for life, annuities, accident, health, prepaid legal and credit insurance products; licenses utilization review agents; and monitors Medicare supplement insurance, credit insurance and prepaid legal rate filings and other required filings by health maintenance organizations (HMOs), certain continuing care retirement communities (CCRCs) and prepaid legal services carriers. It consists of five divisions and an intake section:

(a) Accident and Health and Group Products reviews and analyzes accident and health and group insurance filings.

(b) Health Maintenance Organization (HMO) reviews and analyzes health maintenance organization (HMO) filings and evidences of coverage.

(c) Life and Annuity reviews and analyzes life and annuity filings and group life products.

(d) Credit Life, Accident and Health and Prepaid Legal reviews and analyzes credit insurance filings, prepaid legal services contracts and rates.

(e) Utilization Review and CCRC reviews and analyzes utilization review plans for utilization review agent certifications, applications and disclosure statements for continuing care retirement communities (CCRCs).

(f) Filings Intake receives, processes, and tracks all Life/Health Group filings before routing them to the appropriate divisions.

**(2) Workers' Compensation** reviews policies, policy endorsements, negotiated deductibles and job classifications for compliance with statutes and Board rules and calculates experience modifiers for eligible employers. Workers' Compensation consists of seven sections:

(a) Classification determines appropriate classification codes for policyholders. This process includes on-site inspections to determine correct classifications.

(b) Retrospective Rating administers retrospective rating plans, which are loss control incentive programs for employers.

(c) Subscriber Notices collects and maintains information on which employers maintain workers' compensation coverage. The information is used in verifying coverage for injured workers. This function transferred to the Texas Workers' Compensation Commission effective September 1, 1993.

(d) File Section maintains workers' compensation files and sorts, processes and distributes incoming policies, cancellations, reinstatements and endorsements.

(e) Policy Review reviews policies, endorsements and cancellations to determine compliance with statutes and Board rules and makes ownership rulings.

(f) Experience Rating calculates experience rating modifiers for employers that qualify. Employers with better-than-expected loss records receive credits, while those with worse-than-expected loss records receive debits that increase their premium.

(g) Management directs all regulatory functions, including implementation of legislation, planning, budgeting and evaluations. In addition, it reviews group purchase plans and various filings, including deductible and maintenance tax surcharges.

**(3) Licensing Group** carries out its tasks in two areas: Agents Licensing and Miscellaneous Licensing. It no longer includes Company Licensing, which moved under the Financial Program in January 1993.

(a) Agents Licensing administers 16 different types of licenses, ranging from basic life and property-casualty agents' licenses to adjusters', managing general agents' and risk managers' licenses. The unit reviews and processes applications for new and renewal licenses; approves, records and cancels company appointments for agents; oversees continuing education and other training programs for agents and adjusters; and produces licenses.

(b) Miscellaneous Licensing licenses third party administrators (TPAs), premium finance companies, title and escrow agents. The Third Party Administrator Unit licenses and monitors TPAs, which contract with insurance companies and self-funded employee benefit plans to handle claims processing and premium collections. Premium finance companies include independent finance companies, insurance agents, insurance companies, banks and savings and loans. Licensing of title and escrow agents moved to Licensing from the Property and Casualty Division in January 1993.

★ **Statistical and Rate Services**, which became a separate activity in Fiscal Year 1993, audits, compiles and reports statistical data, reviews rate and rating plan filings and is now responsible for the independent collection of data under the Board-approved statistical plans for various lines of insurance. The data is used for developing rates, monitoring markets and assisting policymakers and consumers with insurance-related decisions. Statistical and Rate Services consists of Statistical Services and Rate Services.

**(1) Statistical Services** receives, compiles and produces statistical reports for the Legislature, the agency, the public and the insurance industry. It is organized into three sections:

(a) Workers' Compensation Financial Call and Statistical Plans collects data for analysis of premium and loss trends and market conditions for individual insurance companies. In addition, this section gathers individual policy data for developing relativities by job classification code.

(b) Detailed Claim Information collects and edits statistical reports filed by workers' compensation insurance companies on claims of more than \$5,000. The information is used by the Texas Workers' Compensation Research Center and the Workers' Compensation Commission for research and medical cost containment purposes.

(c) Closed Claim and Quarterly Market Data

collects data on the final disposition of Texas claims for general liability, medical professional liability, commercial automobile liability and the liability portion of commercial multi-peril policies. In addition, it collects premium and loss data for the Quarterly Legislative Report on Market Conditions. The data covers general liability, commercial fire and allied lines, product liability, commercial multi-peril, private passenger automobile, homeowners multi-peril and workers' compensation insurance.

- (2) **Rate Services** provides actuarial review of rate and rating plan filings. Actuarial review includes ensuring that file-and-use rates meet applicable legal standards, checking flex-rate filings to see that they are within the range of rates allowed by the flexibility band and making sure prior approval is obtained for rates outside the flexibility band.\*

*\*The flexibility band is a percentage range within which companies may charge more or less than the Board's benchmark rate without receiving the Board's prior approval. To go outside the band, a company must show the rates meet strict legal standards and must receive Board approval.*

## HIGHLIGHTS . . .

Major accomplishments by Regulated Lines for Fiscal Year 1993 included:

### PROPERTY INSPECTIONS/FIRE

- ★ Implementing a fax in/fax out one-day service for base advisory fire rates.
- ★ Implementing a statewide educational program for local agents, with the help of TDI field agents.
- ★ Re-engineering the inspection distribution system section, allowing a reduction from six to four district coordinators.
- ★ Beginning work on a new class rating system for commercial property to bring Texas more in line with nationally accepted rating systems.
- ★ Reducing field offices from 20 to 8.

### PROPERTY INSPECTIONS/WINDSTORM

- ★ Appointing the Advisory Committee to Study Building Codes for the Texas Catastrophe Property Insurance Association ("Catpool"). The committee is working on a new "state of the art" building code to help minimize windstorm damage in connection with new construction, additions and repairs in the 14 counties that make up the Catpool region.

- ★ Appointing two other advisory committees: the Advisory Committee to Create Incentives to Depopulate the Texas Catastrophe Property Insurance Association and the Advisory Committee to Study Reinsurance Coverage for Windstorm and Hail Insurance. The committees recommend stronger building codes and enforcement efforts.
- ★ Beginning a program to spot-check structures certified by registered Texas Professional Engineers. For a structure to be insured by the Catpool, its construction must be approved by TDI's Windstorm Inspection Program or a registered Texas Professional Engineer.

### PROPERTY INSURANCE LINES

- ★ Helping work out a compromise between consumer and industry interests on replacement cost coverage of household contents. The compromise provides more cash up front to claimant for replacement of lost, stolen or damaged property.
- ★ Issuing reminder notices to insurers that they may not raise a homeowners policy limits without policyholder approval. The notices come after homeowners complain that their premiums went up because insurers unilaterally increased coverage without permission.
- ★ Implementing required legislation regarding property insurance rules, policy forms and endorsements and manual revisions.

### TITLE, BOND AND MISCELLANEOUS CASUALTY LINES

- ★ Helping implement use of new "Owner's Information Sheet" to provide basic consumer information with each new plain-language owner title policy delivered.
- ★ Reorganizing individual company filing duties as part of effort to reduce processing time.
- ★ Receiving approval of a mandatory subrogation endorsement to the Mortgage Guaranty Master Policies that prevents subrogation of a loss against a single-family, owner-occupied dwelling.

## AUTOMOBILE\*

- ★ Drafting rules providing optional discounts, including those for students away at school and for anti-lock brakes.
- ★ Developing Rule 15 for the Automobile Theft Prevention Authority Pass-Through Fee.
- ★ Drafting rule requiring notice for not-at-fault accidents or claims.
- ★ Rewriting the Texas Automobile Liability Experience Rating Plan to reflect agency rule revisions.
- ★ Assisting in development of Consumer Bill of Rights for Personal Automobile Insurance.
- ★ Assisting in development of rules on refusal to renew because of a young driver and tie-in sales.
- ★ Exploring options for rule and policy form changes regarding rental reimbursements.

\*All accomplishments listed by the Automobile Section subsequently adopted by the Board.

## GENERAL LIABILITY

- ★ Receiving 1,870 general liability form filings for review and analysis, with 888 approved, 31 rejected, 145 returned, 490 withdrawn by the companies and 312 pending at the close of the fiscal year.
- ★ Receiving, reviewing and accepting 53 filings for experience rating plans, schedule rating plans and composite rating plans.
- ★ Processing 57,218 individual risk submission filings.
- ★ Handling 43,632 general information requests and 18 complaints, 15 of which have been resolved.

## PROFESSIONAL LIABILITY

- ★ Monitoring the market for physicians' medical malpractice insurance. At the close of the fiscal year, nine admitted carriers and more than 20 purchasing groups, risk retention groups and surplus lines companies were actively marketing medical malpractice coverage for Texas physicians.
- ★ Tracking significant rate increases in medical malpractice insurance, with three companies raising rates by 23 percent to 50 percent.
- ★ Overseeing the Texas Medical Professional Liability Insurance Underwriting Association (or joint underwriting association). The association reported for the first time since the mid-1980s that the number of physicians seeking residual market coverage increased slightly, with 28 additional physicians seeking coverage in the second quarter of 1993.

## LOSS CONTROL

- ★ Coordinating with Company License/Admissions and Foreign Admissions to implement a review process to evaluate the loss control plans and programs of companies applying for licenses to write casualty lines of insurance in Texas.
- ★ Coordinating and developing an agency disaster plan that defines agency activity to support insurance consumers stricken by a disaster.
- ★ Updating and revising rules implementing the Amusement Ride Safety and Insurance Act to include water rides.\*
- ★ Coordinating with the U.S. Consumer Product Safety Commission to receive safety alert notices on amusement rides. Alert notices are forwarded to all amusement ride owners/operators and insurance companies in Texas affected by the notice.

\* The new rules became effective September 30, 1993.

### SUMMARY OF ACTIVITY COMMERCIAL PROPERTY LINES

	FY 92	FY 93
Requests for Information	8,018	7,627
Number of Complaints Processed	129	77
Rules, Rates and Policy Forms Processed	127	1,030

Figure I - 28

### SUMMARY OF ACTIVITY PERSONAL PROPERTY LINES

	FY 92	FY 93
Requests for Information	12,397	13,424
Certificates Issued	13,711	12,385
Complaints Processed	842	848
Rules, Rates and Policy Forms Processed	8	1,577

Figure I - 29

### SUMMARY OF ACTIVITY PROPERTY INSPECTIONS/FIRE PROPERTY RATING

	FY 92	FY 93
New Buildings Inspected	16,732	14,255
Existing Building Rates Revised	25,378	21,670
Visitors Served	551	742
Number of Telephone Calls	43,718	56,652

Figure I - 30

**SUMMARY OF ACTIVITY  
PROPERTY INSPECTION/FIRE  
ENGINEERING**

	FY 92	FY 93
Supplements Published	264	309
Key Rates Reviewed	34	113
Automatic Sprinkler & Fire Alarm		
System Plans Checked	594	632
Field Inspections (Old)	402	625
Field Inspections (New)	134	107

*Figure I - 31*

**SUMMARY OF ACTIVITY  
PROPERTY INSPECTIONS/FIRE  
COMPUTER RATE SERVICE**

	FY 92	FY 93
Property Rate Master File Activity		
New Building Rates	15,539	13,961
Deleted Rates	6,889	4,367
Revised Rates	48,471	45,569
Total Activity	70,899	63,897

Rates Requested Furnished By:

	FY 92	FY 93
Direct Computer Access	879,737	940,272
Fax Rates Furnished	0	203,408
Telephone Calls	359,757	208,960
Letters	146,358	105,693
In Office	8,707	3,775
Total Rates Furnished	1,394,559	1,462,108
Active On-Line Master Files	801,163	813,801

*Figure I - 32*

**SUMMARY OF ACTIVITY  
WINDSTORM INSPECTION PROGRAM**

	FY 92	FY 93
Applications	15,322	19,065
Inspections	25,144	30,024
Certificates of Compliance	12,804	15,840
Letters Received	1,675	1,213
Letters Written	751	657
Telephone Calls Received	82,830	53,558
Visitors Served	676	773

*Figure I - 33*

**SUMMARY OF ACTIVITY  
GENERAL LIABILITY**

	FY 92	FY93
Individual Risk Submissions	92,937	57,218
General Information Request	50,593	43,632
Form Filings Processed	n/a	1,554
Form Filings Approved	n/a	888
Complaints	n/a	15

*Figure I - 34*

**SUMMARY OF ACTIVITY  
PROFESSIONAL LIABILITY**

	FY92	FY93
Individual Risk Submissions	11,513	6,822
Telephone Calls	7,787	7,636
Board Orders	48	32
Written Complaints	34	23
Letters, Memos and Bulletins	5,439	2,784

*Figure I - 35*

**SUMMARY OF ACTIVITY  
AUTOMOBILE**

	FY92	FY93
Experience Rating Files	38,046	76,357
Composite Ratings	634	593
Loss Ratings	94	87
Nonstandard Limits	15	4
Liability Ratings Received	6,871	5,568
Experience Rate Ownership/Inquiries	17,615	14,923
State Agency Auto Policies	56	54
Consumer Inquiries/Complaints	57,159	788
Dividend Filings	61	112
Individual Risk Submissions (IRS)	3,007	2,355
County Mutual Rate Filings	294	423
Board Orders	160	*15
Commissioner Orders	59	66
Bulletins/Mailings	30,635	17,317
Hearings/Meetings	1,728	608

*\*Board Orders broken out by type are:  
5 general, 1 symbol and 9 policy forms/endorsements. Individual risk  
submissions, formerly approved by Board action, are now stamped due to  
administrative rule revisions.*

*Figure I - 36*



**SUMMARY OF ACTIVITY  
BOND, BURGLARY, PLATE GLASS  
AND MISCELLANEOUS CASUALTY LINES**

Activity	FY 92	FY93
Rules, Rates and Policy Forms Processed	94	323
Experience Ratings Processed	1,022	754
Individual Risk Submissions		
Board Orders Processed	128	351
Consent to Rate Applications Processed	4,307	4,451
General Information Requests	11,723	8,679
Hearings/Meetings*	618	2,561

\*Reported in total hours

Figure I - 37

**SUMMARY OF ACTIVITY  
TITLE INSURANCE**

Activity	FY92	FY93
Annual Escrow Audits Reviewed	447	*25
Field Examinations/Audits Conducted	76	*10
Technical Examinations	11	*0
New Agency Contracts/Revisions	353	*263
Complaints	150	94
General Information Requests	19,138	9,701
Rates, Rules and Policy Forms	76	9
Board Orders	20	12
Hearings	**182	**13
Meetings	**854	**145
Licensing/Continuing Education	68	*13

\*Several functions were transferred in January 1993 to the Financial Program or to the Licensing Group. Tables in those areas, however, do not include separate listings showing title-related audits, examinations, contract revisions or licensing activity.

\*\*Reported in total hours. (No title insurance rate hearing held in FY93.)

Figure I - 38

**SUMMARY OF ACTIVITY  
LOSS CONTROL REGULATION**

	FY 92	FY93
Total Evaluations Completed	190	182
Companies Rated Adequate	146	172
Companies Rated Less Than Adequate	44	10
Number of Companies		
Evaluated for Licensure	13	53
Loss Control Representative		
Applications Reviewed	199	100
Field Safety Representatives		
with a Specialty in Hospitals	12	11

Figure I - 39

**SUMMARY OF ACTIVITY  
AMUSEMENT RIDE SAFETY AND INSURANCE ACT**

	FY92	FY93
Policies Approved	172	181
Inspection Certificates Approved	1,509	2,094
Injury/Accident Reports	14	15
Number of Injuries	20	60

\*New data being compiled as of 9/1/93: Number of Amusement Ride Owners/Operators On File, Number of Amusement Rides Submitted for Approval; Number of Amusement Ride Inspector Applications Reviewed.

Figure I - 40

**SUMMARY OF ACTIVITY  
INTAKE UNIT FILINGS RECEIVED**

Flex-Rate Filings	FY92	FY93
Automobile	598	661
Property	905	523
<b>Other Filings</b>		
Commercial Property	312	418
Workers Compensation	318	174
General Liability	467	306
Professional Liability	38	122
Bond, Burglary, Title	92	175
Form Filings	1,505	2,459
Ratings Manuals/Plans	861	1,387
<b>Total</b>	<b>5,096</b>	<b>6,225</b>

Figure I - 41

**LIFE/HEALTH GROUP**

- ★ Preparing two extensive Commissioner's bulletins informing insurance companies and HMOs of requirements of various legislation signed into law.
- ★ Working with Public Information to prepare reports on the results of three Life/Health Group surveys: "Group Health Insurance Survey Results 1989-1990," the "1991 Group Health Insurance Survey Report" and the "Retrospective Review of Medical Necessity and Related Utilization Review Processes." The surveys include information on availability of group health coverage, as well as affordability, adequacy of coverage, underwriting practices and AIDS, HIV and mental illness insurance coverage and claims.

**TELEPHONE INQUIRIES FOR  
LIFE/HEALTH GROUP**

	FY92	FY93
Number of Telephone Inquiries Answered	22,138	16,336

Figure I - 42

**AVERAGE FORM REVIEW PERIOD FOR  
LIFE/HEALTH GROUP**

Type of Form	FY92	FY93
Life & Annuities	49 days	38 days
Group A&H and Group Products	38 days	36 days
Individual A&H	56 days	69 days
Credit Life and A&H	8 days	12 days
Average for All Types	38 days	38 days

Figure I - 43

- ★ Assisting in the development of a new tracking system allowing the agency to capture additional information on company filings. Ultimately, the system will allow automatic reporting of certain indicators Early Warning uses to monitor insurers.

**SUMMARY OF ACTIVITY  
LIFE AND HEALTH POLICY FORMS REVIEWED\***

	FY92	FY93
Filed	27,200	23,063
Accepted	23,761	21,454
Approved	9,223	12,049
Disapproved	1,865	1,649
Exempt	10,576	8,375

\*All forms "filed" that meet filing requirements are "accepted" for review or as "exempt" filings. Other forms filed are rejected for failure to meet basic filing requirements. Forms "approved" are those that comply with statutes and rules; forms "disapproved" are those that fail to comply. Forms that are "exempt" are not subject to review.

Figure I - 44

**ACCIDENT AND HEALTH,  
GROUP PRODUCTS**

- ★ Developing rules to implement provisions of major new legislation, especially House Bill 2055, the Small Employer Health Insurance Availability Act.
- ★ Drafting language for the three standard health benefit packages HB2055 requires carriers to offer to small employers as of January 1, 1994.

- ★ Streamlining the review process for small employer health policies by developing prototype policy forms carriers may use in lieu of filing their own policy forms for review.
- ★ Handling numerous inquiries from industry and small employers concerning HB2055 and other legislation.
- ★ Assisting in the development of several consumer brochures, including "The Texas Rate Guide for Medicare Supplement Insurance," "Medicare Supplement Insurance: A Handbook for Texas Consumers," and "What You Should Know Before Buying Long-Term Care Insurance."

**HEALTH MAINTENANCE  
ORGANIZATION (HMO)**

- ★ Participating in development of rules and prototype policy forms to implement HB2055 and responding to numerous inquiries relating to new legislation.
- ★ Reviewing and streamlining all processes in an effort to reduce a backlog of HMO filings, eliminating duplicative filings when different divisions of an HMO use the same form, and responding to suggestions received from the Insurer Summit.
- ★ Compiling a book of statutes and rules that govern operation of HMOs to help inform the industry and others.
- ★ Beginning development of a manual on HMO filing requirements and agency procedures.

**HEALTH MAINTENANCE ORGANIZATION (HMO) FILINGS**

	FY92	FY93
Applications Processed	3	1
Service Area Expansions/ New Divisions	8	2
New Forms Received	2,241	1,343
Forms Completed	4,017	1,145

Figure I - 45

**LIFE AND ANNUITY**

- ★ Working with the Department of Banking and the Texas Funeral Services Commission to develop and adopt a Joint Memorandum of Understanding to improve regulation of prepaid funeral contracts and improve consumer protection efforts.
- ★ Creating a manual of statutes and rules governing the filing of deferred annuity products. The manual, created in response to requests made during the Insurer Summit, was mailed to all

insurance companies that filed deferred annuity contracts during Fiscal Year 1992.

- ★ Beginning development of a filing manual for universal life insurance products.
- ★ Developing comprehensive guidelines for modified guaranteed investment products sub-mitted for approval under Article 3.75, Section 10.
- ★ Drafting rules governing life insurance policies used to fund prepaid funeral contracts. The rules will be proposed in Fiscal Year 1994.

## CREDIT LIFE, ACCIDENT AND HEALTH AND PREPAID LEGAL

- ★ Preparing credit insurance rule amendments that add new requirements for experience data calls. The amendments adopted by the Board require insurers to provide detailed data concerning expenses and commissions.
- ★ Assisting in development of a computer program to collect loss ratio, expense and commission data via computer diskette. The information is used in rate hearings to assure that policy benefits are reasonable in relation to the premiums charged.
- ★ Drafting a proposed rule to implement changes in the regulation of prepaid legal contracts. The rules should be proposed in Fiscal Year 1994.
- ★ Participating in development of a new rule requiring insurers to provide each consumer with a copy of a "Consumer Bill of Rights for Credit Life, Credit Disability and Involuntary Unemployment Insurance." This document will inform consumers of their rights when they buy insurance in connection with a credit transaction.

## UTILIZATION REVIEW AND CCRC

- ★ Receiving 238 utilization review applications and approving 101 as certified utilization review agents. Of those, 38 were insurance companies and/or HMOs.
- ★ Assuming responsibility for monitoring Continuing Care Retirement Communities (CCRCs).
- ★ Completing a draft of CCRC rule amendments to implement legislation passed by the Legislature in 1993. The rules will be proposed for publication and adoption in Fiscal Year 1994.

## CONTINUING CARE RETIREMENT COMMUNITIES (CCRC) FILINGS

	FY92	FY93
Applications Reviewed	1	0
Licenses Issued	1	0
Disclosure Statements Filed	25	18

Figure I - 46

## UTILIZATION REVIEW FILINGS

	FY92	FY93
Applications Received	201	*37
Applications Incomplete	136	25
Applications Pending Review	63	2
Registered Utilization		
Review Agents Approved	2	38
Certified Utilization		
Review Agents Approved	0	101

\*All initial applications were required to be submitted by 6-1-92.

Figure I - 47

## LICENSING GROUP

- ★ Streamlining the renewal application process by using bar coding to update the agents license database and improving the time required to process a renewal from five weeks in Fiscal Year 1992 to three to five days in Fiscal Year 1993.
- ★ Redesigning forms to allow company appointments and cancellations to be scanned electronically into the agents license database.
- ★ Issuing 31 new premium finance licenses and renewing 338 others.
- ★ Taking over the duty of licensing title and escrow agents from the Property and Casualty Division.
- ★ Simplifying the passing requirements for the agent examination by providing that credit for passing each part be carried over for nine months and eliminating the requirement that all parts be passed on the same examination.
- ★ Improving communications with agents through the "Licensing Update" newsletter. The newsletter is sent out with each renewal notice or license.
- ★ Establishing new databases to track premium finance companies and those licensed to sell title and escrow insurance.
- ★ Designing new premium finance company application forms to make them easier to process and add to the database.

- ★ Designing new scanner character recognition system that can read typed, printed and hand-written material and add the scanned information to the agency's various databases.
- ★ Redesigning forms and preparing data for new scanner system and for Fiscal Year 1994 conversion of Agents License information to a new database program that automates many functions previously done manually.

**NUMBER OF LICENSES AND CERTIFICATES UNDER  
COMMISSIONER'S JURISDICTION  
FY91-FY93**

License Type	FY91	FY92	FY93
Agents*	181,349	169,931	176,547
Adjusters	25,237	20,601	22,435
Life Counselors	82	84	84
Risk Managers	735	805	862
Premium Finance Companies	433	359	360
Third-Party Administrators	291	350	393

\*An agent may hold more than one type of license; these statistics do not represent numbers of individual agents.

Figure I - 48

**FIVE-YEAR SUMMARY OF  
AGENTS LICENSE STATISTICS  
FY89-FY93**

	FY89	FY90	FY91	FY92	FY93
<b>Total Licenses</b>					
Issued	40,734	31,041	34,214	38,627	50,299
Renewed	56,562	83,824	53,799	103,119	51,867
<b>Total Additional Appointments Processed</b>	159,148	204,337	159,992	134,036	126,093
<b>Total Current Licenses (Agents and Adjusters)</b>	272,177	263,690	207,403	191,663	198,982

Figure I - 49

**NUMBERS AND TYPES OF AGENTS' LICENSES**

Agents	FY92	FY93
Group I Life	80,847	80,883
Group II Life	25,954	25,697
Variable Contracts	12,654	14,117
Local Recording	22,831	22,431
Solicitor	9,484	11,506
Non-Resident Fire/Casualty	4,680	5,276
Managing General	741	795
State/Salary/Special	4,498	4,297
Title	1,424	1,761
Escrow Officers	3,641	6,187
Direct Operations	6	51
Surplus Lines	439	485
Pre-Paid Legal	711	574
HMO	2,021	2,487
<b>Total</b>	<b>169,931</b>	<b>176,547</b>

Figure I - 50

**THIRD-PARTY ADMINISTRATORS  
AND PREMIUM FINANCE COMPANIES**

	FY92	FY93
TPA On-Site Examinations	52	16
New Premium Finance Licenses Issued	19	31
Premium Finance Licenses Renewed	347	338

Figure I - 51

**NUMBER OF PREMIUM FINANCE COMPANIES,  
LOANS & THEIR VALUE  
CY89 - CY92**

Calendar Year	Number of Companies	Number of Premium Loans	Value of Loans
1989	422	544,460	\$1.12 billion
1990	431	518,243	\$1.27 billion
1991	335	549,390	\$1.32 billion
1992	361	641,367	\$1.51 billion

Figure I - 52

# WORKERS' COMPENSATION

- ★ Working with the consulting actuary in reducing the number of workers' compensation classifications from 650 to 350.
- ★ Reviewing and rewriting all workers' compensation manuals to make them easier to understand and use.
- ★ Helping revise a guide for Texas employers entitled, "Questions and Answers About Workers' Compensation."
- ★ Creating a new "Texas Workers' Compensation Rate Guide" to aid employers in shopping for coverage under the file-and-use rating system.
- ★ Increasing the number of workers' compensation policies reviewed and establishing a tracking system to determine if policy corrections are made in a timely manner.
- ★ Completing transfer of coverage and non-coverage information to the Texas Workers' Compensation Commission.
- ★ Reducing the time for processing negotiated deductible endorsements and requests from designated insurers of the Small Premium Policy Plan to cease acceptance of small premium policies by establishing a new deputy commissioner-level process.
- ★ Working with consulting actuary to develop a revised experience rating plan for workers' compensation insurance.

## SUMMARY OF ACTIVITY WORKERS' COMPENSATION

	FY92	FY93
Management		
Interpretations & Rulings	12,024	12,108
Office Visits	229	207
Complaints	162	151
Board Orders	92	64
Subscriber Notices		
Coverage/Cancellation/ Non-Renewal	255,287	274,829
Employer Notice of Non-Coverage /Termination	27,382	21,338

Figure I - 53

## SUMMARY OF ACTIVITY WORKERS' COMPENSATION RATE MODIFICATION

	FY92	FY93
Ratings	40,341	41,476
Rate Cards	23,915	23,392
Letters of Authority	39,251	28,614
Requests for Unit Statistical Cards	6,234	5,953
Data and Invoices	26,495	27,961
Letters Written	1,429	756
Telephone Calls Received	80,577	127,006
Visitors	1,010	936
Re-Rates	2,250	1,790
Non-Qualifying Rates	2,755	1,133
Letters to Legal & Certified Letters	1,957	1,717

Figure I - 54

## SUMMARY OF ACTIVITY WORKERS' COMPENSATION POLICIES REVIEWED FY89-FY93

Year	Number Reviewed
1989	110,879
1990	108,145
1991	87,066
1992	78,408
1993	128,468

Figure I - 55

## SUMMARY OF ACTIVITY WORKERS' COMPENSATION CLASSIFICATION OFFICE

	FY92	FY93
Files Audited	2,338	1,184
Number of Inspections	798	718
Number of Days Traveled	258	248
Total Miles Traveled	47,624	42,378
Average Travel Cost Per Inspection	\$33.83	\$34.24
Interpretations & Rulings	39,235	39,674
Office Visitors	169	86

### Types of Inspections Made:

Insured Requests	135	61
Insurer Requests	128	135
Agent Requests	129	121
Department Requests	343	308
New Risks	64	93

Figure I - 56

**SUMMARY OF ACTIVITY  
WORKERS' COMPENSATION FILES**

	FY92	FY93
New Files Created	9,687	10,014
Files Reduction	71,031	43,200
Files No Longer Needed	11,584	14,694
Incoming Mail	860,569	807,624
Inter-State Rating Forms Received	39,288	48,106
<b>Computer Transactions</b>		
Records Deleted	49,566	36,835
Records Added	38,570	31,298
Records Updated	21,289	17,698

*Figure I - 57*

**STATISTICAL AND RATE SERVICES**

- ★ Working with an industry/consumer working group to revise TDI data collection methods in the statistical plans for various lines of insurance.
- ★ Issuing the Texas Workers' Compensation Financial Call in a mandatory computer diskette filing format. The call was an expansion of the Texas Workers' Compensation Financial Aggregate Call in Fiscal Year 1992, the first extensive diskette filing for the agency.
- ★ Confirming through the Workers' Compensation Financial Call Plan that workers' compensation losses from the 1990 levels attributable to senate Bill 1 were estimated as follows:

	ACC. YR 92 (@ 12 months)	ACC. YR 91 (@ 12 months)
Paid Losses	-28%	-31%
Paid plus Case	-37%	-30%
Incurred	-31%	-29%
excluding IBNR		
Incurred	-20%	-25%
including IBNR		

- ★ Establishing that workers' compensation rates decreased by an average of 7 percent following Legislative reforms. The figure was based on a study of the state's 26 largest groups writing workers' compensation insurance.
- ★ Collecting and reviewing some 270,000 unit statistical reports filed by workers' compensation insurance companies to help develop relativities by job classification. The relativities are multiplied by an insurance company's filed rate to determine the insurer's annual premium for that classification.

- ★ Completing a title insurance data call for use in setting rates. The call included income and expense information from 548 licensed agents and 16 title insurance companies.
- ★ Compiling annual statement (page 14) data from 1,050 companies, including premiums, losses, dividends, commissions and brokerage fees for each company for all lines of insurance.
- ★ Completing the "Insurance Expense Exhibit" with data from 982 companies. The exhibit, used in helping decide whether rates are reasonable, provides profit and loss data by line of business, detailed loss adjustment information and underwriting and investment data on a nationwide basis.
- ★ Compiling statistics on disallowed expenses, executive compensation figures and affiliate transactions on a nationwide basis for use in determining benchmark rates for flex-rated lines.
- ★ Processing 67,265 data records (an increase of 50 percent over Fiscal Year 1992) filed by workers' compensation insurers. The records provide detailed claims information (DCI) reports for research and medical cost containment studies by the Texas Workers' Compensation Research Center.
- ★ Processing 31 percent more individual closed claim reports in Fiscal Year 1993 compared with Fiscal Year 1992. The reports give details on the final disposition of Texas claims for general and professional liability, commercial automobile liability and the liability portion of commercial multi-peril policies.
- ★ Compiling quarterly market premium and loss data for general liability, commercial fire and allied lines, product liability, commercial multi-peril, private passenger automobile, homeowners multi-peril and workers' compensation insurance for the required Quarterly Legislative Report on Market Conditions.
- ★ Receiving and processing 2,506 rate filings for actuarial review.

**CLOSED CLAIM AND QUARTERLY  
MARKET DATA REPORTS COLLECTED**

	FY92	FY93
Individual Closed Claim Reports	13,342	15,426
Summary Closed Claim Reports	492	444
Closed Claim Reconciliation Reports	568	609
Quarterly Market Conditions Data	*	4,669
Liability Income Allocation Exhibits	565	516

*\*Not collected in Fiscal Year 1992*

*Figure I - 58*

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**OTHER STATISTICAL REPORTS COLLECTED**

	<b>FY92</b>	<b>FY93</b>
Title Insurance Agents	483	548
Title Insurance Underwriters	36	16
Annual Statement Page 14	1,104	1,050
Insurance Expense Exhibits	987	982

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*Figure I - 59*

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**RATE AND RATING PLAN FILINGS IN FY93**

	<b>Received</b>	<b>Approved</b>
Flex Rate Lines	1,042	744
File and Use Rate Lines	1,295	1,200
Prior Approval Rate Lines	92	77

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*Figure I - 60*

# CONSUMER SERVICES

Consumer Services coordinates public education efforts and addresses consumer complaints filed with the agency. In carrying out these tasks, it assists consumers in resolving disputes, produces a wide range of publications, prepares cases for enforcement actions and analyzes insurance market information. As noted in the Preface, consumers expressed a high interest in insurance issues during Fiscal Year 1993, with Texans making more than 900,000 inquiries to Consumer Services and other TDI programs during the fiscal year.

## BASICS

Created in 1991 as part of an agency-wide effort to strengthen services to the public, the **Consumer Services Program** consists of four activities.

- ★ **Complaints Resolution** seeks to resolve consumer disputes with insurance companies, agents and other regulated insurance businesses. In this process, the staff examines complaints for violations of the Texas Insurance Code and agency rules and recommends enforcement action where appropriate. The complaints resolution process routinely results in the return of millions of dollars in refunds and claims payments to consumers.
- ★ **1-800 Consumer Information** responds to calls to the agency's toll-free Consumer Help-Line, 1-800-252-3439, from 8 a.m. to 5 p.m. Staff members answer basic insurance questions, take orders for rate guides and consumer brochures, furnish information about companies' complaint histories and financial standings and advise consumers about filing complaints. An automated telephone attendant activated in November 1992 allows Texans to place orders and leave messages 24 hours a day.
- ★ **Public Education** develops educational programs to increase consumer understanding of insurance issues. This effort includes coordinating an agency-wide speakers bureau and conducting outreach programs to inform elderly, minority, neighborhood and professional groups about insurance issues. As part of the outreach, Public Education conducts a federally funded program to train volunteer counselors on insurance issues for older Texans. Public Education also produces audio-visual materials and consumer publications, including rate guides, pamphlets and flyers in both English and Spanish.
- ★ **Marketplace Trend Analysis**, formerly Business Practices, identifies and analyzes insurance

marketplace changes that may adversely affect Texas consumers, develops reports about market conditions and recommends regulatory action to address those trends. The Advertising Unit reviews industry marketing materials, including those required to be submitted by statute or rule, for compliance with the rules governing advertising, solicitation and unfair trade practices. Certain violations are referred to Legal and Compliance for possible administrative action.

## HIGHLIGHTS . . .

Major accomplishments by Consumer Services for Fiscal Year 1993 included:

- ★ Responding to more than 318,000 inquiries, including more than 171,000 calls to the Consumer Help-Line and more than 127,000 calls and 24,652 written complaints handled by the Complaints Resolution staff.
- ★ Helping develop new "user friendly" consumer booklets, including booklets for comparing complaint histories of insurance companies and premiums for auto, homeowner and Medicare supplement insurance policies.
- ★ Conducting a statewide campaign to educate Texas consumers about "shopping smart" for automobile and homeowners insurance. More than 3 million Texans received information on shopping smart through television, radio and newspaper coverage.
- ★ Conducting 100 presentations statewide on consumer insurance issues, with the agency's new Speakers Bureau speaking to 3,800 consumers.
- ★ Distributing some 106,000 copies of publications to groups and individuals.
- ★ Making outreach to minority communities a priority, with more than 200,000 Spanish-speaking Texans reached through Spanish radio and Spanish newspapers. Six consumer publications were translated into Spanish and more than 7,000 publications were distributed in minority communities.
- ★ Conducting a special educational outreach program to older Texans, with more than 11,500 individuals participating in special training programs. In addition, almost 15,000 publications and packets of training materials were distributed.
- ★ Deploying Consumer Services teams to two natural disasters, improving the program's emergency preparedness response and developing a comprehensive plan for responding to major disasters.



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**RESTITUTIONS/REFUNDS TO POLICYHOLDERS/CLAIMANTS**

	FY92	FY93
Additional Claim Payments to Consumers	\$17.3 million*	\$20.6 million
Restitutions/Refunds to Policyholders/Claimants	\$1.19 million	\$ 397,258

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\*Corrected number

Figure I - 61

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**ADDITIONAL CLAIM PAYMENTS TO CONSUMERS  
FY89-FY93**

FY89 = \$17.0 million  
FY90 = \$20.5 million  
FY91 = \$16.5 million  
FY92 = \$17.3 million\*  
FY93 = \$20.6 million

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\*Corrected number

Figure I - 63

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**TOTAL NUMBER OF COMPLAINT CASES CLOSED  
FY89-FY93**

FY89 = 26,739  
FY90 = 25,511  
FY91 = 21,854  
FY92 = 20,535  
FY93 = 24,652

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Figure I - 62

# FINANCIAL MANAGEMENT AND ADMINISTRATIVE SERVICES

Financial Management and Administrative Services performs the agency's internal financial functions and provides operational support for the agency, ranging from keeping the agency's books to delivering the mail.

## BASICS

The **Financial Management and Administrative Services Program** consists of six activities:

- ★ **Accounting** maintains the agency's financial books and records, prepares supporting documentation required to provide an audit trail, establishes internal financial controls to detect errors and irregularities, prepares the agency's annual financial statement and develops and recommends rates for maintenance taxes, examination overhead assessments and premium finance assessments needed to fund the agency.
- ★ **Budget** prepares the Legislative Appropriation Request (LAR) every two years and the agency's annual operating budget. The division also monitors all agency expenditures and develops monthly projections to help programs stay within budget.
- ★ **Tax Policy and Administration** collected 14 insurance-related taxes, surcharges, fees and assessments levied under Texas law. The tax administration functions moved to the State Comptroller's Office in Fiscal Year 1994.
- ★ **Building and Records Management** deals with all building-related services, including space planning and management, telecommunications, security, employee parking and records retention.
- ★ **Publications and Mail Services** designs, illustrates and produces agency publications and handles, tracks and delivers all mail, including inter-agency memos and correspondence
- ★ **Purchasing and Contract Administration** purchases and contracts for goods and services for the agency.

## HIGHLIGHTS . . .

Major achievements by Financial Management and Administrative Services for Fiscal Year 1993 included:

- ★ Developing and putting into production a subscriber-supported newsletter (Texas Insurance

News) to inform the 2,000-plus subscribers in the regulated community and others of proposed and recently approved regulations.

- ★ Designing and installing an automated system for recording and filling orders for consumer publications, as well as analyzing demand for publications by date, title and region.
- ★ Establishing a new, comprehensive contracting process that establishes standards for invitations for bids, formal contracts and performance requirements and allows evaluation of bidders receiving awards.
- ★ Collecting more than \$381 million in insurance taxes accruing to general revenue and more than \$84 million in maintenance taxes dedicated to support of the Department of Insurance, the Texas Workers' Compensation Commission and the Texas Workers' Compensation Research Center.
- ★ Producing the agency's strategy-based budget for the 1994-95 biennium.
- ★ Preparing documentation, reports and charts for use in presenting TDI's appropriation request to the Legislature.
- ★ Coordinating the fiscal note process, which provides the Legislature with information on the financial impact of all proposed legislation, and implementing an automated fiscal note system.
- ★ Developing a budget system that allows sorting proposed and actual allocations by strategy, object of expense or organizational unit.
- ★ Transferring accounting records to the Uniform Statewide Accounting System and developing new procedures to meet the system's requirements.
- ★ Processing more than 2,500 purchase vouchers and about 2,000 purchase orders.
- ★ Handling more than 225,000 cash items totaling more than \$700 million, with more than 85 percent of the funds deposited within one day.
- ★ Processing more than 7,000 purchase and travel vouchers, with vouchers delivered to the Comptroller within two days in most cases.
- ★ Handling more than 1.5 million pieces of mail for the agency.
- ★ Designing more than 25 consumer and informational publications, typesetting more than 8,000 pages and printing more than 15 million pages of material.
- ★ Maintaining the agency's automated telephone attendant, which routed more than 1 million incoming calls.

**INSURANCE TAXES AND ASSESSMENTS  
FY89-FY93**

Year	Premium Tax	Maintenance Tax	Worker's Comp	OPIC	Retaliatory Tax	Total
1989	450,585,283	34,504,663	18,866,913	948,962	32,487,993	537,393,814
1990	490,962,748	49,045,613	18,704,909	1,166,213	6,042,028	565,921,511
1991	508,138,983	53,617,215	42,441,583	932,234	4,672,288	609,802,303
1992	468,283,895	48,622,506	35,649,975	1,047,612	2,753,013	534,924,264
1993	376,444,942	43,067,096	35,341,165	1,240,818	5,322,122	461,416,223

Figure I - 64

**COMPARISON OF MAINTENANCE TAX RATES  
FY84-FY93**

Type	Max legal rate	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
Motor Vehicle	.2	.029	.024	.028	.019	.058	.067	.133	.091	.07	.058
Fire	1.25	.478	.458	.463	.523	.406	.729	.711	.711	.574	.525
Workers' Compensation	.6	.259	.229	.303	.361	.180	.163	.467	.268	.217	.200
Casualty	.4	.152	.075	.068	.027	.207	.343	.318	.297	.210	.210
Title	1	.061	.020	.033	.083	.122	.156	.464	.322	.178	.132
Life, Accident and Health	.04					.032	.032	.040	.040	.040	.040
Third-Party Administrators	1.0					1.0	1.0	1.0	1.0	.8	.5
HMO Basic	\$2.00					\$1.10	\$0.98	\$1.21	\$1.21	1.25	\$0.78
HMO Single Service								\$.61	\$.60	\$.62	\$0.42
Prepaid Legal	1.0	1.0	1.0	1.0		1.0	1.0	1.0	1.0	1.0	1.0

(Rates in the table are given as a percentage of 1%.)

Figure I - 65

**CHANGES IN PREMIUM AND  
RETALIATORY TAX REVENUES  
FY89-FY93**

Year	Premium tax	Retaliatory	Total	% change
1989	450,585,283	32,487,993	483,073,276	-16.89
1990	490,962,748	6,042,028	497,004,776	2.88
1991	508,138,983	4,672,288	512,811,271	3.18
1992	468,283,895	2,753,013	471,036,908	-8.15
1993	376,444,942	5,322,122	381,767,064	-18.95

Figure I - 66

**COMPARISON OF MAINTENANCE TAX REVENUES  
FY92-FY93**

Type	FY 92	FY 93
Motor Vehicle	\$5,091,911	\$4,518,501
Fire	\$19,224,051	\$17,474,098
Workers' Compensation	\$9,623,211	\$6,987,080
Casualty	\$5,189,704	\$4,599,020
Title	\$928,910	\$661,160
Life, Accident and Health	\$4,859,922	\$5,270,572
Third-Party Administrators	\$1,935,594	\$1,892,541
HMO	\$1,760,346	\$1,656,692
Other	\$8,857	\$7,432

Figure I - 67

# INFORMATION SERVICES

Information Services provides automation and computer support for all agency programs.

## BASICS

The program develops and supports computer applications on several platforms (mainframe, network and personal computers), provides computer-related technical training, ensures computer data integrity and security, maintains and operates the agency's IBM-compatible mainframe computer and the agency's local area network (LAN), provides technical advice to agency and industry personnel requiring access to TDI information and tests new computer hardware and software.

It includes four activities:

- ★ **Application Development** analyzes agency needs and builds and maintains computer applications to support TDI's regulatory and administrative functions.
- ★ **Data Administration** supports the agency-wide Oracle database and provides standards for use of Oracle.
- ★ **Technical Training** offers classroom training in computer basics and the use of various software products, including word processing, spreadsheet processing and query reporting from the Oracle database. The activity also maintains the program's technical library.
- ★ **Support Activities** operates and maintains all agency computers (from PCs to the IBM-compatible mainframe), provides "Help Desk" and local area network (LAN) support, oversees the agency's data security needs and provides data entry services.



- ★ Completing the following applications for the Oracle database: (1) Company Inquiry System, (2) Company Update System, (3) Examinations Tracking, (4) Financial Analysis Statement Tracking, (5) Financial Statement-State Pages Information, (6) Forms Filing Tracking-Property and Casualty, and (7) Integrated Compliance Tracking System for Complaints Inquiry, Legal Case Tracking and Advertising Tracking.
- ★ Completing the following applications using other development tools: (1) Property and Casualty Solvency Model, (2) Life, Accident and Health Solvency Model, (3) Automated Early Warning Indicators for Financial Analysis, (4) Diskette Filing for Workers' Compensation Financial Call, (5) Financial Analysis Spreadsheets for Annual and Quarterly NAIC Data, and (6) NAIC Data Download, which provides consistent financial data for all agency applications.
- ★ Beginning an upgrade of field examiners' laptop computers to agency standard software.
- ★ Upgrading agency mainframe, local area network and desktop PCs, including those in field offices, to handle improved software applications and improve response time for agency customers.
- ★ Working with agency customers to find a replacement for TDI's Info Center 1 (IC/1), a database reporting product that the software company no longer supports with improved versions or technical help.
- ★ Providing in-house technical training to the equivalent of 1,904 individuals in Fiscal Year 1993.

## HIGHLIGHTS . . .

Major achievements by Information Services for Fiscal Year 1993 included:

- ★ Preparing plans for moving existing automated agency applications into the Oracle database.

# HUMAN RESOURCES

**H**uman Resources promotes agency goals through proper staffing and staff development.

## **BASICS**

The **Human Resources Program** consists of four activities.

- ★ **Personnel** maintains detailed employee records, helps the agency hire new employees and implements agency personnel policies.
- ★ **Staff Development** designs, conducts and coordinates employee training ranging from in-house seminars to university courses.
- ★ **Payroll and Benefits** advises employees on benefits, processes the agency's monthly payroll and maintains pay and benefit records.
- ★ **Equal Employment Opportunity** receives and investigates employee discrimination complaints and trains personnel in federal Americans with Disabilities Act requirements.

## **HIGHLIGHTS . . .**

Major accomplishments by Human Resources for Fiscal Year 1993 included:

- ★ An annual service awards ceremony in June where TDI

recognized an "employee of the year" and almost 400 employees received service, education and contribution-to-the-workplace awards.

- ★ An agency-wide kickoff in June of AIM (Always Improving Methods), the agency's total quality management program.
- ★ A new Board-adopted procedure regarding the handling of job postings.
- ★ Participation in various community activities, including American Heart Association Heart Walk, Leukemia Society of America Beach Bowl, Weight Watchers At-Work Program and the Retirement Expo.
- ★ Minority recruiting visits to five colleges and universities and five statewide conventions.
- ★ Development of an "employee of the month" program.
- ★ Implementation of the agency's "Quarter Century Club," honoring employees with 25 years of service.
- ★ Coordination of an employee discount pass program for various amusement facilities around the state.
- ★ A February health fair with 80 exhibitors and almost 2,000 visitors.
- ★ A July benefits fair with 10 exhibitors and about 300 visitors.
- ★ Development of Human Resources plan for responding to natural disasters.







# Part II



## Reports on Certificates of Authority

*Issued By The Texas Department of Insurance*

This section of the 118th Annual Report summarizes the agency's company licensing activities during Fiscal Year 1993, including issuance of new certificates of authority. Also contained is a statistical summary of the categories of insurers currently licensed as of August 31, 1993.





# 10-YEAR HISTORY - CERTIFICATE OF AUTHORITY

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
<b>Life/Health</b>										
Domestic	492	508	495	474	450	438	409	376	349	318
Foreign	711	724	743	759	766	768	759	760	753	742
<b>Sub-Total</b>	<b>1,203</b>	<b>1,232</b>	<b>1,238</b>	<b>1,233</b>	<b>1,216</b>	<b>1,206</b>	<b>1,168</b>	<b>1,136</b>	<b>1,102</b>	<b>1,060</b>
<b>Property/Casualty</b>										
Domestic	270	283	287	290	293	288	279	277	273	270
Foreign	702	726	735	738	746	743	755	773	790	812
<b>Sub-Total</b>	<b>972</b>	<b>1,009</b>	<b>1,022</b>	<b>1,028</b>	<b>1,039</b>	<b>1,031</b>	<b>1,034</b>	<b>1,050</b>	<b>1,063</b>	<b>1,082</b>
<b>Other</b>										
Domestic	13	17	25	33	36	73	128	159	186	197
Foreign	0	0	0	0	0	34	121	182	215	249
<b>Sub-Total</b>	<b>13</b>	<b>17</b>	<b>25</b>	<b>33</b>	<b>36</b>	<b>107</b>	<b>249</b>	<b>341</b>	<b>401</b>	<b>446</b>
<b>GRAND TOTAL</b>	<b>2,188</b>	<b>2,258</b>	<b>2,285</b>	<b>2,294</b>	<b>2,291</b>	<b>2,344</b>	<b>2,451</b>	<b>2,527</b>	<b>2,566</b>	<b>2,588*</b>

**Life/Health includes:** Stock life, mutual life, stipulated premium, non-profit life insurance, fraternal, statewide mutual assessment life, accident and health, local mutual aid, local mutual burial, exempt associations, non-profit hospital service corporations.

**Property/Casualty includes:** Stock fire, stock fire and casualty, mutual fire and casualty, stock casualty, Mexican casualty, Lloyds, reciprocals, title, risk retention groups, joint underwriting associations, county mutuals, farm mutuals.

**Other includes:** Non-profit legal services corporations, third-party administrators (TPAs), continuing care retirement communities (CCRCs) and health maintenance organizations (HMOs). CCRCs were added to the category in Fiscal Year 1988 and TPAs were added in Fiscal Year 1989.

*\*FY93 Grand Total includes 2,143 licensed insurance companies, 32 health maintenance organizations (HMOs), 18 continuing care retirement communities (CCRCs) and 395 third-party administrators (TPAs). It does not include 360 premium finance companies.*

## RECONCILIATION

Companies Licensed as of August 31, 1992.....	2,566
Companies Organized or Licensed During Year .....	105
Less Companies Reinsured, Merged, Withdrawn, Canceled, Dissolved, Redomesticated, Domesticated or Placed in Permanent Receivership During Year .....	83
Companies Licensed as of August 31, 1993.....	2,588

**TYPES AND TOTALS OF ENTITIES  
HOLDING A CERTIFICATE OF AUTHORITY IN TEXAS AS OF  
AUGUST 31, 1993**

	TEXAS	FOREIGN	TOTAL
Stock Life Insurance Companies	201	630	831
Mutual Life Insurance Companies	3	83	86
Stipulated Premium Life Insurance Companies	58	0	58
Non-Profit Life Insurance Companies	0	1	1
Stock Fire Insurance Companies	1	7	8
Stock Fire & Casualty Insurance Companies	109	630	739
Mutual Fire & Casualty Insurance Companies	7	65	72
Stock Casualty Insurance Companies	6	64	70
Mexican Casualty Insurance Companies	0	10	10
Lloyds	81	0	81
Reciprocal Exchanges	12	14	26
Fraternal Benefit Societies	11	28	39
Title Insurance Companies	6	17	23
Non-Profit Legal Services Corporations	1	0	1
Health Maintenance Organizations	31	1	32
Risk Retention Groups	2	0	2
Joint Underwriting Associations	0	5	5
Third Party Administrators	149	246	395
Continuing Care Retirement Communities	16	2	18
<b>TOTAL</b>	<b>694</b>	<b>1,803</b>	<b>2,497</b>
Statewide Mutual Assessment Life, Health and Accident Insurance Companies	2		2
Local Mutual Aid Associations	20		20
Burial Associations	7		7
Exempt Associations	14		14
Non-Profit Hospital Service Corporations	2		2
County Mutual Fire Insurance Companies	24		24
Farm Mutual Fire Insurance Companies	22		22
<b>TOTAL</b>	<b>91</b>		<b>91</b>
<b>GRAND TOTAL</b>	<b>785</b>	<b>1,803</b>	<b>2,588</b>

**TYPES AND TOTALS OF ENTITIES  
LICENSED IN TEXAS AS OF AUGUST 31, 1993**

	TEXAS	FOREIGN	TOTAL
Property & Casualty	270	812	1,082
Life	318	742	1,060
Other	197	249	446
<b>TOTAL</b>	<b>785</b>	<b>1,803</b>	<b>2,588</b>

Other includes:

- Non-Profit Legal Services Corporations
- Health Maintenance Organizations
- Third Party Administrators
- Continuing Care Retirement Communities

**NEW COMPANIES ORGANIZED OR ADMITTED TO TEXAS  
BETWEEN SEPTEMBER 1, 1992 AND AUGUST 31, 1993**

	TEXAS	FOREIGN	TOTAL
Stock Life Insurance Companies		11	11
Stock Fire & Casualty Ins. Companies	1	12	13
Mutual Fire & Casualty Ins. Companies		1	1
Stock Casualty Insurance Companies	1	11	12
Mexican Casualty Insurance Companies		1	1
Lloyds	1		1
Health Maintenance Organizations		1	1
Title Insurance Companies		1	1
County Mutual Insurance Companies	1		1
Joint Underwriting Associations		5	5
Third Party Administrators	17	41	58
<b>TOTAL</b>	<b>21</b>	<b>84</b>	<b>105</b>

# NEW COMPANIES ORGANIZED OR ADMITTED TO TEXAS BETWEEN SEPTEMBER 1, 1992 AND AUGUST 31, 1993

## TEXAS COMPANIES DATE LICENSED

### STOCK FIRE AND CASUALTY INSURANCE COMPANIES

Credit General Insurance Company of Texas 10-29-1992  
Austin, Texas

### STOCK CASUALTY INSURANCE COMPANIES

Zenith Star Insurance Company 08-11-1993  
Austin, Texas

### LLOYDS

Metropolitan Lloyds Insurance 07-14-1993  
Company of Texas  
Irving, Texas

### COUNTY MUTUAL INSURANCE COMPANIES

Gainsco County Mutual Insurance Company 11-02-1992  
Fort Worth, Texas

### THIRD PARTY ADMINISTRATORS

Adapt Healthcare, Inc. 04-14-1993  
(Doing Business as Adapt Healthcare)  
Dallas, Texas

Augustine and Associates Insurance Services, Inc. 03-03-1993  
San Antonio, Texas

Benefit Management Administrators, Inc. 08-12-1993  
San Antonio, Texas

Claims Specialists, Inc. 12-10-1992  
(Doing Business as Claim Specialists, Inc.)  
Houston, Texas

Corporate Claims Management, Inc. 10-23-1992  
San Antonio, Texas

Diversified Risk Management Services, Inc. 03-29-1993  
Fort Worth, Texas

Fidelity Administrators, Inc. 03-03-1993  
Fort Worth, Texas

First Insurance Group, Inc. 04-14-1993  
Dallas, Texas

Health Care Net, Inc. 10-23-1992  
San Antonio, Texas

## TEXAS COMPANIES DATE LICENSED

### THIRD PARTY ADMINISTRATORS (cont'd)

Health Cost Administrators, Inc. 07-16-1993  
Amarillo, Texas

Healthcorp International, Inc. 07-14-1993  
Arlington, Texas

PAS Financial Group, Inc. 03-03-1993  
Irving, Texas

Permian Claim Service, Inc. 08-12-1993  
Odessa, Texas

Texas Benefits Administrators, Inc. 07-16-1993  
Dallas, Texas

Thomas W. Cook 10-08-1992  
(Doing Business as Tom Cook & Associates)  
Midland, Texas

Wolf Benefits, Inc. 12-10-1992  
Dallas, Texas

Worldnet Services Corp. 10-23-1992  
Richardson, Texas

### FOREIGN COMPANIES

#### STOCK LIFE INSURANCE COMPANIES

Advanta Life Insurance Company 07-26-1993  
Phoenix, Arizona

American Guardian Life Assurance Company 07-27-1993  
Baltimore, Maryland

American Medical and Life Insurance Company 09-16-1992  
Hicksville, New York

Lewer Life Insurance Company 07-26-1993  
Kansas City, Missouri

Medical Life Insurance Company 02-12-1993  
Cleveland, Ohio

Pacific Corinthian Life Insurance Company 10-23-1992  
Newport Beach, California

Peoples Security Life Insurance Company 08-10-1993  
Durham, North Carolina

**FOREIGN COMPANIES      DATE LICENSED**

*STOCK LIFE INSURANCE COMPANIES (cont'd)*

Phoenix Life and Reassurance Company Hartford, Connecticut	09-03-1992
Republic American Life Insurance Company Phoenix, Arizona	03-05-1993
Templeton Funds Annuity Company St. Petersburg, Florida	07-26-1993
Westward Life Insurance Company Phoenix, Arizona	10-13-1992

*STOCK FIRE AND CASUALTY INSURANCE COMPANIES*

American Fidelity Casualty Insurance Company Oklahoma City, Oklahoma	09-03-1992
Continental National Indemnity Company Cincinnati, Ohio	06-03-1993
Executive Re Indemnity Inc. Dover, Delaware	05-06-1993
Explorer Insurance Company, The Phoenix, Arizona	08-03-1993
Fairfield Insurance Company Stamford, Connecticut	08-12-1993
Folksamerica National Reinsurance Company New York, New York	05-06-1993
Great Divide Insurance Company Grand Forks, North Dakota	02-12-1993
Minnesota Insurance Company Minnetonka, Minnesota	11-16-1992
North Sea Insurance Company Valley Stream, New York	10-13-1992
Re Capital Reinsurance Corporation Fort Lee, New Jersey	09-02-1992
Reliance National Property and Casualty Insurance Company Des Moines, Iowa	03-31-1993
Zurich Reinsurance Company of America Stamford, Connecticut	05-06-1993

**FOREIGN COMPANIES      DATE LICENSED**

*MUTUAL FIRE AND CASUALTY INSURANCE COMPANIES*

Brotherhood Mutual Insurance Company Fort Wayne, Indiana	05-06-1993
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*STOCK CASUALTY INSURANCE COMPANIES*

Asset Guaranty Insurance Company New York, New York	06-03-1993
Atlanta Casualty Company Norcross, Georgia	07-26-1993
Capital City Insurance Company, Inc. Columbia, South Carolina	04-19-1993
Dentists Insurance Company, The Sacramento, California	11-16-1992
Far West Insurance Company Woodland Hills, California	07-26-1993
First Indemnity of America Insurance Company Parsippany, New Jersey	09-29-1992
Mutual Assurance, Inc. Birmingham, Alabama	03-31-1993
Phico Insurance Company Mechanicsburg, Pennsylvania	09-03-1992
Private Residential Mortgage Insurance Corporation Raleigh, North Carolina	06-15-1993
Professional Liability Insurance Company Nashville, Tennessee	07-26-1993
Znat Insurance Company Woodland Hills, California	10-23-1992

*MEXICAN CASUALTY INSURANCE COMPANIES*

Seguros Del Centro, S.A. Leon, GTO, Mexico	10-08-1992
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*HEALTH MAINTENANCE ORGANIZATIONS*

Exclusive Healthcare, Inc. Omaha, Nebraska	12-22-1992
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*TITLE INSURANCE COMPANIES*

American Pioneer Title Insurance Company Casselberry, Florida	05-05-1993
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**FOREIGN COMPANIES      DATE LICENSED**

*JOINT UNDERWRITING ASSOCIATIONS*

American Excess Insurance Association East Hartford, Connecticut	07-07-1993
American Nuclear Insurers West Hartford, Connecticut	03-25-1993
Industrial Risk Insurers Hartford, Connecticut	12-11-1992
IRM Charlotte, North Carolina	05-14-1993
United States Aircraft Insurance Group (USAIG) New York, New York	12-31-1992

*THIRD PARTY ADMINISTRATORS*

Administration Systems Research Corporation, International (Doing Business as ASR Corporation) Grand Rapids, Michigan	06-30-1993
Associated California State Insurance Agencies (Doing Business as ACSIA Insurance Services) (Doing Business as Ardiel Insurance Services, Inc.) Burlingame, California	12-10-1992
Association Group Administrators, Inc. Landover, Maryland	03-29-1993
Benefit Systems and Services, Inc. (Doing Business as Benefit Systems & Services, Inc.), (BSSI) Glen Ellyn, Illinois	12-22-1992
Block Buying Group, Inc. (Doing Business as The Block Group, Inc.) Trenton, New Jersey	05-12-1993
Caronia Corporation Wilmington, Delaware	05-12-1993
Claim Management Services, Inc. Green Bay, Wisconsin	01-20-1993
Comprehensive Benefits Service Co., Inc. (Doing Business as Comprehensive Benefits Service Company, Inc.) (Doing Business as CBSC) Glen Ellyn, Illinois	01-20-1993

**FOREIGN COMPANIES      DATE LICENSED**

*THIRD PARTY ADMINISTRATORS (cont'd)*

Double L Services, Inc. (Doing Business as Student Plans, Inc.) Naperville, Illinois	12-10-1992
ESIS, Inc. Los Angeles, California	03-03-1993
First Capital Life Insurance Company of Louisiana (Doing Business as FCLIC Administrative Services) New Orleans, Louisiana	06-15-1993
Florida Employers Insurance Service Corporation Sarasota, Florida	10-08-1992
Health Care Pharmacy Providers, Inc. (Doing Business as HCPP) Wilmington, Delaware	10-08-1992
Health Plan Administrators, Inc. (Doing Business as Tongue, Brooks and Company, Inc.) Baltimore, Maryland	03-03-1993
Hertz Claim Management Corporation Wilmington, Delaware	10-23-1992
HMO National Network, Inc. (Doing Business as Texas Managed Care Network) Wilmington, Delaware	12-10-1992
Integrated Administration Services, Inc. Atlanta, Georgia	03-03-1993
Intercare Benefit Systems, Inc. Englewood, Colorado	08-25-1993
International Group Services, Inc. Wilmington, Delaware	03-29-1993
J. N. Morcos Insurance Agency, Ltd. (Doing Business as J. N. Morcos and Company) Aurora, Illinois	04-14-1993
L & H Associates (Doing Business as L & H Administrators, Inc.) Fresno, California	10-08-1992
Liberty Insurance Services Corporation Greenville, South Carolina	03-03-1993
Long Term Preferred Care, Inc. Brentwood, Tennessee	07-16-1993

**FOREIGN COMPANIES      DATE LICENSED**

*THIRD PARTY ADMINISTRATORS (cont'd)*

Managing Underwriters, Inc. Westerville, Ohio	07-16-1993
MCC Managed Behavioral Care, Inc. Minneapolis, Minnesota	09-21-1992
Medplans 2000, Inc. Fort Scott, Kansas	05-12-1993
Mid-Atlantic Benefit Administrators, Inc. Rockville, Maryland	10-23-1992
Midwest Benefits Corporation Southfield, Michigan	09-21-1992
Mutual Plan Administrators, Inc. Omaha, Nebraska	01-20-1993
Professional Claims Management, Inc. Jackson Township, Ohio	10-23-1992
PCS, Inc. (Doing Business as Pharmaceutical Card Systems, Inc.) Scottsdale, Arizona	05-20-1993
Rasmussen Agency, Inc. (Doing Business as Rasmussen Administrators) Somerset, New Jersey	08-30-1993

**FOREIGN COMPANIES      DATE LICENSED**

*THIRD PARTY ADMINISTRATORS (cont'd)*

Robey-Barber Insurance Services Corporation Tampa, Florida	08-12-1993
Select Benefit Administrators, Inc. Des Moines, Iowa	07-16-1993
Self-Funded Plans, Inc. Cleveland, Ohio	12-10-1992
SMC, Inc. Searcy, Arkansas	07-16-1993
Sponsored Marketing Insurance Administrators, Inc. Colton, California	12-10-1992
Student Insurance, Inc. Metairie, Louisiana	07-16-1993
Triad, Inc. Naugatuck, Connecticut	12-10-1992
Underwriters and Administrators Harrisburg, Pennsylvania	10-23-1992
Vistar Risk Management Services, Inc. Schaumburg, Illinois	05-12-1993

**COMPANIES REINSURED, MERGED, DISSOLVED, WITHDRAWN, CANCELED, REDOMESTICATED, DOMESTICATED OR PLACED IN PERMANENT RECEIVERSHIP BETWEEN SEPTEMBER 1, 1992 AND AUGUST 31, 1993**

	Reinsured or Merged	Dissolved, Withdrawn or Canceled	Redomesticated or Domesticated	Certificate of Authority Canceled Due to Permanent Receivership*	Total
<b>TEXAS COMPANIES</b>					
Stock Life	20	9		2	31
Mutual Life				1	1
Stipulated Premium	3				3
Stock Fire & Casualty		2		2	4
Mutual Fire & Casualty				1	1
Lloyds	1				1
Health Maintenance Organizations				1	1
Third Party Administrators		4			4
Farm Mutuals		1			1
<b>TOTAL</b>	<b>24</b>	<b>16</b>		<b>7</b>	<b>47</b>
<b>FOREIGN COMPANIES</b>					
Stock Life	10	3		4	17
Mutual Life	1				1
Stock Fire & Casualty	1	2	2		5
Mutual Fire & Casualty		1			1
Stock Casualty			1		1
Title	2				2
Third Party Administrators		9			9
<b>TOTAL</b>	<b>14</b>	<b>15</b>	<b>3</b>	<b>4</b>	<b>36</b>
<b>GRAND TOTAL</b>	<b>38</b>	<b>31</b>	<b>3</b>	<b>11</b>	<b>83</b>

\*The Certificate of Authority of a company that was placed in permanent receivership is not automatically canceled. The receiver may at anytime cancel the Certificate of Authority. Only the companies that had their Certificates of Authority canceled are included in this chart.



# COMPANIES REINSURED, MERGED, DISSOLVED, WITHDRAWN, REDOMESTICATED, DOMESTICATED OR PLACED IN PERMANENT RECEIVERSHIP BETWEEN SEPTEMBER 1, 1992 AND AUGUST 31, 1993

## TEXAS COMPANIES

Aerie Life Insurance Company, Dallas, Texas, (Stock Life) voluntarily dissolved, (12-31-1992)

Alpha Life Insurance Company, Dallas, Texas, (Stock Life) reinsured by Pacific Mutual Life Insurance Company, Newport Beach, California, (05-04-1993)

American Group Life Insurance Company, Austin, Texas, (Stock Life) voluntarily dissolved, (06-15-1993)

American Southwest Life Insurance Company, Austin, Texas, (Stock Life) merged into Texas Service Life Insurance Company, Woodville, Texas, (03-16-1993)

American Union Life Insurance Company, Arlington, Texas, (Stock Life) merged into States General Life Insurance Company, Dallas, Texas, (11-02-1992)

Associated Investors Life Insurance Company, Brenham, Texas, (Stock Life) voluntarily dissolved, (10-13-1992)

Benefactors Life Insurance Company, Waco, Texas, (Stock Life) reinsured by Texas Savings Life Insurance Company, Austin, Texas, (10-30-1992)

Beneficial Standard Life Insurance Company of Texas, Amarillo, Texas, (Stock Life) merged into Jefferson National Life Insurance Company of Texas, Amarillo, Texas, (03-29-1993)

CBS International, Inc., Dallas, Texas, (Third Party Administrator) no longer involved in Third Party Administrator business in Texas, (12-10-1992)

Commercial Life and Accident Insurance Company, Hurst, Texas, (Stock Life) voluntarily dissolved, (12-04-1992)

Commonwealth Financial Life Insurance Company, Houston, Texas, (Stock Life) reinsured by Texas Savings Life Insurance Company, Austin, Texas, (03-05-1993)

Consumer Protection Life Insurance Company, Dallas, Texas, (Stock Life) voluntarily dissolved, (12-30-1992)

Countrywide Life Insurance Company, Austin, Texas, (Stock Life) voluntarily dissolved, (12-31-1992)

Custom Security Mutual Life Insurance Company, Austin, Texas, (Mutual Life) Certificate of Authority canceled due to receivership in Texas, (12-22-1992)

## TEXAS COMPANIES

Ensign Life Insurance Company, Fort Worth, Texas, (Stock Life) Certificate of Authority canceled due to receivership in Texas, (01-15-1993)

Farmers' Mutual Insurance Association of Lampasas County, Lampasas, Texas, (Farm Mutual) voluntarily dissolved, (12-30-1992)

First Interstate Life Insurance Company of Texas, Houston, Texas, (Stock Life) reinsured by Transport Life Insurance Company, Fort Worth, Texas, (12-31-1992)

Foundation Life Insurance Company, Houston, Texas, (Stock Life) voluntarily dissolved, (12-31-1992)

Guaranty National Life Insurance Company, Houston, Texas, (Stock Life) merged into Equity Benefit Life Insurance Company, Fairfax, Oklahoma, (06-15-1993)

Hopkins Life Insurance Company, San Antonio, Texas, (Stipulated Premium) reinsured by Texas Directors Life Insurance Company, Abilene, Texas, (03-25-1993)

Imperial Insurance Company, Waco, Texas, (Stock Fire & Casualty) voluntarily dissolved, (09-29-1992)

Inland Life Insurance Company, Austin, Texas, (Stock Life) voluntarily dissolved, (12-22-1992)

Liberty General Life Insurance Company, Tyler, Texas, (Stock Life) reinsured by Western Reinsurance Company, Richardson, Texas, (03-16-1993)

LIC Life Insurance Company, Amarillo, Texas, (Stock Life) merged into Jefferson National Life Insurance Company of Texas, Amarillo, Texas, (03-29-1993)

LOA Administrators, Inc., Houston, Texas, (Third Party Administrator) no longer involved in Third Party Administrator business in Texas, (07-16-1993)

M. A. B. S. Life Insurance Company, Houston, Texas, (Stock Life) reinsured by Reliable Life Insurance Company, The, Webster Groves, Missouri, (12-31-1992)

Members Insurance Company, Farmers Branch, Texas, (Stock Fire & Casualty) Certificate of Authority canceled due to receivership in Texas, (05-19-1993)

Members Life Insurance Company, Farmers Branch, Texas, (Stock Life) merged into Cumis Life Insurance, Inc., Madison, Wisconsin, (12-30-1992)

## TEXAS COMPANIES

Members Mutual Insurance Company, The, Farmers Branch, Texas, (Mutual Fire & Casualty) Certificate of Authority canceled due to receivership in Texas, (05-19-1993)

Members Service Insurance Company, Farmers Branch, Texas, (Stock Fire & Casualty) Certificate of Authority canceled due to receivership in Texas, (05-19-1993)

Millennial Assurance of America, Inc., Houston, Texas, (Stock Fire & Casualty) voluntarily dissolved, (05-06-1993)

Murray Life Insurance Company, Dallas, Texas, (Stock Life) merged into Unified Life Insurance Company, Houston, Texas, (10-29-1992)

N. Kris Kolliner-Kelly, (Doing Business as Kool-Med), El Paso, Texas, (Third Party Administrator) no longer involved in Third Party Administrator business in Texas, (08-12-1993)

Pacific Security Life Insurance Company, El Paso, Texas, (Stock Life) merged into Surety American Life Insurance Company, El Paso, Texas, (12-31-1992)

Paramount National Life Insurance Company, Dallas, Texas, (Stipulated Premium) merged into Republic American Life Insurance Company, Dallas, Texas, (03-05-1993)

Physicians and Patients Association, Inc., Houston, Texas, (Health Maintenance Organization) Certificate of Authority canceled due to receivership in Texas, (12-31-1992)

Security Life Insurance Company, Tyler, Texas, (Stipulated Premium) reinsured by Trans-Western Life Insurance Company, Austin, Texas, (09-04-1992)

Southern Fidelity Life Insurance Company, Marshall, Texas, (Stock Life) reinsured by Funeral Directors Life Insurance Company, Abilene, Texas, (11-24-1992)

Southwest Vision Service Plan Insurance Company, Rockwall, Texas, (Stock Life) reinsured by Vision Service Plan Insurance Company, Hartford, Connecticut, (12-31-1992)

Travelers Plan Administrators of Texas, Inc., The, Dallas, Texas, (Third Party Administrator) no longer involved in Third Party Administrator business in Texas, (07-16-1993)

Trustee Life Insurance Company, Amarillo, Texas, (Stock Life) reinsured by Champions Life Insurance Company, Richardson, Texas, (09-28-1992)

## TEXAS COMPANIES

U. S. Annuity Life Insurance Company, Houston, Texas, (Stock Life) Certificate of Authority canceled due to receivership in Texas, (01-05-1993)

Union National Life Insurance Company, Houston, Texas, (Stock Life) reinsured by Reliable Life Insurance Company, The, Webster Groves, Missouri, (03-05-1993)

Union National Lloyds Fire Insurance Company, Houston, Texas, (Lloyds) reinsured by Capital County Mutual Fire Insurance Company, Houston, Texas, (03-03-1993)

USAA Annuity and Life Insurance Company, San Antonio, Texas, (Stock Life) merged into USAA Life Insurance Company, San Antonio, Texas, (12-02-1992)

USLife Credit Life Insurance Company of Texas, Dallas, Texas, (Stock Life) voluntarily dissolved, (12-28-1992)

Vista Life Insurance Company of Texas, Houston, Texas, (Stock Life) reinsured by Ford Life Insurance Company, Dearborn, Michigan, (06-25-1993)

## FOREIGN COMPANIES

ABI Administrative Services Inc. of Florida, Tampa, Florida, (Third Party Administrator) no longer involved in Third Party Administrator business in Texas, (06-15-1993)

Amalgamated Labor Life Insurance Company, Lincolnwood, Illinois, (Stock Life) Certificate of Authority canceled due to receivership in Texas, (12-01-1992)

American Star Insurance Company, Waukesha, Wisconsin, (Stock Fire & Casualty) Certificate of Authority canceled due to liquidation in Wisconsin, (03-03-1993)

Anthem Life Insurance Company of Florida, Jacksonville, Florida, (Stock Life) merged into Anthem Life Insurance Company, Dallas, Texas, (05-24-1993)

Ardiel Insurance Services, Inc., Burlingame, California, (Third Party Administrator) no longer involved in Third Party Administrator business in Texas, (01-20-1993)

Benefits I Agency, Inc., Columbus, Ohio, (Third Party Administrator) no longer involved in Third Party Administrator business in Texas, (07-16-1993)

California Pacific Life Insurance Company, Petaluma, California, (Stock Life) Certificate of Authority canceled due to receivership in Texas, (10-06-1992)

Chicago Title Insurance Company of Maryland, Baltimore, Maryland, (Title) merged into Chicago Title Insurance Company, Kansas City, Missouri, (03-05-1993)

Cimarron Life Insurance Company, Overland Park, Kansas, (Stock Life) merged into Universal Guaranty Life Insurance Company, Columbus, Ohio, (04-02-1993)

Citadel Life Insurance Company, The, Baltimore, Maryland, (Stock Life) merged into American Health and Life Insurance Company, Baltimore, Maryland, (07-13-1993)

Consolidated American Insurance Company, Columbia, South Carolina, (Stock Fire & Casualty) voluntarily withdrew from Texas, (06-25-1993)

Continental American Life Insurance Company, Newark, Delaware, (Stock Life) merged into Provident Mutual Life Insurance Company of Philadelphia, Philadelphia, Pennsylvania, (07-14-1993)

EMP, Inc., (Doing Business as Texas Medical Management Consultants, Inc.), Durant, Oklahoma, (Third Party Administrator) no longer involved in Third Party Administrator business in Texas, (07-16-1993)

## FOREIGN COMPANIES

FGIC Mortgage Insurance Company, New York, New York, (Stock Casualty) redomesticated to Raleigh, North Carolina, (06-15-1993)

Gates, McDonald & Company, Columbus, Ohio, (Third Party Administrator) no longer involved in Third Party Administrator business in Texas, (08-04-1993)

George Washington Life Insurance Company, Charleston, West Virginia, (Stock Life) Certificate of Authority canceled due to receivership in Texas, (12-15-1992)

Home Life Insurance Company, New York, New York, (Mutual Life) merged into Phoenix Mutual Life Insurance Company, Hartford, Connecticut, (09-16-1992)

Independent Administration Company, Minnetonka, Minnesota, (Third Party Administrator) no longer involved in Third Party Administrator business in Texas, (03-29-1993)

International Underwriters/Brokers, Inc., Vienna, Virginia, (Third Party Administrator) no longer involved in Third Party Administrator business in Texas, (06-15-1993)

Legacy Life Insurance Company, Omaha, Nebraska, (Stock Life) Certificate of Authority canceled due to liquidation in Nebraska, (03-16-1993)

Life of Indiana Insurance Company, Indianapolis, Indiana, (Stock Life) Certificate of Authority canceled due to receivership in Texas, (10-06-1992)

Lincoln Income Life Insurance Company, Frankfort, Kentucky, (Stock Life) merged into Bankers National Life Insurance Company, Amarillo, Texas, (03-29-1993)

Madison Benefit Administrators, Inc., Charlotte, North Carolina, (Third Party Administrator) no longer involved in Third Party Administrator business in Texas, (12-10-1992)

Mark Twain Life Insurance Corporation, Oklahoma City, Oklahoma, (Stock Life) reinsured by Mega Life and Health Insurance Company, Oklahoma City, Oklahoma, (03-16-1993)

Millers National Insurance Company, Chicago, Illinois, (Mutual Fire & Casualty) Certificate of Authority canceled due to liquidation in Illinois, (08-19-1993)

Mony Reinsurance Corporation, Dover, Delaware, (Stock Fire & Casualty) redomesticated to New York, New York, (05-06-1993)

Navajo Life Insurance Company, Phoenix, Arizona, (Stock Life) Certificate of Authority canceled due to receivership in Arizona, (12-22-1992)

## **FOREIGN COMPANIES**

Professional Society Insurance Service, Inc., (Doing Business as PSIS, Inc.), Chicago, Illinois, (Third Party Administrator) no longer involved in Third Party Administrator business in Texas, (08-12-1993)

Roosevelt National Life Insurance Company of America, Springfield, Illinois, (Stock Life) merged into Universal Guaranty Life Insurance Company, Columbus, Ohio, (04-02-1993)

Rushco Life Insurance Company, Assumed Name of Great Central Life Insurance Company, Oakdale, Louisiana, (Stock Life) voluntarily withdrew from Texas, (04-22-1993)

Ticor Title Insurance Company of California, Los Angeles, California, (Title) merged into Chicago Title Insurance Company, Kansas City, Missouri, (03-05-1993)

Universal Reinsurance Corporation, Milford, New Jersey, (Stock Fire & Casualty) merged into Northwestern National Insurance Company of Milwaukee, Wisconsin, Brookfield, Wisconsin, (11-16-1992)

UNUM Life Insurance Company, Portland, Maine, (Stock Life) merged into UNUM Life Insurance Company of America, Portland, Maine, (12-22-1992)

UNUM Pension and Insurance Company, Portland, Maine, (Stock Life) merged into UNUM Life Insurance Company of America, Portland, Maine, (12-22-1992)

Westland Life Insurance Company, San Francisco, California, (Stock Life) merged into Midland National Life Insurance Company, Sioux Falls, South Dakota, (10-20-1992)

Zurich Reinsurance Company of New York, Tarrytown, New York, (Stock Fire & Casualty) redomesticated to Stamford, Connecticut, (05-06-1993)

# COMPANIES THAT HAVE CHANGED NAME, MOVED HOME OFFICE OR BEEN RE-CLASSIFIED BETWEEN SEPTEMBER 1, 1992 AND AUGUST 31, 1993

## TEXAS COMPANIES

Aetna Health Management, Irving, Texas, (Third Party Administrator) changed name and moved home office to Aetna Health Management, Inc., Dover, Delaware and re-classified to a foreign Third Party Administrator, (08-12-1993)

American Citizens Life Insurance Company, Dallas, Texas, (Stock Life) changed name to Foundation Health National Life Insurance Company, (12-31-1992)

East Funeral Benefit Insurance Company, Texarkana, Texas, (Stipulated Premium) moved home office to Richardson, Texas, (12-22-1992)

FFG Insurance Company, Dallas, Texas, (Stock Casualty) re-classified to a Stock Fire & Casualty insurance company, (03-25-1993)

Financial Insurance Company of America, Houston, Texas, (Stock Fire & Casualty) moved home office to Dallas, Texas, (12-31-1992)

Hibbs-Hallmark & Company, Tyler, Texas, (Third Party Administrator) added Doing Business as Claims Administrative Services, (10-23-1992)

Houston National Life Insurance Company, Webster, Texas, (Stock Life) moved home office to Dallas, Texas, (09-29-1992)

Ideal Life Insurance Company, Waco, Texas, (Stipulated Premium) changed name and moved home office to Allied Financial Insurance Company, Houston, Texas, (09-15-1992)

Independent County Mutual Fire Insurance Company, League City, Texas, (County Mutual) changed name and moved home office to Independent County Mutual Insurance Company, Galveston, Texas, also re-classified from an Industrial County Mutual to a Statewide County Mutual, (03-11-1993)

Joseph R. Halow Company, Inc., (Doing Business as Medical Care Referral Group), El Paso, Texas, (Third Party Administrator) changed Doing Business as name to Assured Benefits Administrators, (08-12-1993)

National Teacher Associates Life Insurance Company, Dallas, Texas, (Stock Life) changed name to National Teachers Associates Life Insurance Company, (06-25-1993)

## TEXAS COMPANIES

Pacific International Insurance Company, Houston, Texas, (Stock Fire & Casualty) moved home office to San Antonio, Texas, (12-10-1992)

Pat Haney and Son Administrators, Inc., Dallas, Texas, (Third Party Administrator) added Doing Business as Haney Group Services, (07-26-1993)

South Texas Bankers Life Insurance Company, Beeville, Texas, (Stock Life) moved home office to Jacksonville, Texas, (09-03-1992)

South Texas Life Insurance Company, La Grange, Texas, (Stipulated Premium) changed name and moved home office to American Guaranty Life Insurance Company, North Richland Hills, Texas, (04-05-1993)

Texas Security Life Insurance Company, Houston, Texas, (Local Mutual Aid) changed name to Texas Security Mutual Life Insurance Company and re-classified to a Mutual Life insurance company, (10-20-1992)

Vesta Lloyds Insurance Company, Richardson, Texas, (Lloyds) moved home office to Plano, Texas, (10-29-1992)

Wausau Lloyds, Irving, Texas, (Lloyds) moved home office to San Antonio, Texas, (06-03-1993)

West Texas Fidelity Life Insurance Company, Waco, Texas, (Stock Life) changed name and moved home office to Harris Methodist Health Insurance Company, Fort Worth, Texas, (12-28-1992)

## FOREIGN COMPANIES

Aegon Reinsurance Company of America, New York, New York, (Stock Fire & Casualty) changed name to Corpa Reinsurance Company, (01-27-1993)

Allied Administrators, Kansas City, Missouri, (Third Party Administrator) changed name to Allied Administrators, Inc., (04-14-1993)

Alta Health Strategies (TPA), Inc., Salt Lake City, Utah, (Third Party Administrator) changed name and moved home office to First Health Strategies (TPA), Inc., Wilmington, Delaware, (07-28-1993)

American Hail Insurance Company, Minneapolis, Minnesota, (Stock Fire & Casualty) changed name to Rural Community Insurance Company, (05-12-1993)

American Independent Reinsurance Company, New York, New York, (Stock Fire & Casualty) changed name to Seven Hills Insurance Company, (03-11-1993)

American Interstate Insurance Company of Georgia, Hapeville, Georgia, (Stock Fire & Casualty) moved home office to Tucker, Georgia, (05-14-1993)

AON Direct Group, Inc., Trevoze, Pennsylvania, (Third Party Administrator) added Doing Business as Nurses Service Organization, (07-28-1993)

Association Life Insurance Company, Inc., Brookfield, Wisconsin, (Stock Life) changed name to Monticello Life Insurance Company, (06-15-1993)

Assured Security Life Insurance Company, Inc., Mountain Brook, Alabama, (Stock Life) redomesticated by way of charter amendment to Houston, Texas, (06-15-1993)

Atlantic Casualty & Fire Insurance Company, Columbia, South Carolina, (Stock Fire & Casualty) changed name to Nobel Insurance Company, (03-11-1993)

Baltimore Life Insurance Company, The, Baltimore, Maryland, (Mutual Life) moved home office to Owings Mills, Maryland, (04-14-1993)

Bausch & Lomb Insurance Company, Rochester, New York, (Stock Fire) changed name to First Community Insurance Company, (03-11-1993)

Beneplan Strategies, Inc., (Doing Business as Beneplan Strategies of Ohio Agency, Inc.), Dayton, Ohio, (Third Party Administrator) dropped Doing Business as name, (03-29-1993)

## FOREIGN COMPANIES

Capitol American Life Insurance Company, Scottsdale, Arizona, (Stock Life) moved home office to Phoenix, Arizona, (10-29-1992)

Central United Life Insurance Company, Sioux City, Iowa, (Stock Life) redomesticated by way of charter amendment to Houston, Texas, (06-15-1993)

Comprehensive Benefits Service Co., Inc., (Doing Business as Comprehensive Benefits Service Company, Inc.), (Doing Business as CBSC), Glen Ellyn, Illinois, (Third Party Administrator) moved home office to Exton, Pennsylvania, (03-29-1993)

Continental Life & Accident Company, Boise, Idaho, (Stock Life) redomesticated by way of charter amendment to Sioux City, Iowa, (04-06-1993)

Covenant Life Insurance Company, Philadelphia, Pennsylvania, (Mutual Life) moved home office to Berwyn, Pennsylvania, (05-04-1993)

Credit Life Insurance Company, The, Springfield, Ohio, (Stock Life) redomesticated by way of charter amendment to Chicago, Illinois, (04-14-1993)

Cumis Life Insurance, Inc., Madison, Wisconsin, (Stock Life) changed name to Members Life Insurance Company, (12-30-1992)

Dentists Insurance Company, The, Sacramento, California, (Stock Casualty) re-classified to a Stock Fire & Casualty insurance company, (08-12-1993)

Dependable Life Insurance Company, Jacksonville, Florida, (Stock Life) changed name and redomesticated by way of charter amendment to National American Life Insurance Company of Texas, Austin, Texas, (03-08-1993)

Dixie Insurance Company, Tampa, Florida, (Stock Casualty) changed name to Infinity Insurance Company, (09-29-1992)

Dorth Coombs Insurance, Inc., Wichita, Kansas, (Third Party Administrator) changed name to Willis Corroon Corporation of Kansas, (04-14-1993)

Eastern Aviation & Marine Insurance Company, Frederick, Maryland, (Stock Casualty) re-classified to a Stock Fire & Casualty insurance company, (03-03-1993)

Eliot K. Nymeyer & Associates, Inc., South Holland, Illinois, (Third Party Administrator) changed name to Member Service Corporation, (10-23-1992)

Equitable Life Assurance Society of the United States, New York, New York, (Mutual Life) re-classified to a Stock Life insurance company, (09-25-1992)

## FOREIGN COMPANIES

Equity Benefit Life Insurance Company, Fairfax, Oklahoma, (Stock Life) changed name and moved home office to Guaranty National Life Insurance Company, Oklahoma City, Oklahoma, (08-11-1993)

FG Insurance Corporation, Raleigh, North Carolina, (Stock Fire & Casualty) redomesticated by way of charter amendment to Dover, Delaware, (06-25-1993)

First Community Insurance Company, Rochester, New York, (Stock Fire) re-classified to a Stock Fire & Casualty insurance company, (05-14-1993)

First Equicor Life Insurance Company, Los Angeles, California, (Stock Life) moved home office to San Diego, California, (10-20-1992)

First National Life Insurance Company of America, Atlanta, Georgia, (Stock Life) redomesticated by way of charter amendment to Birmingham, Alabama, (12-10-1992)

First Penn-Pacific Life Insurance Company, Harrisburg, Pennsylvania, (Stock Life) redomesticated by way of charter amendment to Fort Wayne, Indiana, (06-25-1993)

Gan Anglo-American Insurance Company, New York, New York, (Stock Fire & Casualty) changed name to Gan National Insurance Company, (01-27-1993)

GEICO Annuity and Insurance Company, Wilmington, Delaware, (Stock Life) changed name and redomesticated by way of charter amendment to Central Reassurance Corporation, Lancaster, South Carolina, (09-21-1992)

General Life Insurance Corporation of Wisconsin, Milwaukee, Wisconsin, (Stock Life) changed name to J. C. Penney Insurance Company, (01-27-1993)

GNA Life Insurance Company, Seattle, Washington, (Stock Life) changed name and moved home office to Qualmed Health & Life Insurance Company, Bellevue, Washington, (12-10-1992)

Hansa Marine Insurance Co., Ltd. (United States Branch), New York, New York, (Mutual Fire & Casualty) changed name and moved home office to Trygg-Hansa Insurance Company, Ltd. (United States Branch), Nanuet, New York, (10-08-1992)

Hawkeye-Security Insurance Company, Des Moines, Iowa, (Stock Fire & Casualty) moved home office to West Des Moines, Iowa, (10-08-1992)

Health Service, Incorporated, Assumed Name of BCS Life Insurance Company, Chicago, Illinois, (Stock Life) dropped assumed name, (08-03-1993)

## FOREIGN COMPANIES

International Financial Services Life Insurance Company, Bridgeview, Illinois, (Stock Life) redomesticated by way of charter amendment to Jefferson City, Missouri, (03-16-1993)

International Underwriters Insurance Company, Smyrna, Delaware, (Stock Fire & Casualty) moved home office to Dover, Delaware, (10-20-1992)

ITT Life Insurance Corporation, Milwaukee, Wisconsin, (Stock Life) changed name and moved home office to ITT Hartford Life and Annuity Insurance Company, Madison, Wisconsin, (07-14-1993)

Kemper Investors Life Insurance Company, Chicago, Illinois, (Stock Life) moved home office to Long Grove, Illinois, (01-27-1993)

Life of Boston Insurance Company, Malden, Massachusetts, (Stock Life) redomesticated by way of charter amendment to Fairfax, Oklahoma, (08-24-1993)

Lifetime Security Life Insurance Company, Louisville, Kentucky, (Stock Life) changed name to Western Pioneer Life Insurance Company, (08-24-1993)

Lincoln National Administrative Services Corporation, Fort Wayne, Indiana, (Third Party Administrator) changed name to Takecare Administrative Services Corporation, (03-03-1993)

Lincoln Security Life Insurance Company of Connecticut, Avon, Connecticut, (Stock Life) changed name and redomesticated by way of charter amendment to Lincoln National Reassurance Company, Fort Wayne, Indiana, (11-16-1992)

Lloyds, New York, New York, New York, (Lloyds) changed name and re-classified to Lloyds New York Insurance Company, Stock Property and Casualty insurance company, (03-19-1993)

Manufacturers Life Insurance Company (U.S.A.), The, Portland, Maine, (Stock Life) redomesticated by way of charter amendment to Bloomfield Hills, Michigan, (05-14-1993)

Manufacturers Life Insurance Company of America, The, Philadelphia, Pennsylvania, (Stock Life) redomesticated by way of charter amendment to Bloomfield Hills, Michigan, (03-16-1993)

Markel American Insurance Company, Glen Allen, Virginia, (Stock Fire & Casualty) changed name to Markel Rhulen Insurance Company, (11-16-1992)

Maxicare Life and Health Insurance Company, St. Ann, Missouri, (Stock Life) moved home office to Jefferson City, Missouri, (12-31-1992)

## FOREIGN COMPANIES

MCC Managed Behavioral Care, Inc., Minneapolis, Minnesota, (Third Party Administrator) changed name to MCC Behavioral Care, Inc., (07-28-1993)

Medical Indemnity of America, Inc., Assumed Name of BCS Insurance Company, Worthington, Ohio, (Stock Fire & Casualty) dropped assumed name, (03-16-1993)

Merit Mortgage Assurance Corporation, Blue Bell, Pennsylvania, (Stock Casualty) changed name to Amerin Guaranty Corporation, (03-16-1993)

Metlife Security Insurance Company of Louisiana, New Orleans, Louisiana, (Stock Life) moved home office to Baton Rouge, Louisiana, (08-12-1993)

Mission American Insurance Company, Los Angeles, California, (Stock Fire & Casualty) moved home office to Rancho Dominguez, California, (10-23-1992)

MS Life Insurance Company, Jackson, Mississippi, (Stock Life) moved home office to Ridgeland, Mississippi, (10-20-1992)

National American Life Insurance Company of California, Lakewood, California, (Stock Life) changed name and moved home office to Aztec Life Assurance Company, Cerritos, California, (05-12-1993)

National Assurance Underwriters, Inc., St. Louis, Missouri, (Stock Casualty) moved home office to St. Peters, Missouri, (09-15-1992)

National Insurance Underwriters, St. Louis, Missouri, (Reciprocal) moved home office to St. Peters, Missouri, (09-15-1992)

National Old Line Insurance Company, Little Rock, Arkansas, (Stock Life) changed name and redomesticated by way of charter amendment to Empire General Life Assurance Corporation, Nashville, Tennessee, (03-11-1993)

Nationwide Indemnity Insurance Company, Assumed Name of Scottsdale Indemnity Company, Columbus, Ohio, (Stock Fire & Casualty) dropped assumed name, (04-29-1993)

New England General Life Insurance Company, Wilmington, Delaware, (Stock Life) changed name and redomesticated by way of charter amendment to Nippon Life Insurance Company of America, Des Moines, Iowa, (09-16-1993)

Nordia Insurance Company, Topeka, Kansas, (Stock Fire & Casualty) changed name to Skandia U.S. Insurance Company, (03-11-1993)

## FOREIGN COMPANIES

North American Life and Casualty Company, Minneapolis, Minnesota, (Stock Life) changed name to Allianz Life Insurance Company of North America, (04-13-1993)

Omaha Financial Life Insurance Company, Minneapolis, Minnesota, (Stock Life) changed name to Corporate Health Insurance Company, (08-12-1993)

Omaha Property and Casualty Insurance Company, Wilmington, Delaware, (Stock Fire & Casualty) redomesticated by way of charter amendment to Omaha, Nebraska, (07-14-1993)

Pacific Fidelity Life Insurance Company, Pasadena, California, (Stock Life) changed name and moved home office to Painewebber Life Insurance Company, San Francisco, California, (06-15-1993)

Partners Administrative Systems, Inc., Hartford, Connecticut, (Third Party Administrator) changed name to Third Party Claims Management, Inc., (08-12-1993)

Phoenix Mutual Life Insurance Company, Hartford, Connecticut, (Mutual Life) changed name and redomesticated by way of charter amendment to Phoenix Home Life Mutual Insurance Company, East Greenbush, New York, (09-16-1992)

Protective Life Insurance Company, Birmingham, Alabama, (Stock Life) redomesticated by way of charter amendment to Nashville, Tennessee, (03-11-1993)

Puritan Insurance Company, Stamford, Connecticut, (Stock Fire & Casualty) redomesticated by way of charter amendment to Jefferson City, Missouri, (10-23-1992)

Puritan Insurance Company, Jefferson City, Missouri, (Stock Fire & Casualty) changed name to Westport Insurance Corporation, (03-16-1993)

Republic American Life Insurance Company, Phoenix, Arizona, (Stock Life) redomesticated by way of charter amendment to Dallas, Texas, (03-05-1993)

Santafe Insurance Company, Indianapolis, Indiana, (Stock Life) changed name to Amerifirst Insurance Company, (07-14-1993)

Security Title and Guaranty Company, New York, New York, (Title) changed name to Fidelity National Title Insurance Company of New York, (08-03-1993)

Superior Life Insurance Company, Florence, South Carolina, (Stock Life) changed name and moved home office to Nationsbanc Insurance Company, Inc., Columbia, South Carolina, (04-14-1993)



## FOREIGN COMPANIES

Title Insurance Company of Minnesota, Minneapolis, Minnesota, (Title) changed name to Old Republic National Title Insurance Company, (12-31-1992)

Triad Guaranty Insurance Corporation, Chicago, Illinois, (Stock Casualty) moved home office to Lombard, Illinois, (07-14-1993)

U.S. Mortgage Insurance Company, Blue Bell, Pennsylvania, (Stock Casualty) changed name to Merit Mortgage Assurance Corporation, (10-08-1992)

United Pacific Insurance Company, Federal Way, Washington, (Stock Fire & Casualty) redomesticated by way of charter amendment to Philadelphia, Pennsylvania, (04-14-1993)

United Pacific Life Insurance Company, Federal Way, Washington, (Stock Life) redomesticated by way of charter amendment to Wilmington, Delaware, (11-24-1992)

Unitrin Life Insurance Company, Chatsworth, California, (Stock Life) changed name and moved home office to Safehealth Life Insurance Company, Anaheim, California, (10-29-1992)

William Penn Life Assurance Company of America, Indianapolis, Indiana, (Stock Life) changed name and moved home office to Glenbrook Life and Annuity Company, Northbrook, Illinois, (03-16-1993)

# **COMPANIES THAT HAD THEIR CERTIFICATE OF AUTHORITY SUSPENDED IN TEXAS BETWEEN SEPTEMBER 1, 1992 AND AUGUST 31, 1993**

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## **TEXAS COMPANIES**

Food Industry Insurance Exchange, Keller, Texas,  
(Reciprocal) Certificate of Authority suspension continued  
in Texas, (04-05-1993)

## **FOREIGN COMPANIES**

MCA Insurance Company, Tulsa, Oklahoma, (Stock Fire &  
Casualty) Certificate of Authority suspended in Texas,  
(02-25-1993)



# Part III

## Liquidator's & Conservator's Report



*Issued By The Texas Department of Insurance*

This section of the 118th Annual Report presents statistical information on companies placed in supervision, conservatorship and receivership. It also contains financial information on the state's three guaranty associations: the Texas Property and Casualty Insurance Guaranty Association; Texas Life, Accident, Health and Hospital Service Insurance Guaranty Association and the Texas Insurance Guaranty Association.



**SUMMARY OF SUPERVISIONS:  
SEPTEMBER 1, 1992 THROUGH AUGUST 31, 1993**

DOMESTIC	EXISTING	NEW	FY93 YEAR-END BALANCES
Stock Life	4	4	0
Stipulated Premium	2	0	0
Surplus Lines Insurers	0	0	0
Local Mutual Aid Associations	0	0	0
Fire and/or Casualty	1	4	4
Lloyd's	0	2	0
Title	0	1	0
Unauthorized Insurers	0	0	0
Managing General Agents	1	0	0
Agencies	0	1	0
Reciprocal	0	0	0
Fraternal	0	0	0
County Mutual	0	0	0
Health Maintenance Organization	0	0	0
Premium Finance Company	0	0	0
<hr/>			
<b>FOREIGN</b>	<b>0</b>	<b>2</b>	<b>1</b>
<hr/>			
<b>TOTALS</b>	<b>8</b>	<b>14</b>	<b>5</b>

**SUMMARY OF CONSERVATORSHIPS:  
SEPTEMBER 1, 1992 THROUGH AUGUST 31, 1993**

DOMESTIC	EXISTING	NEW	FY93 YEAR-END BALANCES
Stock Life	4	2	1
Stipulated Premium	0	1	0
Surplus Lines Insurers	0	0	0
Local Mutual Aid Associations	0	0	0
Fire and/or Casualty	0	1	0
Lloyd's	0	0	0
Title	0	1	1
Unauthorized Insurer	0	0	0
Managing General Agents	0	0	0
Agencies	1	1	2
Reciprocal	1	0	0
Fraternal	1	0	1
County Mutual	0	0	0
Health Maintenance Organization	0	0	0
<hr/>			
<b>FOREIGN</b>	<b>1</b>	<b>0</b>	<b>0</b>
<hr/>			
<b>TOTALS</b>	<b>8</b>	<b>6</b>	<b>5</b>

**SUMMARY OF INSURERS UNDER COURT-DIRECTED/SPECIAL ADMINISTRATIVE ACTION:  
SEPTEMBER 1, 1992 THROUGH AUGUST 31, 1993**

DOMESTIC	EXISTING	NEW	FY93 YEAR-END BALANCES
Stock Life	3	11	10
Stipulated Premium	1	0	1
Fire and/or Casualty	2	5	6
Lloyd's	1	3	2
Unauthorized Insurer	1	0	1
Health Maintenance Organization	0	1	1
County Mutual	0	1	0
Reciprocal	0	1	1
<hr/>			
<b>FOREIGN</b>	<b>1</b>	<b>2</b>	<b>2</b>
<hr/>			
<b>TOTALS</b>	<b>9</b>	<b>24</b>	<b>24</b>

**INSURANCE COMPANIES IN SUPERVISION, CONSERVATORSHIP OR UNDER COURT-DIRECTED/SPECIAL ADMINISTRATIVE ACTION BY FISCAL YEAR**

FY	No. at 1st of Year	No. Received During Year	Reinsured and Dissolved	Ceased Business Dissolved	In Receiver- ship	Released to Management	Other Changes	Year-End Balances
1976	17	5	4	1	5	7		
1977	5	16	0	0	5	5		
1978	10	15	0	2	2	6		
1979	12	15	0	1	3	12		
1980	8	6	0	0	1	4		
1981	9	11	0	0	1	7		
1982	11	10	0	1	3	8		
1983	7	12	0	0	7	9		
1984	3	12	0	0	3	4		
1985	5	19	0	1	5	4		
1986	12	21	0	0	5	4		
1987	14	58	0	0	14	7		
1988	42	33	1	3	19	10	9	33
1989	33	49	1	5	21	23	16	32
1990	32	31	5	6	20	15	16	17
1991	17	34	0	2	11	14	12	*24
1992	*27	37	0	1	13	25	0	25
1993	25	38	3	0	9	6	11	34

\*Three insurers under Court-Directed/Special Administrative Action were not counted in FY91

FY93/Other Changes: Two entities had orders rescinded. Four entities moved from Supervision to Conservatorship. One entity moved from Supervision to an Article 1.32 action (hazardous condition action). Four entities under Administrative Action moved; two to Supervision and two to Conservatorship.

## **COMPANIES IN SUPERVISION AT BEGINNING OF FISCAL YEAR 1993**

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<b>Commissioner's Order No.</b>	<b>Dated</b>	<b>Company Name</b>
92-0446	5/4/92	Republic Bankers Life Insurance Company
92-0447	5/4/92	Paramount National Life Insurance Company
92-0449	5/5/92	United Security Life Insurance Company
92-0517	5/26/92	Texas Central Life Insurance Company
92-0564	6/10/92	Bankers Life Insurance Company
92-0640	7/1/92	Harris & Lightfoot Insurance Agency, Inc.
92-0641	7/1/92	Eagle Insurance Company
92-0649	7/6/92	Provident American Insurance Company

## **COMPANIES IN CONSERVATORSHIP AT BEGINNING OF FISCAL YEAR 1993**

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<b>Commissioner's Order No.</b>	<b>Dated</b>	<b>Company Name</b>
89-0135	2/6/91	American Fraternal Benefit Society
91-1400	9/25/91	Custom Security Mutual Life Insurance Company
91-1650	11/8/91	CSH Underwriters, Inc.
92-0191	2/28/92	International Security Life Insurance Company
92-0302	3/26/92	Legal Security Life Insurance Company
92-0417	4/29/92	Hopkins Life Insurance Company
Cause No. 91-3653	7/7/92	Midwest Life Insurance Company
92-0837	8/25/92	Texas Citrus & Vegetable Insurance Exchange

## **INSURERS UNDER COURT-DIRECTED/SPECIAL ADMINISTRATIVE ACTION AT BEGINNING OF FISCAL YEAR 1993**

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<b>Action</b>	<b>Dated</b>	<b>Company Name</b>
Cause No. 484,769	12/13/90	MDPhysicians & Associates, Inc.
Amended Agreement	4/1/91	Commodore Claims Service
Letter	3/3/92	Western Lloyds Insurance Company
Cause No. 92-02133	3/9/92	Employers Casualty Company
Letter	6/18/92	Jefferson Life Insurance Company
Letter	6/29/92	Alpha Life Insurance Company
Letter	7/17/92	Marquette National Life Insurance Company
Letter	8/18/92	U. S. Fidelity Life Insurance Company
Art. 1.32/92-0852	8/31/92	American Group Life Insurance Company

## **COMPANIES PLACED IN SUPERVISION BETWEEN SEPTEMBER 1, 1992 AND AUGUST 31, 1993**

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<b>Order No.</b>	<b>Dated</b>	<b>Company Name</b>
92-0881	9/8/92	Reliance Title Company
92-0952	10/7/92	Gloria Garcia Insurance Agency
92-1008	10/19/92	Benefit Life Insurance Company
92-1022	10/22/92	First Fidelity Life Insurance Company
92-1051	10/26/92	Independent Security Life Insurance Company
92-2001	11/16/92	Empire Lloyds Insurance Company
92-1163	12/1/92	MDPhysicians Insurance Company
93-0127	2/12/93	International Underwriters Insurance Company
93-0197	2/25/93	Underwriters Lloyds Insurance Company
93-0563	5/21/93	Insurance Company of the Prairie States
93-0565	5/24/93	Insurance Corporation of America
93-0687	7/13/93	Confidential
93-0746	8/2/93	Confidential
93-0759	8/4/93	Confidential

## **COMPANIES PLACED IN CONSERVATORSHIP BETWEEN SEPTEMBER 1, 1992 AND AUGUST 31, 1993**

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<b>Commissioner's Order No.</b>	<b>Dated</b>	<b>Company Name</b>
92-0914	9/18/92	United Security Life Insurance Company
92-1078	11/6/92	Gloria Garcia Insurance Agency
92-1134	11/24/92	Reliance Title Company
92-1270	12/22/92	First Fidelity Life Insurance Company
93-0453	4/19/93	Union Pacific Insurance Company
93-0456	4/22/93	Independent Security Life Insurance Company



## **INSURERS UNDER COURT-DIRECTED/SPECIAL ADMINISTRATIVE ACTION BETWEEN SEPTEMBER 1, 1992 AND AUGUST 31, 1993**

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<b>Action</b>	<b>Dated</b>	<b>Company Name</b>
Memorandum	9/2/92	Southland Lloyds Insurance Company
Art. 1.32/92-0879	9/8/92	Republic Bankers Life Insurance Company
Art. 1.32/92-0903	9/16/92	Provident American Insurance Company
Art. 1.32/92-0919	9/21/92	Texas Central Life Insurance Company
Art. 1.32/92-1206	12/10/92	Legal Security Life Insurance Company
Letter	1/11/93	Underwriters Lloyds Insurance Company
Letter	1/11/93	International Underwriters Insurance Company
Letter	1/25/93	Hopkins Life Insurance Company
Art. 1.32/93-0050	1/27/93	Independent Security Life Insurance Company
Letter	2/3/93	Guardian Security Life Insurance Company
Letter	2/8/93	Empire Lloyds Insurance Company
Letter	2/12/93	Humana Health Plan of Texas, Inc.
Letter	3/1/93	Union Pacific Insurance Company
Art. 1.32/93-0347	3/25/93	Montfort Insurance Company
Art. 1.32/93-0384	3/31/93	Guaranty County Mutual Insurance Company
Letter	4/20/93	Enterprise Life Insurance Company
Letter	4/22/93	National Unity Insurance Company
Art. 1.32/93-0532	5/11/93	MDPhysicians Insurance Company
Letter	6/2/93	Bankers Protective Life Insurance Company
Art. 1.32/93-0594	6/10/93	Food Industry Insurance Exchange
Letter	7/30/93	Texas Builders Insurance Company
Art. 1.32/93-0755	8/3/93	General Aviation Insurance Company
Letter	8/20/93	National Security Life and Accident Insurance Company
Art. 1.10/93-0826	8/26/93	American Founders Life Insurance Company

## **COMPANIES RELEASED FROM SUPERVISION BETWEEN SEPTEMBER 1, 1992 AND AUGUST 31, 1993**

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<b>Commissioner's Order No.</b>	<b>Dated</b>	<b>Company Name</b>
92-0918	9/21/92	Paramount National Life Insurance Company
92-0954	10/8/92	Bankers Life Insurance Company of America
92-0989	10/13/92	Harris & Lightfoot Insurance Agency, Inc.
92-0993	10/13/92	Eagle Insurance Company
92-1204	12/10/92	Empire Lloyds Insurance Company
93-0026	1/14/93	Benefit Life Insurance Company
93-0645	6/23/93	Underwriters Lloyds Insurance Company
93-0827	8/26/93	Confidential

## **COMPANIES RELEASED FROM CONSERVATORSHIP BETWEEN SEPTEMBER 1, 1992 AND AUGUST 31, 1993**

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<b>Commissioner's Order No.</b>	<b>Dated</b>	<b>Company Name</b>
92-0876	9/4/92	International Security Life Insurance Company
92-1079	11/6/92	Custom Security Mutual Life Insurance Company
92-1208	12/10/92	Texas Citrus & Vegetable Insurance Exchange
92-1209	12/10/92	United Security Life Insurance Company
93-0352	3/25/93	Hopkins Life Insurance Company
93-0381	3/29/93	First Fidelity Life Insurance Company
93-0536	5/12/93	Union Pacific Insurance Company

## **INSURERS RELEASED FROM COURT-DIRECTED/SPECIAL ADMINISTRATIVE ACTION BETWEEN SEPTEMBER 1, 1992 AND AUGUST 31, 1993**

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<b>Commissioner's Order No.</b>	<b>Dated</b>	<b>Company Name</b>
<b>ARTICLE 1.32</b>		
93-0489	5/4/93	Alpha Life Insurance Company
93-0549	5/14/93	Guaranty County Mutual Insurance Company
93-0582	6/3/93	Western Lloyds Insurance Company
93-0635	6/15/93	American Group Life Insurance Company
<b>COURT</b>		
Cause No. 91-3653	6/4/93	Midwest Life Insurance Company

## RECEIVERSHIPS BY FISCAL YEAR: NEW RECEIVERSHIPS/RECEIVERSHIPS CLOSED

Fiscal Year	Balance Receiverships Beginning	New Receiverships	Receiverships Closed
1980	52	1	4
1981	49	8	7
1982	50	11	19
1983	42	13	0
1984	55	3	3
1985	55	20	1
1986	74	19	2
1987	91	18	1
1988	108	25	2
1989	131	40	14
1990	157	33	28
1991	162	*18	26
1992	*154	14	36
1993	132	**9	40

### As of August 31, 1993 — 101 Active Receiverships

*\*These numbers corrected to reflect the first date two companies were placed in receivership. After going into receivership in 1991, they were dropped briefly but put back in in 1992.*

*\*\*This number reflects only receiverships involving domestic companies. Foreign (out-of-state) companies are now handled with impairment orders only and are no longer called ancillary receiverships. The actual receiverships for foreign companies are left to the states where the companies are domiciled.*

## LAWSUITS PENDING - LIQUIDATION DIVISION 1980 - 1993

Fiscal Year Ending	New Lawsuits	Closed Lawsuits	Pending Lawsuits
1980	111	70	406
1981	8	106	308
1982	29	120	217
1983	69	17	269
1984	31	26	274
1985	150	119	305
1986	203	89	419
1987	167	148	438
1988	227	131	534
1989	296	254	576
1990	399	270	705
1991	*1,985	385	2305
1992	*1,362	*1,257	*2,410
1993	628	1375	1663

*\* Corrected numbers: 1991 and 1992 numbers are corrected to reflect lawsuits resulting from failure of the Texas Employers Insurance Association. Those lawsuits were not reported previously.*

# RECEIVERSHIP ASSETS, LIABILITIES AND EQUITY BALANCE/CASH RECEIPTS, DISBURSEMENTS AND CASH BALANCES AS OF AUGUST 31, 1993 (UNAUDITED)

## Balance Sheet 8/31/93

Rec. # Name	190 Old Natl Ins/Alabama	231 Mobile Insurance Co.	270 Cotton Belt Ins Co	300 Ideal Mutual	301 Commercial Sid	302 Early American Ins Co	312 Union Indemnity Ins of NY	313 Transit Casualty	317 Carriers
<b>Assets:</b>									
Cash in Bank / CD's	356,627.83	67,548.80	433,804.62	565,092.59	6,936,875.38	152,792.94	86,316.56	2,483,896.00	2,183,049.81
Receivables					48,302.66			71,059.00	
Investments		68,750.00			1,010.00				
Furn. & Equip. Computer Systems Real Estate Other Assets									
<b>Total Assets</b>	<b>356,627.83</b>	<b>136,298.80</b>	<b>433,804.62</b>	<b>565,092.59</b>	<b>6,986,188.04</b>	<b>152,792.94</b>	<b>86,316.56</b>	<b>2,554,955.00</b>	<b>2,183,049.81</b>
<b>Liabilities &amp; Equity Balance:</b>									
<b>Claims Payable:</b>									
Life, Accident & Health Property & Casualty Title			26,333.00	4,097,640.71	2,607,738.87	515,825.00	110,000.00	10,312,235.00	584,919.87
Assumptions Payable Loans Payable Guaranty Fund Abandoned Property Fund Other			642,097.54	5,830,653.50	624,648.74	2,057,784.66	376,485.37	15,598,726.00	3,963,435.01
Notes Payable General Creditors Payable SDR Admin. Payable			1,845.87	3,242,204.49 19,827.06	5,259,325.94 10,259,576.86	290,428.35	2,582.89	1,648,915.00 31,501.00	208,598.12 2,805.49
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>670,276.41</b>	<b>13,190,325.76</b>	<b>18,751,290.41</b>	<b>2,864,038.01</b>	<b>489,068.26</b>	<b>27,591,377.00</b>	<b>4,759,758.49</b>
<b>Equity Balance</b>	<b>356,627.83</b>	<b>136,298.80</b>	<b>-236,471.79</b>	<b>-12,625,233.17</b>	<b>-11,765,102.37</b>	<b>-2,711,245.07</b>	<b>-402,751.70</b>	<b>-25,036,422.00</b>	<b>-2,576,708.70</b>
<b>Liabilities &amp; Equity Balance</b>	<b>356,627.83</b>	<b>136,298.80</b>	<b>433,804.62</b>	<b>565,092.59</b>	<b>6,986,188.04</b>	<b>152,792.94</b>	<b>86,316.56</b>	<b>2,554,955.00</b>	<b>2,183,049.81</b>

## Sources & Uses Statement for the Year Ended 8/31/93

<b>Cash Available 8/31/92</b>	<b>360,086.94</b>	<b>703,552.98</b>	<b>483,399.28</b>	<b>664,818.77</b>	<b>6,255,865.57</b>	<b>210,711.55</b>	<b>84,992.95</b>	<b>1,747,653.25</b>	<b>2,173,820.45</b>
<b>Cash Receipts</b>									
Funds on Date of Rec.-New Rec.									
Receivables					223,153.83			200,000.00	
Litigation Settlements								271,183.51	
Securities					150,479.10				
Funds Held - Other	1,400.00	2,414,553.71							
Sales of Fixed Assets Sales of Other Assets Premium Income									
Interest	2,540.96	17,171.81	6,568.50	20,547.03	246,312.54	3,676.94	1,554.82	50,641.65	45,465.74
Rent Income Recovered Expenses Misc. Receipts	0.03		4,533.43	9,492.40	132,939.00				
Loans Received - Net				55,789.20	21,826.47	76,287.87	135.19	387,003.78	82,163.24
<b>Total Receipts</b>	<b>3,940.99</b>	<b>2,431,725.52</b>	<b>11,101.93</b>	<b>85,828.63</b>	<b>774,710.94</b>	<b>79,964.81</b>	<b>1,690.01</b>	<b>908,828.94</b>	<b>127,628.98</b>
<b>Total Cash Avail &amp; Cash Receipts</b>	<b>364,027.93</b>	<b>3,135,278.50</b>	<b>494,501.21</b>	<b>750,647.40</b>	<b>7,030,576.51</b>	<b>290,676.36</b>	<b>86,682.96</b>	<b>2,656,482.19</b>	<b>2,301,449.43</b>
<b>Cash Disbursements:</b>									
<b>Claims:</b>									
Life, Accident & Health Property & Casualty Title				79,413.76	27,435.76	129,982.00		267,191.60	55,942.00
Claims Administration Exp.				51,622.08	5,364.98		213.00	70,954.47	26,597.02
<b>Assumptions:</b>									
Life, Accident & Health Property & Casualty Title									
Liquidation Division	7,400.10	40,231.32	60,696.59	17,638.19	22,645.88	7,901.42	153.40	61,016.74	10,572.12
SDR - Admin. Expenses				38,250.65	40,134.19			29,824.00	9,605.00
SDR - Legal Expenses				4,630.00	9,703.69			32,721.00	3,430.00
SDR - Subcontractors				30.00	1,269.89				11,414.00
SDR - Other								342.00	
TDI - Allocated Expenses				3,737.58	3,169.86			4,419.00	3,113.00
In House Misc. Disb.		3,027,498.38							
<b>Total Disbursements</b>	<b>7,400.10</b>	<b>3,067,729.70</b>	<b>60,696.59</b>	<b>195,322.26</b>	<b>109,724.25</b>	<b>137,883.42</b>	<b>366.40</b>	<b>466,468.81</b>	<b>120,673.14</b>
<b>Net Changes in Restrictions</b>				<b>10,059.61</b>				<b>-88,263.00</b>	
<b>Unencumbered Cash 8/31/93</b>	<b>356,627.83</b>	<b>67,548.80</b>	<b>433,804.62</b>	<b>545,265.53</b>	<b>6,920,852.26</b>	<b>152,792.94</b>	<b>86,316.56</b>	<b>2,101,750.38</b>	<b>2,180,776.29</b>

320 Great Global	321 Texas Fire & Cas.	322 Midland Ins Co	323 American Druggists	325 Allied Fidelity	328 Nat'l Allied Ins Co	329 Dexter Lloyds Lloyds Co	330 Signal Ins Ins Co	331 Mission
53,809.00	9,975,697.38 570,050.00	2,236,755.00 15,000.00	129,702.06	30,523.85	7,037,159.29	536,043.54 17,579.59	85,160.74	267,761.54 67.24
					200,000.00	0.00		
<b>53,809.00</b>	<b>10,545,747.38</b>	<b>2,251,755.00</b>	<b>129,702.06</b>	<b>30,523.85</b>	<b>7,237,159.29</b>	<b>553,623.13</b>	<b>85,160.74</b>	<b>267,828.78</b>
	11,025,074.60	7,526,634.00	150,000.00	2,695,041.86	6,378,800.76	856,784.00	286,000.00	5,935,932.18
452,532.29	133,278.60	12,136,050.00	238,919.14	1,741,291.97	5,343,066.40	1,922,833.19	223,418.94	2,680,717.08
	5,380,332.82							
17,738.71	17,205,399.59	482,740.00	220,783.50	106,948.08	6,151,850.48	1,119,319.12	35,165.35	18,451,848.81
7,313.16	24,394.71	41,006.00		1,978.46	10,781.33	11,487.16	8,830.63	1,353.90
<b>477,584.16</b>	<b>33,768,480.32</b>	<b>20,186,430.00</b>	<b>609,702.64</b>	<b>4,545,260.37</b>	<b>17,884,498.97</b>	<b>3,910,423.47</b>	<b>553,414.92</b>	<b>27,069,851.97</b>
<b>-423,775.16</b>	<b>-23,222,732.94</b>	<b>-17,934,675.00</b>	<b>-480,000.58</b>	<b>-4,514,736.52</b>	<b>-10,647,339.68</b>	<b>-3,356,800.34</b>	<b>-468,254.18</b>	<b>-26,802,023.19</b>
<b>53,809.00</b>	<b>10,545,747.38</b>	<b>2,251,755.00</b>	<b>129,702.06</b>	<b>30,523.85</b>	<b>7,237,159.29</b>	<b>553,623.13</b>	<b>85,160.74</b>	<b>267,828.78</b>
<b>79,982.92</b>	<b>8,298,998.70</b>	<b>2,291,590.92</b>	<b>137,484.92</b>	<b>152,340.84</b>	<b>7,369,310.89</b>	<b>605,852.97</b>	<b>144,380.96</b>	<b>2,046,421.54</b>
	31,415.00				101,186.27		7,622.44	819.34
	10,426.82							
	3,231,733.14							
7,574.75	271,367.75	43,870.53		1,231.20	221,172.89	5,135.52	2,578.76	27,532.17
						20,456.00	24,467.30	
2,100.00		555,623.43	467.32	39,810.57	-373,374.05	6,780.00	19,882.62	195,017.99
<b>9,674.75</b>	<b>3,544,942.71</b>	<b>599,493.96</b>	<b>467.32</b>	<b>41,041.77</b>	<b>-51,014.89</b>	<b>32,371.52</b>	<b>54,551.12</b>	<b>223,369.30</b>
<b>89,657.67</b>	<b>11,843,941.41</b>	<b>2,891,084.88</b>	<b>137,952.24</b>	<b>193,382.61</b>	<b>7,318,296.00</b>	<b>638,224.49</b>	<b>198,932.08</b>	<b>2,269,791.04</b>
		545,356.46		134,190.43	163,531.79		12,500.00	107,544.62
6,677.66		107,072.90		159.64	29,611.87		5,857.60	15,418.84
7,237.73	48,340.73	15,454.05	8,250.18	7,175.62	22,235.85	8,433.27	6,983.79	6,660.25
7,861.00	128,613.00	15,690.00		17,276.91	49,075.33	91,498.85	82,003.12	20,027.13
5,709.00	45,944.00	210.00			1,628.71	6,986.61	206.98	55,141.96
12,385.00	46,147.00				11,603.72	880.00	1,908.00	6,526.80
15,956.00	5,231.00			6,634.00	5,869.38	10,806.57	1,350.34	
3,294.00	4,813.00	2,501.00		4,056.16	5,882.34		2,335.91	
<b>43,164.39</b>	<b>289,813.73</b>	<b>691,515.41</b>	<b>8,250.18</b>	<b>162,858.76</b>	<b>290,203.61</b>	<b>113,668.11</b>	<b>122,601.97</b>	<b>212,669.94</b>
	<b>-3,205,419.03</b>			<b>0.00</b>	<b>2,409.89</b>			<b>-1,790,713.46</b>
<b>46,493.28</b>	<b>8,348,708.65</b>	<b>2,199,569.47</b>	<b>129,702.06</b>	<b>30,523.85</b>	<b>7,025,682.50</b>	<b>524,556.38</b>	<b>76,330.11</b>	<b>266,407.64</b>

**NOTES:**

The following receiverships were closed by court order in the fiscal year ended by 8/31/93

- Amalgamated Labor Life Ins., 415
- American Protectors, 451
- American Real Estate Assoc., 296
- American Sun Life Ins. Co., 425
- Bonneville Insurance Co., 470C
- Cadillac Ins. Co., 427
- California Pacific Life Ins. Co., 418
- Christian Organization Medical, 309
- Church of God Houston, 408
- Columbus Ins. Co., 304
- Continental Bankers Life Ins., 327
- Credit Guard Life Ins., 376
- Custom Secur. Mut. Life Ins., 474C
- Diamond Benefits Life Ins., 389
- Eastern Indem. Co., Maryland, 303
- Ensign Life Ins. Co., 460
- Enterprise Ins. Co., 334
- Equitable Exchange, 278
- Excalibur Ins. Co., 292
- Federal Title Co., 358
- First Transcontinental Life, 379
- George Washington Life, 458
- Hermitage Health & Life Ins., 335
- International Security Life, 472C
- Keystone Life Ins., 336
- Life of Indiana Ins. Co., 437
- Metropolitan Trust Co., 266
- Norman Cowart, 344
- Old National Ins. Co., 213
- Pacific American Ins. Co., 291
- Physicians & Patients Assoc., 467
- Proprietors' Ins. Co., 263
- Southeast Indemnity Co., 297
- Superior Lloyds Ins. Co., 279
- Surety Ins. Co., 293
- Texas Indep. School Systems, 373
- U.S. Annuity Life, 393
- United Employers Ins. Co., 308
- West General Ins. Co., 469C
- Western Heritage Life Ins. Co., 364

During the period of receivership closing, all liabilities of the estates are written off and the assets are distributed according to the court order.

Cash disbursements reflect an accrual basis of accounting for SDR Payables

# RECEIVERSHIP ASSETS, LIABILITIES AND EQUITY BALANCE/CASH RECEIPTS, DISBURSEMENTS AND CASH BALANCES AS OF AUGUST 31, 1993 (UNAUDITED)

## Balance Sheet 8/31/93

Rec. # Name	332 Mission Nat Ins Co	337 Preferred Employers Ins Co	340 Eagle Life	342 North American	343 Integrity Ins Co	348 Contractors Ins Exchange	350 Citizens National Assurance Co	354 Buffalo Title
<b>Assets:</b>								
Cash in Bank / CD's	418,544.85	1,231,573.87	600,420.64	152,788.00	1,124,054.47	552,735.14	131,733.03	80,977.88
Receivables		689.50				432.35		
Investments			4,768.10					101,756.62
Furn. & Equip.								
Computer Systems								
Real Estate								
Other Assets			7,965.14					
<b>Total Assets</b>	<b>418,544.85</b>	<b>1,232,263.37</b>	<b>613,153.88</b>	<b>152,788.00</b>	<b>1,124,054.47</b>	<b>553,167.49</b>	<b>131,733.03</b>	<b>182,734.50</b>
<b>Liabilities &amp; Equity Balance:</b>								
<b>Claims Payable:</b>								
Life, Accident & Health			6,885.00					
Property & Casualty	4,906,064.71	1,957.34		200,000.00	7,091,469.00	22,948.40	878,633.01	
Title								
<b>Assumptions Payable</b>								
Loans Payable								
Guaranty Fund	5,661,750.31	6,765,484.81	3,393,921.66		2,177,743.89	2,518,101.91	3,789,443.92	508,578.06
Abandoned Property Fund								
Other								
Notes Payable								
General Creditors Payable	87,208.85	225,326.41	14,689,874.66	591,793.00	32,199.99	169,098.61	92,197.23	1,699,291.34
SDR Admin. Payable	1,149.80	12,079.25	11,001.94	2,535.00	1,130.10		11,176.85	
<b>Total Liabilities</b>	<b>10,656,173.67</b>	<b>7,004,847.81</b>	<b>18,101,683.26</b>	<b>794,328.00</b>	<b>9,302,542.98</b>	<b>2,710,148.92</b>	<b>4,771,451.01</b>	<b>2,207,869.40</b>
<b>Equity Balance</b>	<b>-10,237,628.82</b>	<b>-5,772,584.44</b>	<b>-17,488,529.38</b>	<b>-641,540.00</b>	<b>-8,178,488.51</b>	<b>-2,156,981.43</b>	<b>-4,639,717.98</b>	<b>-2,025,134.90</b>
<b>Liabilities &amp; Equity Balance</b>	<b>418,544.85</b>	<b>1,232,263.37</b>	<b>613,153.88</b>	<b>152,788.00</b>	<b>1,124,054.47</b>	<b>553,167.49</b>	<b>131,733.03</b>	<b>182,734.50</b>

## Sources & Uses Statement for the Year Ended 8/31/93

<b>Cash Available 8/31/92</b>	<b>715,251.95</b>	<b>1,158,520.70</b>	<b>598,460.26</b>	<b>174,037.48</b>	<b>877,755.36</b>	<b>556,689.96</b>	<b>195,613.24</b>	<b>103,804.71</b>
<b>Cash Receipts</b>								
Funds on Date of Rec.-New Rec.					528,286.36			
Receivables	0.00							
Litigation Settlements								12,542.00
Securities								9,296.82
Funds Held - Other								
Sales of Fixed Assets								
Sales of Other Assets								
Premium Income								
Interest	19,267.87	16,102.49	14,008.29	2,729.18	12,454.94	11,638.68	3,395.21	3,584.20
Rent Income								
Recovered Expenses						4,653.82		
Misc. Receipts		70,035.16						
Loans Received - Net	1,083,305.55	108,708.46	13,101.84		145,303.52	256.11	119,629.56	169.51
<b>Total Receipts</b>	<b>1,102,573.42</b>	<b>194,846.11</b>	<b>27,110.13</b>	<b>2,729.18</b>	<b>686,044.82</b>	<b>16,548.61</b>	<b>123,024.77</b>	<b>25,592.53</b>
<b>Total Cash Avail &amp; Cash Receipts</b>	<b>1,817,825.37</b>	<b>1,353,366.81</b>	<b>625,570.39</b>	<b>176,766.66</b>	<b>1,563,800.18</b>	<b>573,238.57</b>	<b>318,638.01</b>	<b>129,397.24</b>
<b>Cash Disbursements:</b>								
<b>Claims:</b>								
Life, Accident & Health			75,000.00					
Property & Casualty	893,848.07	1,218.01			360,626.88	439.13	115,803.89	
Title								
Claims Administration Exp.	24,016.91	100.00	1,183.90		3,929.42		7,786.73	
<b>Assumptions:</b>								
Life, Accident & Health								
Property & Casualty								
Title								
Liquidation Division	15,208.71	9,088.93	12,915.77	10,736.09	4,396.34	20,064.30	5,343.88	16,360.94
SDR - Admin. Expenses	27,226.92	113,833.94	23,858.21	10,855.00	25,957.07		26,784.21	22,885.00
SDR - Legal Expenses	59,583.74	656.43	356.19		36,554.82		33,100.72	5,602.00
SDR - Subcontractors	6,339.83		875.50	1,011.00	5,908.73		4,802.78	1,866.00
SDR - Other	2,467.56	8,974.88	1,819.25		1,242.35		4,459.62	5,098.00
TDI - Allocated Expenses			4,392.10	3,334.00				4,976.00
In House Misc Disb.								
<b>Total Disbursements</b>	<b>1,028,691.74</b>	<b>133,872.19</b>	<b>120,400.92</b>	<b>25,936.09</b>	<b>438,615.61</b>	<b>20,503.43</b>	<b>198,081.83</b>	<b>56,787.94</b>
<b>Net Changes in Restrictions</b>	<b>-371,738.58</b>	<b>0.00</b>	<b>82,306.26</b>		<b>0.00</b>			
<b>Unencumbered Cash 8/31/93</b>	<b>417,395.05</b>	<b>1,219,494.62</b>	<b>587,475.73</b>	<b>150,830.57</b>	<b>1,125,184.57</b>	<b>552,735.14</b>	<b>120,556.18</b>	<b>72,609.30</b>

355 Prof. Mutual	357 Southern Inter.	359 Homeland	365 Best Lloyds	368 Lloyds Tx	371 Nt. City Mutual Life Ins Co	374 First Columbia	375 First Serv. Life	380 Gibson Nat'l
947.60	950,579.00	196,886.97	293,658.68 487,692.13	649,018.99	2,730,986.00 7,151,000.00 318,982.00		1,739,278.03	36,053.00
					22,240.00 86,000.00	480,250.00	310,000.00 97,028.57	54,000.00
<b>947.60</b>	<b>950,579.00</b>	<b>196,886.97</b>	<b>781,350.81</b>	<b>649,018.99</b>	<b>10,309,208.00</b>	<b>480,250.00</b>	<b>2,146,306.60</b>	<b>90,053.00</b>
2,500,000.00	1,200,000.00	15,000.00	2,945,084.00	871,680.19	4,238,959.00	5,000.00	12,748,015.00	995,898.00
7,537,480.67	103,512.00	906,301.10	10,704,482.36	1,686,500.72	37,129,906.00	4,548,356.23		6,970,922.00
					1,489,846.00			
1,145,968.02 24,202.29	253,879.00 3,335.00	26,463.50 4,502.31	6,544,174.27 17,482.51	668,906.73 9,492.82	2,178,283.00 4,480.00	561,931.00 2,227,192.39	6,088,231.54 8,288.94	14,372.00 98,227.00 10,374.00
<b>11,185,868.98</b>	<b>1,560,726.00</b>	<b>952,266.91</b>	<b>20,211,223.14</b>	<b>3,236,580.46</b>	<b>45,041,474.00</b>	<b>7,342,479.62</b>	<b>18,844,535.48</b>	<b>8,089,793.00</b>
<b>-11,184,921.38</b>	<b>-610,147.00</b>	<b>-755,379.94</b>	<b>-19,429,872.33</b>	<b>-2,587,561.47</b>	<b>-34,732,266.00</b>	<b>-6,862,229.62</b>	<b>-16,698,228.88</b>	<b>-7,999,740.00</b>
<b>947.60</b>	<b>950,579.00</b>	<b>196,886.97</b>	<b>781,350.81</b>	<b>649,018.99</b>	<b>10,309,208.00</b>	<b>480,250.00</b>	<b>2,146,306.60</b>	<b>90,053.00</b>
<b>67,235.29</b>	<b>768,189.42</b>	<b>214,947.44</b>	<b>296,693.94</b>	<b>857,538.01</b>	<b>1,718,390.00</b>	<b>102,284.26</b>	<b>970.32</b>	<b>459,843.00</b>
			6,595.00 924.20 128,105.92		3,203,690.00 42,011.00	3,361.52	89,190.68 2,759.10	
						832.80		
							2,465.81	101,327.00
1,083.97	19,665.42	3,074.14	5,951.92	11,970.70	86,081.00	1,068.74	23,682.72	4,904.00
					13,309.00 14,010.00	121.60	130,998.12	2,178.00
536,676.26		23,403.72	137,105.65	-123,241.01	2,150,814.00	518.82	2,084.59	2,040.00
<b>537,760.23</b>	<b>19,665.42</b>	<b>26,477.86</b>	<b>278,682.69</b>	<b>-111,270.31</b>	<b>5,509,915.00</b>	<b>5,903.48</b>	<b>251,181.02</b>	<b>110,449.00</b>
<b>604,995.52</b>	<b>787,854.84</b>	<b>241,425.30</b>	<b>575,376.63</b>	<b>746,267.70</b>	<b>7,228,305.00</b>	<b>108,187.74</b>	<b>252,151.34</b>	<b>570,292.00</b>
558,378.98		13,040.00	119,485.09	250.97	2,113,920.00	81,937.41		387,605.00
8,012.01	198.00	10,763.67	45,998.63	22,032.90	713,241.00			11,206.00
			4,853.00					
3,876.26 31,320.26	72,536.67 16,516.00 6,583.00 935.00	2,798.96 5,360.00 2,273.00 11,704.00	57,488.64 46,146.20 6,990.22 16,504.50	8,856.47 51,446.82 9,428.15 4,272.19 835.00 4,766.03	507,838.00 230,218.00 451,352.00 370,841.00 13,522.00 100,867.00	26,250.33	23,860.75 33,956.26 74,969.11 25,792.14 69,248.85 6,847.43	23,465.00 101,273.00 13,002.00 2,198.00
2,460.41	3,239.00	3,103.00	6,844.12					5,864.00
<b>604,047.92</b>	<b>100,007.67</b>	<b>49,042.63</b>	<b>299,457.40</b>	<b>106,741.53</b>	<b>4,501,799.00</b>	<b>108,187.74</b>	<b>234,674.54</b>	<b>544,613.00</b>
<b>0.00</b>	<b>255,164.01</b>		<b>0.00</b>				<b>1,713,512.29</b>	
<b>947.60</b>	<b>943,011.18</b>	<b>192,382.67</b>	<b>275,919.23</b>	<b>639,526.17</b>	<b>2,726,506.00</b>	<b>0.00</b>	<b>1,730,989.09</b>	<b>25,679.00</b>

**NOTES:**  
The following receiverships were closed by court order in the fiscal year ended by 8/31/93

- Amalgamated Labor Life Ins., 415
- American Protectors, 451
- American Real Estate Assoc., 296
- American Sun Life Ins. Co., 425
- Bonneville Insurance Co., 470C
- Cadillac Ins. Co., 427
- California Pacific Life Ins. Co., 418
- Christian Organization Medical, 309
- Church of God Houston, 408
- Columbus Ins. Co., 304
- Continental Bankers Life Ins., 327
- Credit Guard Life Ins., 376
- Custom Secur. Mut. Life Ins., 474C
- Diamond Benefits Life Ins., 389
- Eastern Indem. Co., Maryland, 303
- Ensign Life Ins. Co., 460
- Enterprise Ins. Co., 334
- Equitable Exchange, 278
- Excaltur Ins. Co., 292
- Federal Title Co., 358
- First Transcontinental Life, 379
- George Washington Life, 458
- Hermitage Health & Life Ins., 335
- International Security Life, 472C
- Keystone Life Ins., 336
- Life of Indiana Ins. Co., 437
- Metropolitan Trust Co., 266
- Norman Cowart, 344
- Old National Ins. Co., 213
- Pacific American Ins. Co., 291
- Physicians & Patients Assoc., 467
- Proprietors' Ins. Co., 263
- Southeast Indemnity Co., 297
- Superior Lloyds Ins. Co., 279
- Surety Ins. Co., 293
- Texas Indep. School Systems, 373
- U.S. Annuity Life, 393
- United Employers Ins. Co., 308
- West General Ins. Co., 469C
- Western Heritage Life Ins. Co., 364

During the period of receivership closing, all liabilities of the estates are written off and the assets are distributed according to the court order.

Cash disbursements reflect an accrual basis of accounting for SDR Payables

# RECEIVERSHIP ASSETS, LIABILITIES AND EQUITY BALANCE/CASH RECEIPTS, DISBURSEMENTS AND CASH BALANCES AS OF AUGUST 31, 1993 (UNAUDITED)

## Balance Sheet 8/31/93

Rec. # Name	382 Tx Nat'l	386 Stone Mountain	387 Empire Cos.	391 American Teachers Life Ins Co	392 Knickerbocker Life	394 Am. Mutual	395 GIC Ins. Co.	397 N.Am. Lloyds	404 1st SW Lloyds
<b>Assets:</b>									
Cash in Bank / CD's	859,541.54	280,750.00	1,392.56	1,756,672.17	5,734,483.53	17,425.36	159,388.02	382,345.44	1,259,989.35
Receivables	50,709.83			1,228.55	657,262.45		224,803.24	501,835.51	3,972,426.50
Investments					256,868.40				
Furn. & Equip.									
Computer Systems									
Real Estate				0.00	825,878.86			40,000.00	
Other Assets				2,500.00	1,167,498.00				315,773.00
<b>Total Assets</b>	<b>910,251.37</b>	<b>280,750.00</b>	<b>1,392.56</b>	<b>1,760,400.72</b>	<b>8,641,991.24</b>	<b>17,425.36</b>	<b>384,191.26</b>	<b>924,180.95</b>	<b>5,548,188.85</b>
<b>Liabilities &amp; Equity Balance:</b>									
<b>Claims Payable:</b>									
Life, Accident & Health				13,375,852.53	12,766,936.47		1,615,516.30		
Property & Casualty	203,420.00	1,525,922.00	370,000.00			861,009.76		3,284,577.46	1,770,047.00
Title									
Assumptions Payable									
Loans Payable									
Guaranty Fund	231,000.00	1,822,890.00	966,387.47	7,094,361.73	18,199,028.96	2,696,497.19	22,565,030.81	6,539,277.01	4,054,000.00
Abandoned Property Fund									
Other									
Notes Payable									
General Creditors Payable	36,672.59	599.00	5,785.39	2,453,590.41	2,541,220.95	9,184.32	7,202,779.78	268,901.63	24,585.75
SDR Admin. Payable	7,185.22	14,063.00	4,447.80		55,774.01	9,637.05	4,823.06	36,082.63	14,345.92
<b>Total Liabilities</b>	<b>478,277.81</b>	<b>3,363,474.00</b>	<b>1,346,620.66</b>	<b>22,923,804.67</b>	<b>33,562,960.39</b>	<b>3,576,328.32</b>	<b>31,388,149.95</b>	<b>10,128,838.73</b>	<b>5,862,978.67</b>
<b>Equity Balance</b>	<b>431,973.56</b>	<b>-3,082,724.00</b>	<b>-1,345,228.10</b>	<b>-21,163,403.95</b>	<b>-24,920,969.15</b>	<b>-3,558,902.96</b>	<b>-31,003,958.69</b>	<b>-9,204,657.78</b>	<b>-314,789.82</b>
<b>Liabilities &amp; Equity Balance</b>	<b>910,251.37</b>	<b>280,750.00</b>	<b>1,392.56</b>	<b>1,760,400.72</b>	<b>8,641,991.24</b>	<b>17,425.36</b>	<b>384,191.26</b>	<b>924,180.95</b>	<b>5,548,188.85</b>

## Sources & Uses Statement for the Year Ended 8/31/93

<b>Cash Available 8/31/92</b>	<b>894,798.09</b>	<b>376,487.06</b>	<b>52,268.81</b>	<b>2,012,552.84</b>	<b>5,536,145.12</b>	<b>80,284.98</b>	<b>424,225.50</b>	<b>142,418.24</b>	<b>1,201,510.16</b>
<b>Cash Receipts</b>									
Funds on Date of Rec.-New Rec.							100,000.00		
Receivables				0.00	500,000.00		30,426.13	9,539.24	435,804.61
Litigation Settlements									
Securities					79,878.35				
Funds Held - Other					78.13				
Sales of Fixed Assets					60,544.00				
Sales of Other Assets					54,699.00				
Premium Income							-30.44		
Interest	24,904.50	5,317.57	1,330.89	21,302.96	246,457.98	1,935.04	7,259.19	5,153.07	40,914.25
Rent Income									
Recovered Expenses								379,286.00	140.00
Misc. Receipts					144,439.00				
Loans Received - Net	-8,052.06	20,321.40	181,097.47	44,677.10	-383,654.00	148,295.94	16,999.13	273,546.66	-222,904.80
<b>Total Receipts</b>	<b>16,852.44</b>	<b>25,638.97</b>	<b>182,428.36</b>	<b>65,980.06</b>	<b>702,442.46</b>	<b>150,230.98</b>	<b>154,654.01</b>	<b>667,524.97</b>	<b>253,954.06</b>
<b>Total Cash Avail &amp; Cash Receipts</b>	<b>911,650.53</b>	<b>402,126.03</b>	<b>234,697.17</b>	<b>2,078,532.90</b>	<b>6,238,587.58</b>	<b>230,515.96</b>	<b>578,879.51</b>	<b>809,943.21</b>	<b>1,455,464.22</b>
<b>Cash Disbursements:</b>									
<b>Claims:</b>									
Life, Accident & Health				85,837.70			-5,607.06		
Property & Casualty		72,078.00	207,861.07			167,484.48		253,517.11	66,428.00
Title									
Claims Administration Exp.	4,525.15	34,605.06	2,536.16	13,527.90	14,346.85	9,223.66	2,597.61	96,605.82	34,864.52
Assumptions:									
Life, Accident & Health									
Property & Casualty									
Title									
Liquidation Division	9,508.60	8,688.28	1,191.47	51,158.87	75,489.18	7,908.43	34,126.78	31,950.16	27,734.44
SDR - Admin. Expenses	36,875.97	10,505.00	19,893.71		196,647.00	27,143.26	43,712.00	45,855.03	55,274.88
SDR - Legal Expenses	4,883.10	3,444.00		31,304.29	69,397.00		4,684.00	4,061.89	3,796.44
SDR - Subcontractors	213.60			20,174.75			18,781.00	17,454.82	12,037.95
SDR - Other	3,635.05				175,507.00		8,020.19		4,446.32
TDI - Allocated Expenses	3,400.73	2,138.00	1,822.20		30,354.00	1,330.77	13,220.00	5,973.34	4,764.47
In House Misc Disb.				119,857.22			303,223.00		
<b>Total Disbursements</b>	<b>63,042.20</b>	<b>131,458.34</b>	<b>233,304.61</b>	<b>321,860.73</b>	<b>561,741.03</b>	<b>213,090.60</b>	<b>422,757.52</b>	<b>455,418.17</b>	<b>209,347.02</b>
<b>Net Changes in Restrictions</b>	<b>-3,747.99</b>	<b>0.00</b>	<b>0.00</b>	<b></b>	<b>-2,097.39</b>	<b>0.00</b>	<b></b>	<b></b>	<b>473.77</b>
<b>Unnumbered Cash 8/31/93</b>	<b>852,356.32</b>	<b>270,667.69</b>	<b>1,392.56</b>	<b>1,756,672.17</b>	<b>5,674,749.16</b>	<b>17,425.36</b>	<b>156,121.99</b>	<b>354,525.04</b>	<b>1,245,643.43</b>



405 General Indemn.	406 Cons. Benefits	407 Tx Investors	409 Galaxia Life Ins Co	411 Pacific Marine Ins Co	413 Texas	413A CAU Ins Co	414 Pardon Nail	417 Title U.S.A.
160,353.79	0.00	993,369.00	2,033,578.96	152,554.13	78,542.44	579,521.00	118,451.07	6,742,445.31
409,528.84		250,000.00				54.00		21,949.51
								143,478.00
<b>569,882.63</b>	<b>0.00</b>	<b>1,243,369.00</b>	<b>2,033,578.96</b>	<b>152,554.13</b>	<b>78,542.44</b>	<b>579,575.00</b>	<b>118,451.07</b>	<b>6,907,872.82</b>
3,505,428.04	82,279.47	3,529,899.00	3,081,670.09	450,829.78	11,429,884.91		384.79	63,434,211.00
1,938,271.00	1,118,880.92	8,395,479.00	10,522,600.09	381,967.92	7,912,515.91		411,414.47	6,937,228.61
	9,516.86	189,998.00						
108,229.95		218,902.00	1,658,375.27	2,307.87	1,386,084.65	1,079,436.00	2,275.16	13,577,611.00
12,734.50		10,761.00	5,550.46		64,163.88			43,751.23
<b>5,564,663.49</b>	<b>1,210,677.25</b>	<b>12,345,039.00</b>	<b>15,268,195.91</b>	<b>835,105.57</b>	<b>20,792,649.35</b>	<b>1,079,436.00</b>	<b>414,074.42</b>	<b>83,992,801.84</b>
<b>-4,994,780.86</b>	<b>-1,210,677.25</b>	<b>-11,101,670.00</b>	<b>-13,234,616.95</b>	<b>-682,551.44</b>	<b>-20,714,106.91</b>	<b>-499,861.00</b>	<b>-295,623.35</b>	<b>-77,084,929.02</b>
<b>569,882.63</b>	<b>0.00</b>	<b>1,243,369.00</b>	<b>2,033,578.96</b>	<b>152,554.13</b>	<b>78,542.44</b>	<b>579,575.00</b>	<b>118,451.07</b>	<b>6,907,872.82</b>
<b>1,075,625.37</b>	<b>58,693.62</b>	<b>1,282,216.00</b>	<b>1,854,175.81</b>	<b>192,918.24</b>	<b>188,267.57</b>	<b>590,997.00</b>	<b>192,918.24</b>	<b>5,419,096.30</b>
		579,276.71		0.00				
2,473.89		2,415.00	36,592.60			1,153.00		112,453.08
								9,115.10
								441,473.68
			8,025.00					4,650.82
								39,487.26
								114,345.16
		3,587.00						165,204.74
17,472.78	1,101.63	29,239.00	51,539.86	4,017.14	3,347.87	11,705.00		600.00
				4,419.82				77,500.00
		17,191.00				6,542.00		29,860.63
-824,862.01	309,500.06	104,202.00	49,580.01	6,717.62	287,160.68		9,175.13	107,720.14
<b>-804,915.34</b>	<b>310,601.69</b>	<b>156,634.00</b>	<b>725,014.18</b>	<b>15,154.58</b>	<b>298,508.55</b>	<b>19,400.00</b>	<b>9,175.13</b>	<b>1,102,410.61</b>
<b>270,710.03</b>	<b>369,295.31</b>	<b>1,438,850.00</b>	<b>2,579,189.99</b>	<b>208,072.82</b>	<b>486,776.12</b>	<b>610,397.00</b>	<b>202,093.37</b>	<b>6,521,506.91</b>
	357,301.28	288,802.00	51,909.79					
15,763.74				38,482.82	174,982.50		41,000.00	
								96,563.67
28,158.20	8,525.55	157,078.00	23,603.65	2,847.22	68,382.79		1,493.27	27,739.82
					0.00			
37,221.81	3,468.48	37,516.00	17,805.00	14,188.65	43,827.64	7,050.00	7,560.87	139,102.03
30,931.23		116,358.00	85,853.00		36,583.68	10,996.00		92,977.56
1,087.53		4,968.00	8,189.00		133,450.94	6,206.00		62,160.42
632.30		2,537.00	42,770.00		5,597.18	2,924.00		19,864.29
5,500.00					9,572.83			5,967.94
3,795.93		5,263.00	23,025.00			3,700.00		12,086.55
			294,668.00					
<b>123,090.74</b>	<b>369,295.31</b>	<b>612,522.00</b>	<b>547,823.44</b>	<b>55,518.69</b>	<b>472,397.56</b>	<b>30,876.00</b>	<b>50,054.14</b>	<b>456,462.28</b>
			-3,333.81					674,553.83
<b>147,619.29</b>	<b>0.00</b>	<b>826,328.00</b>	<b>2,028,032.74</b>	<b>152,554.13</b>	<b>14,378.56</b>	<b>579,521.00</b>	<b>152,039.23</b>	<b>6,739,598.46</b>

**NOTES:**

The following receiverships were closed by court order in the fiscal year ended by 8/31/93

- Amalgamated Labor Life Ins., 415
- American Protectors, 451
- American Real Estate Assoc., 296
- American Sun Life Ins. Co., 425
- Bonneville Insurance Co., 470C
- Cadillac Ins. Co., 427
- California Pacific Life Ins. Co., 418
- Christian Organization Medical, 309
- Church of God Houston, 408
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- Continental Bankers Life Ins., 327
- Credit Guard Life Ins., 376
- Custom Secur. Mut. Life Ins., 474C
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- Eastern Indem. Co., Maryland, 303
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- Excalibur Ins. Co., 292
- Federal Title Co., 358
- First Transcontinental Life, 379
- George Washington Life, 458
- Hermitage Health & Life Ins., 335
- International Security Life, 472C
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- Life of Indiana Ins. Co., 437
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- Old National Ins. Co., 213
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- Proprietors' Ins. Co., 263
- Southeast Indemnity Co., 297
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- Texas Indep. School Systems, 373
- U.S. Annuity Life, 393
- United Employers Ins. Co., 308
- West General Ins. Co., 469C
- Western Heritage Life Ins. Co., 364

During the period of receivership closing, all liabilities of the estates are written off and the assets are distributed according to the court order.

Cash disbursements reflect an accrual basis of accounting for SDR Payables

# RECEIVERSHIP ASSETS, LIABILITIES AND EQUITY BALANCE/CASH RECEIPTS, DISBURSEMENTS AND CASH BALANCES AS OF AUGUST 31, 1993 (UNAUDITED)

## Balance Sheet 8/31/93

Rec # Name	420 Southern National	421 Great Atlantic	422 Tx Consumers	423 Am. Equity Life	424 Security SW	426 Allied Bankers	428 First Nat'l Ind.	429 Great SW Life	430 SW Am Lloyds
<b>Assets:</b>									
Cash in Bank / CD's	3,671,289.82	27,306.81	1,452,322.22	3,707,159.00	8,552.75	3,759,920.00	2,068,971.00	5,087,773.80	872,407.84
Receivables	426,404.52		65,212.00	383,852.00		175,000.00	256,130.00	338,018.63	
Investments	112,075.00		365,747.92	200,000.00			219,255.00	156,106.63	
Furn. & Equip. Computer Systems								4,405.00	
Real Estate					150.00			2,942,750.00	
Other Assets	123,734.00	43.97					150.00	701,221.72	
<b>Total Assets</b>	<b>4,333,503.34</b>	<b>27,350.78</b>	<b>1,883,282.14</b>	<b>4,291,011.00</b>	<b>8,702.75</b>	<b>3,934,920.00</b>	<b>2,544,506.00</b>	<b>9,230,275.78</b>	<b>872,407.84</b>
<b>Liabilities &amp; Equity Balance:</b>									
<b>Claims Payable:</b>									
Life, Accident & Health Property & Casualty Title	1,069,353.38		92,006.82	24,857,825.00	852.18	3,003,180.00	526,998.00	2,640,404.98	1,301,932.38
<b>Assumptions Payable</b>									
<b>Loans Payable</b>									
Guaranty Fund	10,199,650.11	69,433.61	4,432,366.19	8,373,906.00		10,115,918.00	2,286,677.00	19,665,332.52	2,238,284.84
Abandoned Property Fund Other	10,952.38			107,938.00	238.13	1,637.00	2,426,067.00		
<b>Notes Payable</b>									
General Creditors Payable	1,049,705.88	64,562.61	489,029.68	1,165,629.00	6,810,023.45	600,707.00	72,417.00	327,438.16	1,098,196.44
SDR Admin. Payable	13,700.70		14,680.27	11,744.00	16,425.85	19,829.00		67,836.89	20,467.32
<b>Total Liabilities</b>	<b>12,343,362.45</b>	<b>133,996.22</b>	<b>5,028,082.96</b>	<b>34,517,042.00</b>	<b>6,827,539.61</b>	<b>13,741,271.00</b>	<b>5,312,159.00</b>	<b>22,701,012.55</b>	<b>4,658,880.98</b>
<b>Equity Balance</b>	<b>-8,009,859.11</b>	<b>-106,645.44</b>	<b>-3,144,800.82</b>	<b>-30,226,031.00</b>	<b>-6,818,836.86</b>	<b>-9,806,351.00</b>	<b>-2,767,653.00</b>	<b>-13,470,736.77</b>	<b>-3,786,473.14</b>
<b>Liabilities &amp; Equity Balance</b>	<b>4,333,503.34</b>	<b>27,350.78</b>	<b>1,883,282.14</b>	<b>4,291,011.00</b>	<b>8,702.75</b>	<b>3,934,920.00</b>	<b>2,544,506.00</b>	<b>9,230,275.78</b>	<b>872,407.84</b>

## Sources & Uses Statement for the Year Ended 8/31/93

<b>Cash Available 8/31/92</b>	<b>4,401,693.45</b>	<b>29,330.20</b>	<b>1,598,839.39</b>	<b>3,740,950.00</b>	<b>17,084.55</b>	<b>3,875,654.00</b>	<b>2,092,188.00</b>	<b>4,181,939.39</b>	<b>811,787.33</b>
<b>Cash Receipts</b>									
Funds on Date of Rec.-New Rec.			-266,506.27						
Receivables			-31,189.27			230,155.00	93,329.00	16,028.61	175,799.36
Litigation Settlements				635,684.00					
Securities	2,207.48						50,000.00		
Funds Held - Other				-166,978.00					
Sales of Fixed Assets								941,921.18	58,801.33
Sales of Other Assets						13,501.00		788,532.73	
Premium Income								-2,665.00	
Interest	106,055.29	6,014.85	50,000.83	104,053.00	19,646.92	114,052.00	54,517.00	135,258.96	13,121.59
Rent Income								88,006.00	
Recovered Expenses	570.00				91.83	4,582.00		92,672.59	
Misc. Receipts	9,985.22		2,557.65	119,736.00		123,963.00		2,740.41	
Loans Received - Net	-755,058.26	12,270.30	43,924.17	6,042.00	852.18	201,630.00		76,483.13	55,696.79
<b>Total Receipts</b>	<b>-636,240.27</b>	<b>18,285.15</b>	<b>-201,212.89</b>	<b>698,537.00</b>	<b>20,590.93</b>	<b>687,883.00</b>	<b>197,846.00</b>	<b>2,138,978.61</b>	<b>303,419.07</b>
<b>Total Cash Avail &amp; Cash Receipts</b>	<b>3,765,453.18</b>	<b>47,615.35</b>	<b>1,397,626.50</b>	<b>4,439,487.00</b>	<b>37,675.48</b>	<b>4,563,537.00</b>	<b>2,290,034.00</b>	<b>6,320,918.00</b>	<b>1,115,206.40</b>
<b>Cash Disbursements:</b>									
<b>Claims:</b>									
Life, Accident & Health Property & Casualty Title	26,459.68	1,102.50	38,883.37	321,974.00		561,616.00	29,882.00	587,378.47	52,671.91
Claims Administration Exp.	1,346.39	64.33	8,382.09	157,808.00	594.18	317,889.00	2,545.00	15,154.81	30,637.13
<b>Assumptions:</b>									
Life, Accident & Health Property & Casualty Title									
Liquidation Division	28,937.25	2,911.37	20,411.39	81,916.00	4,059.21	45,906.00	146,365.00	90,415.21	20,938.24
SDR - Admin. Expenses	39,545.79	15,248.98	67,336.88	256,194.00	22,412.34	118,602.00	21,279.00	370,021.15	52,515.39
SDR - Legal Expenses	3,910.94		8,003.30	43,170.00	9,122.99	25,636.00	12,513.00	10,388.85	40,242.97
SDR - Subcontractors	4,061.72		115.20	7,051.00	4,260.21	6,345.00	2,456.00	837.05	63,790.78
SDR - Other			4,427.50		1,318.03		75.00	145,472.04	
TDI - Allocated Expenses	3,602.29	981.36	3,931.09	4,421.00	3,506.16	5,449.00	5,948.00	24,612.13	5,121.28
In House Misc Disb.									
<b>Total Disbursements</b>	<b>107,864.06</b>	<b>20,308.54</b>	<b>151,490.82</b>	<b>872,534.00</b>	<b>45,273.12</b>	<b>1,081,443.00</b>	<b>221,063.00</b>	<b>1,244,279.71</b>	<b>265,917.70</b>
<b>Net Changes in Restrictions</b>		<b>0.00</b>	<b>-191,506.27</b>					<b>-56,701.38</b>	<b>0.00</b>
<b>Unencumbered Cash 8/31/93</b>	<b>3,657,589.12</b>	<b>27,306.81</b>	<b>1,437,641.95</b>	<b>3,566,953.00</b>	<b>-7,597.64</b>	<b>3,482,094.00</b>	<b>2,068,971.00</b>	<b>5,019,936.91</b>	<b>849,288.70</b>

431 Essex Lloyds	432 Intercontinental Ins Co	433 ILUS	434 Ohio Gen	435 Excalibur Life	438 Am. Power	439 Justice	440 Nor'l Ben	441 Amer. Indepen. Life Ins Co
85,153.53 22,985.72	143,343.81	1,322,740.00 616,434.00	12,556.70	1,752,116.84 252,285.65	275,893.43 2,673,503.40	365,200.43	1,082,893.83 937.50	29,530.00
<b>108,139.25</b>	<b>143,343.81</b>	<b>1,939,174.00</b>	<b>12,556.70</b>	<b>2,004,402.49</b>	<b>2,949,396.83</b>	<b>365,200.43</b>	<b>1,083,831.33</b>	<b>29,530.00</b>
721,976.00	73,500.00	1,167,143.00	342,595.17	76,368.00	13,663,456.50	3,912.24	1,024,810.57	
940,076.87	130,849.39	6,417,670.00 4,005,640.00	219,636.80	1,508,456.29	11,453,840.14	1,014,086.08	4,281,091.68	3,225,357.76
217,147.46 15,514.57		2,580,686.00	4,826.19	101,154.85 7,886.00	531,140.59 52,127.33	161,355.34 18,241.80	102,357.96 141,221.12	2,121.05
<b>1,894,714.90</b>	<b>204,349.39</b>	<b>14,171,139.00</b>	<b>567,058.16</b>	<b>1,693,865.14</b>	<b>25,690,564.56</b>	<b>1,197,595.46</b>	<b>5,549,481.33</b>	<b>3,227,478.81</b>
<b>-1,786,575.65</b>	<b>-61,005.58</b>	<b>-12,231,965.00</b>	<b>-554,501.46</b>	<b>310,537.35</b>	<b>-22,741,167.73</b>	<b>-832,395.03</b>	<b>-4,465,650.00</b>	<b>-3,197,948.81</b>
<b>108,139.25</b>	<b>143,343.81</b>	<b>1,939,174.00</b>	<b>12,556.70</b>	<b>2,004,402.49</b>	<b>2,949,396.83</b>	<b>365,200.43</b>	<b>1,083,831.33</b>	<b>29,530.00</b>
<b>133,475.28</b>	<b>143,761.78</b>	<b>1,381,508.00</b>	<b>88,615.17</b>	<b>1,978,070.47</b>	<b>252,744.65</b>	<b>434,915.84</b>	<b>1,353,677.60</b>	<b>20,405.03</b>
1,827.05		275,764.00 268,747.00			90,425.57 198,116.39	558.15	78,772.71 53,534.19	
2,396.71	3,779.44	36,552.00 30,288.00	683.43	44,731.31	1,476.43 1,655.25	10,518.70	73,558.15 31,985.40	1,177.25 16.57
34,587.53	587.52	1,461.00 221,073.00 1,355,763.00	9,512.84	-247,935.50	13,939.67 952,087.00	23,338.39	147,134.00 322,862.91	2,344.41
<b>38,811.29</b>	<b>4,266.96</b>	<b>2,189,648.00</b>	<b>10,196.27</b>	<b>-203,204.19</b>	<b>1,257,700.31</b>	<b>34,415.24</b>	<b>707,847.36</b>	<b>3,538.23</b>
<b>172,286.57</b>	<b>148,128.74</b>	<b>3,571,156.00</b>	<b>98,811.44</b>	<b>1,774,866.28</b>	<b>1,510,444.96</b>	<b>469,331.08</b>	<b>2,061,524.96</b>	<b>23,943.26</b>
40,100.00		1,170,087.00	69,456.81		597,272.47	51,868.82	352,528.69	
11,853.22	170.53	328,366.00	52.29		373,073.80	13,437.07	7,756.31	
3,993.76 18,426.49	4,614.40	53,026.00 496,439.00 47,757.00	2,312.84 12,824.24	8,914.72 19,765.63 1,331.12	50,756.74 98,800.24 61,185.52	8,877.50 46,582.41 5,160.95	26,869.29 77,996.00 11,510.00	23,943.26
15,561.25		7,273.00 126,756.00 18,712.00		1,641.69 400.20 254.30	10,932.36 26,413.66	2,737.20 10,625.00 4,271.67	36,321.00 22,862.00 446,364.00	
<b>94,591.79</b>	<b>4,784.93</b>	<b>2,248,416.00</b>	<b>86,254.74</b>	<b>32,307.66</b>	<b>1,218,434.79</b>	<b>143,560.62</b>	<b>982,207.29</b>	<b>23,943.26</b>
<b>0.00</b>			<b>0.00</b>		<b>68,244.07</b>	<b>-21,073.00</b>	<b>0.00</b>	
<b>77,694.78</b>	<b>143,343.81</b>	<b>1,322,740.00</b>	<b>12,556.70</b>	<b>1,742,558.62</b>	<b>223,766.10</b>	<b>346,843.46</b>	<b>1,079,317.67</b>	<b>0.00</b>

**NOTES:**

The following receiverships were closed by court order in the fiscal year ended by 8/31/93

- Amalgamated Labor Life Ins., 415
- American Protectors, 451
- American Real Estate Assoc., 296
- American Sun Life Ins. Co., 425
- Bonneville Insurance Co., 470C
- Cadillac Ins. Co., 427
- California Pacific Life Ins. Co., 418
- Christian Organization Medical, 309
- Church of God Houston, 408
- Columbus Ins. Co., 304
- Continental Bankers Life Ins., 327
- Credit Guard Life Ins., 376
- Custom Secur. Mut. Life Ins., 474C
- Diamond Benefits Life Ins., 389
- Eastern Indem. Co., Maryland, 303
- Ensign Life Ins. Co., 460
- Enterprise Ins. Co., 334
- Equitable Exchange, 278
- Excalibur Ins. Co., 292
- Federal Title Co., 358
- First Transcontinental Life, 379
- George Washington Life, 458
- Heritage Health & Life Ins., 335
- International Security Life, 472C
- Keystone Life Ins., 336
- Life of Indiana Ins. Co., 437
- Metropolitan Trust Co., 266
- Norman Cowart, 344
- Old National Ins. Co., 213
- Pacific American Ins. Co., 291
- Physicians & Patients Assoc., 467
- Proprietors' Ins. Co., 263
- Southeast Indemnity Co., 297
- Superior Lloyds Ins. Co., 279
- Surety Ins. Co., 293
- Texas Indep. School Systems, 373
- U.S. Annuity Life, 393
- United Employers Ins. Co., 308
- West General Ins. Co., 469C
- Western Heritage Life Ins. Co., 364

During the period of receivership closing, all liabilities of the estates are written off and the assets are distributed according to the court order.

Cash disbursements reflect on accrual basis of accounting for SDR Payables

# RECEIVERSHIP ASSETS, LIABILITIES AND EQUITY BALANCE/CASH RECEIPTS, DISBURSEMENTS AND CASH BALANCES AS OF AUGUST 31, 1993 (UNAUDITED)

## Balance Sheet 8/31/93

Rec. # Name	442 Commodore Life	443 Int'l Life	445 Commodore L	446 Legal Protective	447 Amer Guardian	448 So Lloyds	450 Texas Employers Ins Association	453 Indem. Underw.	454 Edison Ins Co
<b>Assets:</b>									
Cash in Bank / CD's		135,629.69	985,659.91	643,574.56	12,603,195.31	1,520,929.98	73,225,083.90	504,600.78	29,574.41
Receivables	164,635.00	553,476.26		53,584.20	2,396,583.71	72,764.09	17,697,340.00	87,979.38	
Investments						723,692.38	73,582,441.00		
Furn. & Equip.									
Computer Systems									
Real Estate									
Other Assets					85,260.00		0.00		
<b>Total Assets</b>	<b>164,635.00</b>	<b>689,105.95</b>	<b>985,659.91</b>	<b>697,158.76</b>	<b>15,085,039.00</b>	<b>2,317,386.45</b>	<b>164,504,865.00</b>	<b>592,580.16</b>	<b>29,574.41</b>
<b>Liabilities &amp; Equity Balance:</b>									
<b>Claims Payable:</b>									
Life, Accident & Health	524.61	282,701.00	6,593.83	262,870.00					
Property & Casualty					6,963,626.46	144,000.00	423,152,717.00	1,858,034.37	614,863.65
Title									
Assumptions Payable									
Loans Payable									
Guaranty Fund	290,555.09	930,180.72		1,304,709.04	26,307,260.87	2,008,999.34	104,450,000.00	1,540,662.80	1,006,581.22
Abandoned Property Fund	2,231.25								
Other	34,950.17	8,302.77		3,503.12	780,575.54			196,626.49	
Notes Payable									
General Creditors Payable	227,079.89	156,778.33	1,163,196.02	256,942.69	560,098.05	436,583.01	11,636,607.00	37,738.08	1,769.44
SDR Admin. Payable		8,719.45	8,530.45	25,853.76	173,347.47	71,031.45		19,948.47	4,903.45
<b>Total Liabilities</b>	<b>555,341.01</b>	<b>1,386,682.27</b>	<b>1,178,320.30</b>	<b>1,853,878.61</b>	<b>34,784,908.39</b>	<b>2,660,613.80</b>	<b>539,239,324.00</b>	<b>3,653,010.21</b>	<b>1,628,117.76</b>
<b>Equity Balance</b>	<b>-390,706.01</b>	<b>-697,576.32</b>	<b>-192,660.39</b>	<b>-1,156,719.85</b>	<b>-19,699,869.37</b>	<b>-343,227.35</b>	<b>-374,734,459.00</b>	<b>-3,060,430.05</b>	<b>-1,598,543.35</b>
<b>Liabilities &amp; Equity Balance</b>	<b>164,635.00</b>	<b>689,105.95</b>	<b>985,659.91</b>	<b>697,158.76</b>	<b>15,085,039.02</b>	<b>2,317,386.45</b>	<b>164,504,865.00</b>	<b>592,580.16</b>	<b>29,574.41</b>

## Sources & Uses Statement for the Year Ended 8/31/93

<b>Cash Available 8/31/92</b>	<b>69,004.96</b>	<b>217,256.58</b>	<b>895,765.59</b>	<b>779,302.58</b>	<b>12,261,843.00</b>	<b>1,423,816.45</b>	<b>26,182,592.45</b>	<b>394,744.06</b>	<b>55,588.48</b>
<b>Cash Receipts</b>									
Funds on Date of Rec.-New Rec.						5,121.88			
Receivables					2,807.96	12,306.01	2,279,975.46	52,227.00	
Litigation Settlements							3,329,665.76	21,544.86	
Securities		1,650.64	100,000.00				0.00		
Funds Held - Other									
Sales of Fixed Assets									
Sales of Other Assets						130,000.00	130,640.00		
Premium Income					132,670.26		8,152,349.72		
Interest	761.01	3,133.78	21,669.95	16,406.11	568,017.17	48,105.33	920,761.45	9,386.31	1,203.55
Rent Income									
Recovered Expenses	1,036.00				234,720.14				
Misc. Receipts		417.02		2.12			73,125,772.50	169.80	
Loans Received - Net	-55,563.53	63,328.07	2,900.31	-58,870.76	6,535,633.89	131,919.64	34,051,285.27	499,988.02	610,947.73
<b>Total Receipts</b>	<b>-53,766.52</b>	<b>68,529.51</b>	<b>124,570.26</b>	<b>-42,462.53</b>	<b>7,473,849.42</b>	<b>327,452.86</b>	<b>121,990,450.16</b>	<b>583,315.99</b>	<b>612,151.28</b>
<b>Total Cash Avail &amp; Cash Receipts</b>	<b>15,238.44</b>	<b>285,786.09</b>	<b>1,020,335.85</b>	<b>736,840.05</b>	<b>19,735,692.45</b>	<b>1,751,269.31</b>	<b>148,173,042.61</b>	<b>978,060.05</b>	<b>667,739.76</b>
<b>Cash Disbursements:</b>									
<b>Claims:</b>									
Life, Accident & Health	11,454.74	85,659.36		50,000.00					
Property & Casualty					6,084,785.17	124,679.96	71,881,403.84	369,335.52	574,734.35
Title									
Claims Administration Exp.		7,693.30	4,687.46	2,454.34	246,882.25	20,302.96	1,483,833.00	50,939.05	3,140.00
<b>Assumptions:</b>									
Life, Accident & Health									
Property & Casualty									
Title									
Liquidation Division	3,783.70	17,714.31	10,015.57	29,764.73	189,394.63	38,355.46	1,025,214.87	27,103.82	6,891.83
SDR - Admin. Expenses		36,633.66	24,794.43	22,928.76	516,143.49	28,351.08	299,657.00	20,512.00	29,440.66
SDR - Legal Expenses		3,122.80	4,689.17	15,969.30			106,921.00	2,092.00	19,249.71
SDR - Subcontractors		561.40	161.75	2,055.52	56,269.82	27,275.00	105,677.00	18,303.00	4,963.89
SDR - Other		316,046.08	789.00		122,977.44		45,252.00		4,648.36
TDI - Allocated Expenses		7,971.94	2,924.36	3,171.31	89,391.81	4,945.40		4,880.00	
In House Misc Disb.									
<b>Total Disbursements</b>	<b>15,238.44</b>	<b>475,402.85</b>	<b>48,061.74</b>	<b>126,343.96</b>	<b>7,305,844.61</b>	<b>243,909.86</b>	<b>74,947,958.71</b>	<b>493,165.39</b>	<b>643,068.80</b>
<b>Net Changes in Restrictions</b>		<b>-315,942.40</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>-161.80</b>	
<b>Unencumbered Cash 8/31/93</b>	<b>0.00</b>	<b>126,325.64</b>	<b>972,274.11</b>	<b>610,496.09</b>	<b>12,429,847.84</b>	<b>1,507,359.45</b>	<b>73,225,083.90</b>	<b>484,732.86</b>	<b>24,670.96</b>

455 Am Universal	456 Equity American Ins Co	457 Western Emplyrs.	459 Int'l Service	461 Sir Lloyds	462 Std Finan.	463 Gen Life&Acc	464 Rockwood	465 Comco Ins. Co.
51,264.78	545,495.06 407,799.00 4,719.00	1,029,734.00	552,754.68 146,647.45 1,358,961.00	1,257,055.01 1,025,301.31	1,767,281.28 4,799,766.59	491,342.57	5,694.75	4,206,426.00 1,388,332.00 2,193,229.00
0.00								
<b>51,264.78</b>	<b>958,013.06</b>	<b>1,029,734.00</b>	<b>2,058,363.13</b>	<b>2,282,356.32</b>	<b>6,567,047.87</b>	<b>491,342.57</b>	<b>5,694.75</b>	<b>7,787,987.00</b>
734,984.78	4,416,423.43	4,627,679.00	7,424,406.07	6,379,337.52	9,531,416.84	1,290,080.64	2,606,553.13	5,922,685.00
117,764.35	3,159,457.18	973,521.00	289,000.00	13,088.68	7,685.21	1,399,185.70	936,472.55	894,726.00
0.00								
6,044.51	729,369.83 37,808.76	8,359.00	50,381.56 21,252.13	139.69		46,688.01 2,139.63		12,955,847.00 1,610,092.00 42,337.00
<b>858,793.64</b>	<b>8,343,059.20</b>	<b>5,609,559.00</b>	<b>7,785,039.76</b>	<b>6,392,565.89</b>	<b>9,539,102.05</b>	<b>2,738,093.98</b>	<b>3,543,025.68</b>	<b>21,425,687.00</b>
<b>-807,528.86</b>	<b>-7,385,046.14</b>	<b>-4,579,825.00</b>	<b>-5,726,676.63</b>	<b>-4,110,209.57</b>	<b>-2,972,054.18</b>	<b>-2,246,751.41</b>	<b>-3,537,330.93</b>	<b>-13,637,700.00</b>
<b>51,264.78</b>	<b>958,013.06</b>	<b>1,029,734.00</b>	<b>2,058,363.13</b>	<b>2,282,356.32</b>	<b>6,567,047.87</b>	<b>491,342.57</b>	<b>5,694.75</b>	<b>7,787,987.00</b>
135,228.60	850,346.10	360,397.23	450,927.24	861,437.22	1,538,560.22	557,945.15	38,879.06	3,290,756.00
	27,613.26		3,062.16 227,727.93 28,541.13	200,000.00 82,352.00	584,498.59	101,934.36		313,732.00
			19.13		215,196.45	0.00		200,099.00
3,105.22	13,276.21	24,004.24	135,973.74	31,493.00	21,325.00	13,138.82	3,060.88	168,690.00
102,221.68	83,966.07 882,773.72	287,075.57	767.28 -7,017.98	8,736.00		106.00 579.40		102,751.00 599,336.00
<b>105,326.90</b>	<b>1,007,629.26</b>	<b>311,079.81</b>	<b>389,073.39</b>	<b>773,855.00</b>	<b>821,020.04</b>	<b>276,588.12</b>	<b>511,210.99</b>	<b>1,786,856.00</b>
<b>240,555.50</b>	<b>1,857,975.36</b>	<b>671,477.04</b>	<b>840,000.63</b>	<b>1,635,292.22</b>	<b>2,359,580.26</b>	<b>834,533.27</b>	<b>550,090.05</b>	<b>5,077,612.00</b>
159,071.48	820,029.02	356,187.93	53,012.30			6,737.44	487,057.76	432,679.00
6,202.23	157,952.42	28,456.64	26,089.03				4,306.49	134,081.00
3,421.68 19,578.02	72,909.78 263,339.79 24,868.79	23,683.11 15,471.00 1,264.00	34,686.75 53,983.62 14,599.87 129.60 598.75	40,272.30 189,665.07 82,879.00 67,360.00 11,289.00	46,184.59 245,012.62 129,203.00 110,768.00 68,815.00	32,203.86 26,387.65 2,635.04 15,803.00 82,009.47 3,402.00 171,847.00	13,999.86 29,722.04	90,349.00 133,940.00 85,949.00 11,948.00 17,055.00 7,522.00
1,017.31	11,189.26	3,029.00	8,640.85				2,003.21	
<b>189,290.72</b>	<b>1,350,289.06</b>	<b>428,091.68</b>	<b>191,740.77</b>	<b>391,465.37</b>	<b>599,983.21</b>	<b>345,331.95</b>	<b>544,395.30</b>	<b>913,523.00</b>
0.00								
<b>51,264.78</b>	<b>507,686.30</b>	<b>232,522.36</b>	<b>531,502.64</b>	<b>1,243,826.85</b>	<b>1,759,597.05</b>	<b>489,201.32</b>	<b>5,694.75</b>	<b>4,164,089.00</b>

**NOTES:**  
The following receiverships were closed by court order in the fiscal year ended by 8/31/93

- Amalgamated Labor Life Ins., 415
- American Protectors, 451
- American Real Estate Assoc, 296
- American Sun Life Ins. Co., 425
- Bonneville Insurance Co., 470C
- Cadillac Ins. Co., 427
- California Pacific Life Ins. Co., 418
- Christian Organization Medical, 309
- Church of God Houston, 408
- Columbus Ins. Co., 304
- Continental Bankers Life Ins., 327
- Credit Guard Life Ins., 376
- Custom Secur. Mut. Life Ins., 474C
- Diamond Benefits Life Ins., 389
- Eastern Indem. Co., Maryland, 303
- Ersig Life Ins. Co., 460
- Enterprise Ins. Co., 334
- Equitable Exchange, 278
- Excalibur Ins. Co., 292
- Federal Title Co., 358
- First Transcontinental Life, 379
- George Washington Life, 458
- Hermitage Health & Life Ins., 335
- International Security Life, 472C
- Keystone Life Ins., 336
- Life of Indiana Ins. Co., 437
- Metropolitan Trust Co., 266
- Norman Cowart, 344
- Old National Ins. Co., 213
- Pacific American Ins. Co., 291
- Physicians & Patients Assoc., 467
- Proprietors' Ins. Co., 263
- Southeast Indemnity Co., 297
- Superior Lloyds Ins. Co., 279
- Surety Ins. Co., 293
- Texas Indep. School Systems, 373
- U.S. Annuity Life, 393
- United Employers Ins. Co., 308
- West General Ins. Co., 469C
- Western Heritage Life Ins. Co., 364

During the period of receivership closing, all liabilities of the estates are written off and the assets are distributed according to the court order.

Cash disbursements reflect on accrual basis of accounting for SDR Payables

# RECEIVERSHIP ASSETS, LIABILITIES AND EQUITY BALANCE/CASH RECEIPTS, DISBURSEMENTS AND CASH BALANCES AS OF AUGUST 31, 1993 (UNAUDITED)

## Balance Sheet 8/31/93

Rec. # Name	466 Tx Exp Incl.	468 Ball Incl.	471 Prog Mut	473 Memb. Mut.	475 Tx Citrus Life Ins Co	476 United Security	477 First Fid.	479 City Cty	480 Underw Lloyds
<b>Assets:</b>									
Cash in Bank / CD's	6,974,601.30	646,008.70	417,166.79	15,194,208.00	978,529.09	267,718.20	75,330.00	3,585,436.00	523,468.00
Receivables	34,938.72	704,181.00			8,113,989.34			139,697.00	1,201,714.00
Investments	423,953.00			1,287,500.00			21,000.00		
Furn. & Equip.				10,000.00				57,727.00	
Computer Systems									
Real Estate									
Other Assets		784,276.85		12,371.00				39,062.00	
<b>Total Assets</b>	<b>7,433,493.02</b>	<b>2,134,466.55</b>	<b>417,166.79</b>	<b>16,504,079.00</b>	<b>9,092,518.43</b>	<b>267,718.20</b>	<b>96,330.00</b>	<b>3,821,922.00</b>	<b>1,725,182.00</b>
<b>Liabilities &amp; Equity Balance:</b>									
<b>Claims Payable:</b>									
Life, Accident & Health						369,097.43	220,502.00		
Property & Casualty	10,407,085.47			19,370,746.00	5,909,145.00			21,011,192.00	2,238,850.00
Title									
Assumptions Payable		570,081.30							
Loans Payable									
Guaranty Fund	724,500.00		1,317,379.11		2,097,957.50	1,176.88	44,195.00		
Abandoned Property Fund									
Other	1,606,111.03	965,128.00		265,717.00	2,069,200.71		17,935.00	16,328,450.00	
Notes Payable				112,371.00					
General Creditors Payable				224,871.00					
SDR Admin. Payable	45,733.96	38,999.11	9,234.90	38,205.00	13,299.09	56,488.14	223,051.00	755,658.00	1,255,805.00
						14,736.68	8,076.00	437,090.00	1,126,792.00
<b>Total Liabilities</b>	<b>12,783,430.46</b>	<b>1,574,208.41</b>	<b>1,326,614.01</b>	<b>20,011,910.00</b>	<b>10,089,602.30</b>	<b>441,499.13</b>	<b>513,759.00</b>	<b>38,532,390.00</b>	<b>4,621,447.00</b>
<b>Equity Balance</b>	<b>-5,349,937.44</b>	<b>560,258.14</b>	<b>-909,447.22</b>	<b>-3,507,831.00</b>	<b>-997,083.87</b>	<b>-173,780.93</b>	<b>-417,429.00</b>	<b>-34,710,468.00</b>	<b>-2,896,265.00</b>
<b>Liabilities &amp; Equity Balance</b>	<b>7,433,493.02</b>	<b>2,134,466.55</b>	<b>417,166.79</b>	<b>16,504,079.00</b>	<b>9,092,518.43</b>	<b>267,718.20</b>	<b>96,330.00</b>	<b>3,821,922.00</b>	<b>1,725,182.00</b>

## Sources & Uses Statement for the Year Ended 8/31/93

<b>Cash Available 8/31/92</b>	<b>4,055,159.43</b>	<b>1,733,142.27</b>	<b>33.67</b>	<b>6,673,175.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Cash Receipts:</b>								
Funds on Date of Rec.-New Rec.			297,564.44		1,114,232.32	337,568.10	72,964.00	
Receivables	5,145.18		251,470.45	556,897.00			964.00	
Litigation Settlements		61,065.28		345,592.00				
Securities	3,134,334.75			8,571,647.00			59,184.00	
Funds Held - Other								
Sales of Fixed Assets			3,103.50	306,015.00			3,642.00	
Sales of Other Assets					26,508.80		135,817.00	
Premium Income	48,602.76				4,410.98		1,541.00	
Interest	318,667.97	22,393.68	4,452.50	680,255.00	16,612.83			
Rent Income								
Recovered Expenses	1,183.24				96.76		49,690.00	
Misc. Receipts	1,003.30		340.00	46,571.00	399.39		4,626.00	
Loans Received - Net	620,620.19	-1,056,867.90			2,097,957.50		3,668.00	
<b>Total Receipts</b>	<b>4,129,557.39</b>	<b>-973,408.94</b>	<b>556,930.89</b>	<b>10,506,977.00</b>	<b>3,260,218.58</b>	<b>337,568.10</b>	<b>275,096.00</b>	
<b>Total Cash Avail &amp; Cash Receipts</b>	<b>8,184,716.82</b>	<b>759,733.33</b>	<b>556,964.56</b>	<b>17,180,152.00</b>	<b>3,260,218.58</b>	<b>337,568.10</b>	<b>275,096.00</b>	
<b>Cash Disbursements:</b>								
<b>Claims:</b>								
Life, Accident & Health								
Property & Casualty	690,428.96			1,155,342.00	1,969,596.42		279,037.00	
Title								
Claims Administration Exp.	21,529.92		39,007.73	131,319.00	148,425.18		3,968.00	
<b>Assumptions:</b>								
Life, Accident & Health								
Property & Casualty								
Title								
Liquidation Division	16,073.21	11,765.48	31,425.31	61,603.00				
SDR - Admin. Expenses	172,933.50	16,904.61	67,231.79	129,870.00	107,465.09	66,128.36	184,643.00	
SDR - Legal Expenses	67,718.30	17,154.73	26,536.68	56,619.00	10,276.80	14,966.97	7,588.00	
SDR - Subcontractors	10,717.00		6,950.16		1,169.20	2,931.31		
SDR - Other	245,500.00	73,951.02		438,374.00	46,516.01	559.94	8,315.00	
TDI - Allocated Expenses	5,945.32	7,378.21	9,177.40	12,817.00	11,539.88		3,328.00	
In House Misc. Disb.								
<b>Total Disbursements</b>	<b>1,230,846.21</b>	<b>127,154.05</b>	<b>180,329.07</b>	<b>1,985,944.00</b>	<b>2,294,988.58</b>	<b>84,586.58</b>	<b>207,842.00</b>	
<b>Net Changes in Restrictions</b>		<b>-25,569.69</b>	<b>0.00</b>				<b>0.00</b>	
<b>Unencumbered Cash 8/31/9</b>	<b>6,953,870.61</b>	<b>607,009.59</b>	<b>376,635.49</b>	<b>15,194,208.00</b>	<b>965,230.00</b>	<b>252,981.52</b>	<b>67,254.00</b>	
							<b>3,148,346.00</b>	
								<b>414,863.00</b>

481 Western Lloyds	482 Union Pac.	483 Ind Sec. Life	TOTALS
1,517,345.00	574,269.00	57,413.00	221,870,847.36
4,220,479.00	4,418.00		62,853,173.36
316,277.00			81,741,179.06
361,696.00		4,599.00	433,828.00
			0.00
		40,799.00	4,848,276.86
422,497.00			4,045,381.25
<b>6,838,294.00</b>	<b>578,687.00</b>	<b>102,811.00</b>	<b>375,792,685.89</b>
		140,108.00	86,993,090.46
21,743,567.00	672,793.00		671,394,537.97
			63,434,211.00
			570,081.30
			0.00
587,401.00	13,212.00		498,345,373.67
			2,231.25
	27,111.00	128,373.00	48,881,624.02
367,276.00			1,055,950.00
8,629,455.00	38,785.00		165,686,830.77
164,982.00	41,713.00		13,581,298.72
<b>31,492,681.00</b>	<b>793,614.00</b>	<b>268,481.00</b>	<b>1,549,945,229.16</b>
<b>-24,654,387.00</b>	<b>-214,927.00</b>	<b>-165,670.00</b>	<b>-1,174,152,543.27</b>
<b>6,838,294.00</b>	<b>578,687.00</b>	<b>102,811.00</b>	<b>375,792,685.89</b>
<b>0.00</b>		<b>57,413.00</b>	<b>153,517,338.72</b>
561,752.00	481,195.00		9,182,925.77
1,061,142.00	20,448.00		11,750,269.91
			5,451,531.45
214,706.00	288.00		13,405,201.92
			5,936,144.60
180.00			1,413,694.27
			1,580,596.90
	6.00		8,965,301.29
12,595.00			5,693,481.79
			88,606.00
55,330.00			1,056,501.35
4,853.00	53,273.00		74,413,926.01
			53,287,010.03
<b>1,910,558.00</b>	<b>555,210.00</b>	<b>0.00</b>	<b>192,225,191.29</b>
<b>1,910,558.00</b>	<b>555,210.00</b>	<b>57,413.00</b>	<b>345,742,530.01</b>
			3,417,346.69
			94,135,650.56
			96,563.67
			5,506,337.80
			0.00
			4,853.00
			0.00
			4,191,411.79
229,189.00	91,850.00		7,915,747.27
42,388.00	26,303.00		2,334,260.89
125,039.00	1,000.00		1,423,426.88
158,204.00	1,126.00		2,674,869.45
3,375.00	2,375.00		711,519.65
			4,365,793.51
<b>558,195.00</b>	<b>122,654.00</b>	<b>0.00</b>	<b>126,777,781.16</b>
<b>0.00</b>	<b>100,000.00</b>		<b>-3,063,649.85</b>
<b>1,352,363.00</b>	<b>532,556.00</b>	<b>57,413.00</b>	<b>216,569,749.20</b>

#### NOTES:

The following receiverships were closed by court order in the fiscal year ended by 8/31/93

Amalgamated Labor Life Ins., 415  
 American Protectors, 451  
 American Real Estate Assoc., 296  
 American Sun Life Ins. Co., 425  
 Bonneville Insurance Co., 470C  
 Cadillac Ins. Co., 427  
 California Pacific Life Ins. Co., 418  
 Christian Organization Medical, 309  
 Church of God Houston, 408  
 Columbus Ins. Co., 304  
 Continental Bankers Life Ins., 327  
 Credit Guard Life Ins., 376  
 Custom Secur. Mut. Life Ins., 474C  
 Diamond Benefits Life Ins., 389  
 Eastern Indem. Co., Maryland, 303  
 Ensign Life Ins. Co., 460  
 Enterprise Ins. Co., 334  
 Equitable Exchange, 278  
 Excalibur Ins. Co., 292  
 Federal Title Co., 358  
 First Transcontinental Life, 379  
 George Washington Life, 458  
 Hermitage Health & Life Ins., 335  
 International Security Life, 472C  
 Keystone Life Ins., 336  
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 Metropolitan Trust Co., 266  
 Norman Cowart, 344  
 Old National Ins. Co., 213  
 Pacific American Ins. Co., 291  
 Physicians & Patients Assoc., 467  
 Proprietors' Ins. Co., 263  
 Southeast Indemnity Co., 297  
 Superior Lloyds Ins. Co., 279  
 Surety Ins. Co., 293  
 Texas Indep. School Systems, 373  
 U.S. Annuity Life, 393  
 United Employers Ins. Co., 308  
 West General Ins. Co., 469C  
 Western Heritage Life Ins. Co., 364

During the period of receivership closing, all liabilities of the estates are written off and the assets are distributed according to the court order.

Cash disbursements reflect an accrual basis of accounting for SDR Payables

**TEXAS PROPERTY & CASUALTY  
INSURANCE GUARANTY ASSOCIATION**

**FINANCIAL STATEMENTS**

**(UNAUDITED)**

**DECEMBER 31, 1992**

**Disclaimer:** The state's three insurance guaranty associations\* now report receivership activity on a calendar year basis. The latest full year of data available is for Calendar Year 1992. As a result, the data provided by the guaranty associations no longer correspond directly to data in the receivership report prepared by TDI's Liquidation Oversight. TDI's report is for the state's Fiscal Year 1993 that runs from September 1, 1992 through August 31, 1993. The guaranty associations have notified TDI that they will no longer provide data corresponding with the state's fiscal year.

*\*Texas Property & Casualty Insurance Guaranty Association, the Life, Accident, Health and Hospital Service Insurance Guaranty Association and the Texas Title Insurance Guaranty Association*



**TEXAS PROPERTY & CASUALTY INSURANCE GUARANTY ASSOCIATION**  
**BALANCE SHEET**  
**DECEMBER 31, 1992 (UNAUDITED)**

---

**ASSETS**

Cash and Money Markets		\$ 89,094,163.98
Accounts Receivable		183,308.84
Loans Receivable:		
Administrative Loan	\$ 25,412,011.90	
Auto Loan	90,654,468.71	
Other Lines Loan	59,697,050.06	
Workers' Comp. Loan	165,976,720.90	
Unauthorized Loan	208,716.62	
<b>Total Loans Receivable</b>		<b>\$ 341,948,968.19</b>
Allowance for Collection		(341,948,968.19)
Other Assets:		
Furniture & Equipment	\$ 234,329.98	
Computer Systems	1,669,030.88	
Telephone Systems	51,288.00	
Company Vehicle	17,542.85	
<b>Total Other Assets</b>		<b>\$ 1,972,191.71</b>
<b>TOTAL ASSETS</b>		<b>\$ 91,249,664.53</b>

**TEXAS PROPERTY & CASUALTY INSURANCE GUARANTY ASSOCIATION**  
**BALANCE SHEET**  
**DECEMBER 31, 1992 (UNAUDITED)**

---

**LIABILITIES & FUND BALANCE**

Claim Liabilities:		
Auto	\$ 34,970,794.20	
Other Lines	45,085,134.04	
Workers' Comp	188,786,887.41	
<b>Total Claim Liabilities</b>		<b>\$268,842,815.65</b>
Other Liabilities:		
Lease Liabilities	\$ 430,178.83	
Deferred Liability	60,000.00	
<b>Total Other Liabilities</b>		<b>\$ 490,178.83</b>
Outstanding Checks Payable		659,839.02
<b>Total Liabilities</b>		<b>\$ 269,332,994.48</b>
Fund Balance:		
Fund Balance (see note)	(178,083,329.95)	
<b>Total Fund Balance</b>		<b>(\$ 178,083,329.95)</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>		<b>\$ 91,249,664.53</b>

**Note:** To the extent that assets are insufficient to discharge claim obligations, additional assessments may be collected from member insurers, subject to statutory limitations, when deemed necessary by the Board of Directors.

**TEXAS PROPERTY & CASUALTY INSURANCE GUARANTY ASSOCIATION  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD JANUARY 1 — DECEMBER 31, 1992 (UNAUDITED)  
(CASH BASIS)**

**BALANCE AS OF JANUARY 1, 1992** **\$ 66,359,502.77**

**Receipts:**

Loan Repayments	\$ 3,388,502.53
Interest on Accounts	2,486,288.96
Line of Credit - Texas Commerce	2,500,000.00
TDI Computer Reimbursement	356,126.82
Distribution - Insolvencies	29,390,493.81
November 1991 Assessment	1,986,603.00
June 1992 Assessment	82,901,858.00
Unauthorized	712,888.04
Proceeds - AS/400	60,000.00

**Total Receipts** **\$ 123,782,761.16**

**Total Funds Available** **\$ 190,142,263.93**

**Disbursements:**

Loans to Receiverships:	
W/C Loans	\$ 69,061,106.97
O/L Loans	3,795,763.82
Auto Loans	7,755,770.12
Administrative Loans	4,847,140.46

**Total Loans** **\$ 85,459,781.37**

**Claims:**

Auto Claims Issued	\$ 6,867,981.64
Change in O/S Checks Liability	(428,133.14)
Auto Claims Paid	6,439,848.50
Other Lines Claims Issued	399,405.63
Change in O/S Checks Liability	(77,394.85)
Other Lines Claims Paid	322,010.78
W/C Claims Issued	3,416,115.63
Change in O/S Checks Liability	(154,311.03)
W/C Claims Paid	3,261,804.60

**Total Claims Paid** **\$ 10,023,663.88**

**TEXAS PROPERTY & CASUALTY INSURANCE GUARANTY ASSOCIATION  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD JANUARY 1 — DECEMBER 31, 1992 (UNAUDITED)  
(CASH BASIS)**

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**Claims Loss Adjustment Expenses:**

Claims Administration	\$ 654,184.03
Legal	7,380.55
TDI Allocated Payroll	271,264.97
TDI Allocated General Expense	11,005.89

**Total Claims Loss Adj. Expense**

**\$ 943,835.43**

**Operating Expenditures:**

Employment Expenses	\$ 441,858.37
Employee Recognition	2,734.24
Education & Training	2,833.18
Contract Labor	914.04
Legal Fees	124,683.17
Audit Fees	9,500.00
Consulting	76,636.55
Leasehold Improvements	15,733.07
Office Rent & Overhead	34,268.00
Insurance	19,109.00
Furniture & Equipment	252,731.01
Repairs & Maintenance	4,784.55
Computer Hardware & Software	720,029.11
Communications Equipment	51,288.00
Telephone	10,499.66
Office Supplies	15,507.50
Postage	4,881.73
Printing	3,575.72
Advertising-Employment Procurement	4,797.56
Professional Development	11,191.08
Travel	14,911.58
Research Guides/Subscriptions	6,008.38
TDI Allocations	226,611.86
Miscellaneous	22,811.67
Organization Expenses	15,023.80
NCIGF - Membership Dues	20,952.00
Line of Credit - Texas Commerce	2,500,000.00
Interest Expense - Line of Credit	6,944.44

**Total Operating Expenses**

**\$ 4,620,819.27**

**Total Disbursements**

**\$ 101,048,099.95**

**BALANCE AS OF DECEMBER 31, 1992**

**\$ 89,094,163.98**

**TEXAS LIFE, ACCIDENT, HEALTH AND  
HOSPITAL SERVICE INSURANCE  
GUARANTY ASSOCIATION**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 1992**

**Disclaimer:** The state's three insurance guaranty associations\* now report receivership activity on a calendar year basis. The latest full year of data available is for Calendar Year 1992. As a result, the data provided by the guaranty associations no longer correspond directly to data in the receivership report prepared by TDI's Liquidation Oversight. TDI's report is for the state's Fiscal Year 1993 that runs from September 1, 1992 through August 31, 1993. The guaranty associations have notified TDI that they will no longer provide data corresponding with the state's fiscal year.

*\*Texas Property & Casualty Insurance Guaranty Association, the Life, Accident, Health and Hospital Service Insurance Guaranty Association and the Texas Title Insurance Guaranty Association*

# **WestDavis**

CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Life, Accident, Health and Hospital  
Service Insurance Guaranty Association

We have audited the accompanying statement of assets and liabilities arising from cash transactions of Life, Accident, Health and Hospital Service Insurance Guaranty Association (the Association) as of December 31, 1992, and the related statement of revenue and expenses and change in fund balance arising from cash transactions for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of financial misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of Life, Accident, Health and Hospital Service Insurance Guaranty Association as of December 31, 1992, and its revenue and expenses and change in fund balance arising from cash transactions for the year then ended, on the basis of accounting described in note 1.



July 28, 1993



**TEXAS LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE  
INSURANCE GUARANTY ASSOCIATION  
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
DECEMBER 31, 1992**

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**ASSETS**

Cash	\$ 853,809
Investments at market	60,490,090
Advances receivable (net allowance for doubtful accounts of \$198,571,360) (note 2)	-

**TOTAL ASSETS** **\$ 61,343,899**

**LIABILITIES AND FUND BALANCE**

Note payable (note 7)	\$ 6,617,363
Fund balance	\$54,726,536
Commitments and contingencies (note 6)	

**TOTAL LIABILITIES AND FUND BALANCE** **\$ 61,343,899**

*See accompanying notes to financial statements.*

**TEXAS LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE  
INSURANCE GUARANTY ASSOCIATION  
STATEMENT OF REVENUE AND EXPENSES AND CHANGE IN FUND  
BALANCE ARISING FROM CASH TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 1992**

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**Cash receipts:**

Member assessments (note 3)	\$ 66,462,359
Repayment of advances (note 4)	7,108,084
Interest income	1,528,309
Computer rental	152,919
Premiums	276,340
Other	278,876
	<b>75,806,887</b>

**Cash disbursements:**

Advances to impaired insurers (note 5)	26,454,469
National organization dues and assessments (note 9)	756,296
Lease payments	323,151
Interest expenses	57,860
Legal and professional fees	97,925
Leasehold improvements, furniture and equipment	116,379
Other expenses	824,755
	<b>28,630,835</b>

**Excess of revenue collected over expenses paid** **47,176,052**

**Fund balance, beginning of year** **7,550,484**

**Fund balance, end of year** **\$54,726,536**

*See accompanying notes to financial statements.*

**TEXAS LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE  
INSURANCE GUARANTY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1992**

**(1) Summary of Significant Accounting Policies**

**Organization** The Life, Accident, Health and Hospital Service Insurance Guaranty Association (the Association) is a nonprofit organization formed under the Life, Accident, Health and Hospital Service Insurance Guaranty Act (the Act) to protect policy owners, insured beneficiaries, annuitants, payees and assignees for life, accident and health insurance policies and annuity, supplemental and group hospital service contracts (subject to certain limitations) against failure in the performance of contractual obligations due to impairment of the insurer issuing such policies.

Membership in the Association is mandatory for any insurance company authorized in Texas to transact any kind of insurance business to which the Act applies. Membership assessments are made by the Board of Directors of the Association based on estimates of amounts necessary to provide funds to carry out the purposes of the Act with respect to impaired insurers. Any amount in excess of guaranty obligations and continuing expenses of the Association may be refunded by an equitable method at the discretion of the Board.

**Cash basis of accounting** The financial statements are presented on the cash basis of accounting; consequently, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligations are incurred.

**Tax exempt status** The Association is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The Association is also exempt from payment of all fees and taxes levied by the state of Texas or any of its subdivisions, except taxes levied on real property.

**Investments** Investments consist of shares in a mutual money market fund. This mutual fund invests in U.S. Treasury instruments. These investments are accounted for at market value.

**(2) Advances Receivable**

Advances to impaired insurers are comprised of the following:

A.M.S.	\$ 18
Allied Bankers Life	9,073,110
Amalgamated Labor Life	413,792
American Equitable Life	8,248,326
American Independence Life	3,273,019
American Protectors Life	162,670
American Real Estate Association	70,198
American Sun Life	217,416
American Teachers Life	7,163,950
American Underwriters Life	107,958
California Pacific Life	1,374,869
Christian Organization Medical Society	68,747
Commodore Life Insurance Company	349,073
Conservationship	1,094,000
Consolidated Benefit Health Life	1,201,663
Continental Bankers Life Insurance Company of the South	7,883,636
Credit Guard Life Insurance Company	1,941,648
Diamond Benefit	780
Eagle Life Insurance Company	3,332,714



**TEXAS LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE  
INSURANCE GUARANTY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, CONTINUED**

(2) **Advances Receivable, Continued**

Ensign Life Insurance Company	\$ 22,650
Excalibur Life Insurance Company	1,762,747
Executive Life	7,491,078
Fidelity Bankers	92
First Capital	3,855
First Columbia Life Insurance Company	4,630,213
First Service	367,081
First Transcontinental Life Insurance Company of Wisconsin	223,430
G.I.C.	22,240,797
Galaxia Life Insurance Company	10,482,757
General Life and Accident	567,371
George Washington Life Insurance	530,381
Gibson National Life Insurance Company	7,190,730
Great Republic	30,798
Great Southwest Life	19,986,453
Guarantee Security	21,066
Hermitage Health and Life	415,387
Independent Bankers Life	5,980,353
Inter-American	1,234,911
International	890,404
International Security	58,538
Justice Life	990,265
Keystone Life Insurance Company	11,348,215
Knickerbocker Life Insurance Company	18,568,603
Legacy Life	129,113
Legal Protective Life	1,214,212
Life of Indiana	1,036,778
Metropolitan Trust	35,700
Ministers Benefit Trust	17,087
Mutual Benefit	31,045
Mutual Security Life	835,612
National Benefit Life	4,277,257
Old National, Houston	69,040
Progressive	781,336
S.L.I.C. (National County)	1,137
Security Southwest Life	852
Southern General Life Insurance	6
Southern National Life	10,968,166
Texas Consumer Life	4,420,183
Texas Investors Life	8,502,904
Texas Retailers Association Group Benefit Trust	66,000
U.S. Annuity	1,687,715
Underwriter's Life	1,905,630
United Equitable	148,079
United Security	228
Western Heritage Life	1,427,518
	<b>\$198,571,360</b>

An allowance for doubtful accounts has been established for the entire balance.

**TEXAS LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE  
INSURANCE GUARANTY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(3) Membership Assessments**

In September and December of 1992, the Board of Directors of the Association approved assessments to its member insurers totaling \$ 86,767,591 for current and future needs of impaired insurance companies. Assessments collected during 1992 totaled \$ 66,462,359; of this amount, \$ 16,515,372 relates to 1992 assessments, while \$ 49,946,987 relates to assessments made in 1991.

**(4) Repayment of Advances**

Cash repayments of advances from impaired insurers during 1992 were as follows:

American Equitable Life	\$ 308,207
American Guaranty Life	4,902
American Independent Life	42,109
American Real Estate	302
American Underwriter's Life	68,389
Christian Brotherhood	590
Commodore Life Insurance	100,000
Consolidated Benefit Health	20,000
Consolidated Savings Life	255,097
Eagle Life	100,000
Excalibur Life	404,321
Farm and Ranch	69,217
First Transcontinental	338,495
First United Life Insurance Company of America	23,008
Galaxia Life Insurance Company	125,000
General Protective Life Insurance	8,518
Independent Bankers Life	2,592,012
International Fidelity Life	809,816
Legal Protective Life	90,000
Lumberman's Life	24,030
Minister's Benefit Trust	5,913
Old National of Texas	90,960
Premiere National Life	3,542
Regent Life	5,133
Sociedad Mutualista	1,477
Southern General Life	542,550
Southern National Life	72,252
Texas Business & Professional	10,788
Texas Consumer Life	65,248
Texas Investors Life	100,000
Texas Fidelity Life	18,146
U.S. Annuity Life Insurance	414
United Bankers Life Insurance	801,156
United Capital Life Insurance	6,492
	<b>\$ 7,108,084</b>

**TEXAS LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE  
INSURANCE GUARANTY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, CONTINUED**

(5) **Advances to Impaired Insurers**

Cash advances made to impaired insurers during 1992 were as follows:

A.M.S.	\$ 18
Allied Bankers Life	452,462
Amalgamated Labor Life	1,792
American Equitable Life	1,257,935
American Independence Life	30,707
American Protectors Life	20,340
American Sun Life	1,315
American Teachers Life Insurance	984,109
American Underwriters Life	934
California Pacific	31,869
Commodore Life Insurance	104,073
Consolidated Benefit Health Life	356,662
Continental Bankers Life Insurance Company of the South	1,066
Credit Guard Life Insurance	150,853
Diamond Benefit	779
Eagle Life Insurance	83,692
Ensign Life Insurance	2,650
Excalibur Life Insurance	257,068
Executive Life	7,491,078
Fidelity Bankers	92
First Capital	3,855
First Columbia Life Insurance	2,213
First Transcontinental Life Insurance of Wisconsin	21,424
G.I.C.	486,906
Galaxia Life Insurance Company	1,377,757
General Life and Accident	567,370
George Washington Life	637,696
Gibson National Life Insurance	150,267
Great Republic	30,798
Great Southwest Life	439,954
Guarantee Security	21,066
Hermitage Health and Life	4,504
Inter-American	1,234,911
International Life	284,403
International Security	58,538
Justice Life	178,088
Keystone Life Insurance Company	5,647
Knickerbocker Life Insurance	162,341
Legacy Life	129,113
Legal Protective Life	413,212
Life of Indiana	5,121
Metropolitan Trust Company	30,700
Midwest Life Insurance Company	244,000
Mutual Benefit	\$ 31,045

**TEXAS LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE  
INSURANCE GUARANTY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(5) Advances to Impaired Insurers (continued)**

Mutual Security Life	\$ 835,612
National Benefit Life Insurance	1,890,257
Progressive	781,336
Security Southwest Life	852
Southern General Life Insurance of TX	6
Southern National Life	745,418
Texas Consumer Life	594,486
Texas Investors Life Insurance	1,798,552
Underwriters Life	1,905,630
United Equitable	148,079
United Security	228
U.S. Annuity Life Insurance, et al	2,546
Western Heritage Life Insurance	1,044
	<b>\$ 26,454,469</b>

**(6) Commitments and Contingencies**

The Association leases office space which serves as its only location. This lease expires June 29, 1998. The Association is obligated for the following minimum lease payments:

1993	\$ 33,760
1994	90,040
1995	90,040
1996	90,040
1997	90,040
1998	45,020
	<b>\$ 438,940</b>

The Association, along with Texas Property and Casualty Insurance Guaranty Association, leased various computer equipment under capital lease agreements. The Association has terminated these leases; however, certain of the leases have not been canceled by the lessor. The Association's payments under the lease agreements are scheduled below. The Association is required to make one half of the payments on the computer leases; however, if Texas Property and Casualty Insurance Guaranty Association does not pay its portion, the Association would be held liable for the total payment.

1993	\$ 104,280
1994	44,280
1995	22,140
	<b>\$ 170,700</b>

The Association, by its nature, is subject to various ongoing claims by insurance companies, policyholders, receiverships and creditors of the receiverships. Some of these claims are in the form of litigation against the Association. As described in note 1, the Association reports on the cash basis of accounting. Accordingly, no liabilities have been recorded for commitments and contingencies, which could be substantial, that have or may result from pending or possible litigation or unasserted claims or possible actions against the Association.

**TEXAS LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE  
INSURANCE GUARANTY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(7) Notes Payable**

Notes payable consists of short term borrowings from the Association's bank. Interest accrues at a variable rate represented by the bank's prime rate.

**(8) Related Party Transactions**

The Texas Department of Insurance (the Department) provided certain employees, office space and other administrative services to the Association. The Association reimbursed the Department for their pro rate allocated cost of these services. These reimbursements are reflected within other expenses.

**(9) National Organization Dues and Assessments**

The Association is assessed its portion of expenditures incurred by the National Organization of Life and Health Insurance Guaranty Associations. The National Organization acts as an agent for its members in arranging for services to facilitate settlements.

**(10) Significant Group Concentrations of Risk**

Most of the Association's business activity, assessment revenue and advances are with concerns in the insurance industry in the state of Texas. As of December 31, 1992, all of the Association's advances receivable are from impaired or insolvent companies that have issued life, accident, health and hospital service policies in Texas.

**TEXAS TITLE INSURANCE  
GUARANTY ASSOCIATION**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 1992**

**Disclaimer:** The state's three insurance guaranty associations\* now report receivership activity on a calendar year basis. The latest full year of data available is for Calendar Year 1992. As a result, the data provided by the guaranty associations no longer correspond directly to data in the receivership report prepared by TDI's Liquidation Oversight. TDI's report is for the state's Fiscal Year 1993 that runs from September 1, 1992 through August 31, 1993. The guaranty associations have notified TDI that they will no longer provide data corresponding with the state's fiscal year.

*\*Texas Property & Casualty Insurance Guaranty Association, the Life, Accident, Health and Hospital Service Insurance Guaranty Association and the Texas Title Insurance Guaranty Association*

# **WestDavis**

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CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITORS' REPORT**

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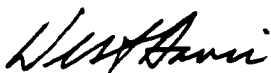
Board of Directors  
Texas Title Insurance Guaranty Association

We have audited the accompanying statement of assets and liabilities arising from cash transactions of Texas Title Insurance Guaranty Association (the Association) as of December 31, 1992, and the related statement of revenue and expenses and changes in fund balance arising from cash transactions for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of financial misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the assets and liabilities arising from cash transactions of Texas Title Insurance Guaranty Association as of December 31, 1992, and its revenue and expenses and changes in fund balance arising from cash transactions for the year then ended, on the basis of accounting described in note 1.



September 24, 1993





**TEXAS TITLE INSURANCE GUARANTY ASSOCIATION  
STATEMENT OF ASSETS AND LIABILITIES  
ARISING FROM CASH TRANSACTIONS  
DECEMBER 31, 1992**

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**ASSETS**

Cash	\$ 565,840
Investments at market	10,600,000
Advances receivable (net allowance for doubtful accounts of \$ 8,152,324) (note 2)	
<b>TOTAL ASSETS</b>	<b>\$ 11,165,840</b>

**LIABILITIES AND FUND BALANCE**

Liabilities for recoupment fees received (note 1)	\$101,896
Fund Balance	\$11,063,944
Commitments and contingencies (note 6)	
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 11,165,840</b>

*See accompanying notes to financial statements.*

**TEXAS TITLE INSURANCE GUARANTY ASSOCIATION  
STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN FUND  
BALANCE ARISING FROM CASH TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 1992**

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**CASH RECEIPTS:**

Recoupment fees (note 1)	\$ 1,225,512
Repayment of advances (note 3)	219,872
Interest income	397,346
Title fees	323,995
	<b>2,166,725</b>

**CASH DISBURSEMENTS:**

Advances to impaired insurers (note 4)	632,442
Recoupment fees	2,345,307
Administrative expenses	279,785
	<b>3,257,534</b>

Excess of revenue collected over expenses paid	( 1,090,809)
Fund balance, beginning of year	11,031,154
Decrease in liability for recoupment fees received	1,123,599
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 11,063,944</b>

*See accompanying notes to financial statements.*

# TEXAS TITLE INSURANCE GUARANTY ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

### DECEMBER 31, 1992

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#### 1. Summary of Significant Accounting Policies

**Organization** The Texas Title Insurance Guaranty Association (the Association) is a nonprofit organization formed under the Texas Title Insurance Guaranty Act (the Act) to protect holders of covered claims as defined by the Act through payment of claims, contracts of reinsurance, assumption of liabilities or otherwise.

Membership in the Association is mandatory for any insurance company authorized in Texas to transact any kind of insurance business to which the Act applies. Title guaranty fees are collected based on a fixed fee applied to each title insurance policy written in the state. The fee is to provide funds for administrative expenses and to pay covered claims with respect to impaired agents. Assessments are made on the individual insurers to pay covered claims arising from impaired underwriters.

Recoupment fees are collected by the Association based on a set percent of premiums written. The recoupment fees are used to reimburse other companies, on a pro rata basis, for a portion of the assessment paid. The liability for recoupment fees received represents the balance in the recoupment fee cash account which is to be distributed to member companies.

**Cash Basis of Accounting** The financial statements are presented on the cash basis of accounting; consequently, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligations are incurred.

**Tax Exempt Status** The Association considers itself to be a governmental entity and, as such, does not file a federal income tax return. The Association is also exempt from payment of all fees and taxes levied by the state of Texas or any of its subdivisions, except taxes levied on real property.

**Investments** Investments consist of shares in a mutual money market fund. This mutual fund invests in U.S. Treasury instruments. These investments are accounted for at market value.

#### 2. Advances Receivable

Advances receivable from impaired insurers and agents are comprised of the following at December 31, 1992:

Buffalo Title of Houston, Inc.	\$ 508,408
Federal Title Company	192,762
Summit Title Company, Inc.	611,674
Title USA Insurance Company	6,839,480
	<b>\$ 8,152,324</b>

All of the above companies are in receivership; therefore, an allowance for doubtful accounts has been established for the entire balance.

During 1992, the Board of Directors forgave the advances receivable balance of the following closed estates:

North Texas Title Company	\$ 683,058
Texas National Title Company	19,024
Texas Republic Title Company	23,223
	<b>\$ 725,305</b>

# TEXAS TITLE INSURANCE GUARANTY ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

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### 3. Repayment of Advances

Cash repayments of advances by impaired insurers for 1992 were as follows:

Federal Title Company	\$ 200
First Houston Title, Inc.	31,085
North Texas Title Company	65,834
Texas National Title Company	70,976
Texas Republic Title Company	1,777
Title USA Insurance Company	50,000
	<b>\$ 219,872</b>

### 4. Advances to Impaired Insurers

Cash advances made to impaired insurers for 1992 were as follows:

Federal Title Company	\$ 11,962
Title USA Insurance Company	620,480
	<b>\$ 632,442</b>

### 5. Related Party Transactions

The Texas Department of Insurance (the Department) provided certain employees, office space and other administrative services to the Association. The Association reimbursed the Department for the cost of these services. These reimbursements are reflected as administrative expenses on the statement of revenue and expenses paid.

### 6. Commitments and Contingencies

The Association, by its nature, is subject to various ongoing claims by insurance companies, policyholders, receiverships and creditors of the receiverships. Certain of these claims are in the form of litigation against the Association. As described in note 1, the Association is on the cash basis of accounting. Accordingly, no liabilities have been recorded for commitments and contingencies, which could be substantial, that have or may result from pending or possible litigation or unasserted claims or possible assessments against the Association.

### 7. Significant Group Concentrations of Risk

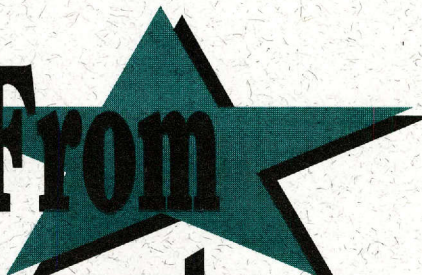
Most of the Association's business activity, assessment revenue and advances are with concerns in the insurance industry in the state of Texas. As of December 31, 1992, all of the Association's advances receivable are from impaired or insolvent companies that have issued title policies in Texas.





# Part IV

# Summary of Information From Annual Statements



*Issued By The Texas Department of Insurance*

This section of the 118th Annual Report provides a summary of annual statement data by types of insurance coverage. The information includes total annual premium paid by Texans for various kinds of insurance.



## GRAND TOTAL TEXAS PREMIUM SUMMARY 1991 - 1992

	As Of December 31, 1991	As Of December 31, 1992
Total Property & Casualty	\$ 18,033,060,245	17,492,237,326
Total Life & Annuity	7,027,891,215	7,817,117,894
Total Accident & Health	7,492,489,236	8,474,421,390
Health Maintenance		
Organizations	1,834,914,890	2,171,878,722
Non-Profit Legal Services		
Corporations	705,018	743,203
<hr/>		
<b>TOTAL</b>	<b>\$ 34,389,060,604</b>	<b>35,956,398,535</b>

## TEXAS PREMIUM SUMMARY PROPERTY AND CASUALTY: 1991 - 1992

	As of December 31, 1991	As of December 31, 1992
<b>RATE REGULATED*</b>		
Automobile	\$ 5,394,384,735	5,939,680,935
Workers' Compensation**	4,236,368,241	2,626,683,406
Fire & Allied Lines	3,089,718,316	3,274,832,819
Liability	2,016,433,435	1,979,896,643
Title	379,234,246	494,283,082
Other	465,506,626	390,046,405
<b>NON-RATE REGULATED</b>		
Farm Mutual Companies	104,242,638	114,784,994
County Mutual Companies***	1,456,353,008	1,622,410,450
Unauthorized & Surplus Lines	890,819,000	1,048,533,731
<hr/>		
<b>TOTAL</b>	<b>\$ 18,033,060,245</b>	<b>17,491,152,465</b>

\* Includes Lloyd's companies which are not rate regulated as to fire and allied lines

\*\* Decrease due primarily to "deductible" programs

\*\*\* Primarily automobile, including mobile homes

**TEXAS PREMIUM SUMMARY  
LIFE, ACCIDENT & HEALTH AND ANNUITY: 1991 - 1992**

	As of December 31, 1991	As of December 31, 1992
<b>LIFE &amp; ANNUITY — LEGAL RESERVE</b>		
Ordinary Life	\$ 3,612,357,113	3,819,539,914
Group	816,270,830	947,917,552
Industrial	19,001,164	17,763,053
Credit	144,481,777	128,312,350
Annuity	2,351,700,862	2,818,072,953
<b>LIFE &amp; ANNUITY — OTHER THAN LEGAL RESERVE</b>		
Life	80,854,025	81,392,436
Annuity	3,225,444	4,119,636
<b>ACCIDENT &amp; HEALTH — LEGAL RESERVE</b>		
Group	5,089,502,894	6,006,572,177
Individual	1,115,711,005	1,203,113,535
Credit	127,989,722	118,714,134
<b>ACCIDENT &amp; HEALTH- OTHER THAN LEGAL RESERVE</b>		
Group	1,087,018,656	1,124,755,105
Individual	71,955,627	65,552,616
Credit	311,332	0
<b>TOTAL</b>	<b>\$ 14,520,380,451</b>	<b>16,291,539,284</b>

**SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS LEGAL RESERVE  
LIFE INSURANCE COMPANIES: FOR CALENDAR YEAR 1992  
(ALL COMPANIES COMBINED)**

	TEXAS COMPANIES	FOREIGN COMPANIES
Net Premium Income		
Life Insurance	3,761,742,034	121,962,188,041
Accident & Health	5,483,242,726	60,536,154,981
Net Gain From Operations	1,037,609,079	12,996,411,604
Admitted Assets	54,841,950,882	1,607,179,759,894
Liabilities, Excluding Capital	47,981,657,863	1,511,662,243,378
Paid-Up Capital	272,331,278	2,541,003,244
Surplus (Excluding Paid-Up Capital)	6,587,961,741	92,976,513,272



**SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS LEGAL RESERVE  
LIFE INSURANCE COMPANIES  
FOR CALENDAR YEAR 1992 (TEXAS BUSINESS ONLY):**

**TEXAS COMPANIES** .....

	ORDINARY	GROUP	INDUSTRIAL	CREDIT LIFE
Life Premiums	525,440,215	87,629,815	3,525,716	58,950,528
Annuity				
Considerations	434,436,585	25,156,048	0	0
Other Lines of				
Business	0	0	0	0
Annuity & Other				
Fund Deposits*	96,953,552	104,844,600	0	0
Life/Annuity				
Policy Dividends	12,242,856	103	0	0
Claims & Benefits	604,181,542	155,650,106	6,774,856	19,253,694
		<b>PREMIUMS WRITTEN</b>	<b>BENEFITS PAID</b>	<b>DIVIDEND PAID</b>
Accident & Health				
Group		2,696,252,719	2,512,532,577	0
Individual		302,344,423	178,275,649	39,543
Credit		40,674,534	20,776,225	0

\* May not include deposit type funds from individuals or groups where residence is not identifiable.

**FOREIGN COMPANIES** .....

	ORDINARY	GROUP	INDUSTRIAL	CREDIT LIFE
Life Premiums	2,996,836,727	860,284,737	14,237,337	69,361,822
Annuity				
Considerations	1,872,462,385	486,017,935	0	0
Other Lines of				
Business	2,035,253	5,307,251	0	0
Annuity & Other				
Fund Deposits	1,097,643,678	1,390,972,285	0	0
Life/Annuity				
Policy Dividends	524,335,887	22,862,341	4,088,397	900,878
Claims & Benefits	2,827,292,585	2,399,268,991	19,896,559	32,880,231
		<b>PREMIUMS WRITTEN</b>	<b>BENEFITS PAID</b>	<b>DIVIDEND PAID</b>
Accident & Health				
Group		3,310,319,458	2,411,017,763	8,600,282
Individual		900,769,112	472,619,803	1,487,680
Credit		78,039,600	46,507,450	95,968

**SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS STIPULATED  
PREMIUM COMPANIES  
FOR CALENDAR YEAR 1992 (ALL COMPANIES COMBINED):**

Net Premium Income, Life Insurance	40,793,009
Net Premium Income, Accident & Health Insurance	69,230,002
Admitted Asset	259,144,745
Liabilities	192,234,340
Capital Paid-Up	6,077,002
Surplus (Excluding Capital Paid-Up)	60,833,403
Net Gain from Operations	11,816,216

**TEXAS BUSINESS ONLY** .....

	ORDINARY	ANNUITY	ACCIDENT & HEALTH
Premiums	79,065,175	4,119,636	66,724,994
Claims and Benefits	35,399,506	0	38,448,372

**SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS FILED BY  
FRATERNAL BENEFIT SOCIETIES: FOR CALENDAR YEAR 1992  
(ALL SOCIETIES COMBINED)**

	TEXAS SOCIETIES	FOREIGN SOCIETIES
Net Considerations from Members	64,509,461	4,730,849,018
Gross Benefits Paid	11,048,842	1,337,232,556
Admitted Assets	388,841,046	33,557,790,964
Total Policy Reserves	301,984,385	27,244,161,724
Total Liabilities	315,406,477	30,684,749,112
Special Reserves and Unassigned Funds	73,434,569	2,873,041,852
Insurance in Force	1,975,121,224	188,202,662,780

**TEXAS BUSINESS ONLY** .....

Number of Lodges	1,060	1,593
Life Certificates Issued		
Number	4,385	27,849
Amount	176,505,398	1,455,995,527
Life Certificates in Force		
Amount	1,477,915,569	9,931,725,583
Total Considerations from Member		
Life	63,365,932	233,897,040
Accident and Health	3,682,793	18,887,220
Insurance Benefits Paid Members		
Life	8,623,986	37,484,176
Accident and Health	2,118,789	12,267,283

**SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS STATEWIDE  
MUTUAL ASSESSMENT COMPANIES, LOCAL MUTUAL AID ASSOCIATIONS  
AND BURIAL ASSOCIATIONS: FOR CALENDAR YEAR 1992  
(ALL COMPANIES COMBINED)**

---

Number of Members	46,775
Amount of Insurance in Force	57,462,558
Total Premium Income	
Mortuary Fund	900,805
Expense Fund	907,862
Total Other Income	
Mortuary Fund	2,347,057
Expense Fund	114,328
Claims Paid	
Mortuary Fund	1,393,559
Expense Fund	0
Other Expenditures	
Mortuary Fund	471,051
Expense Fund	1,012,960
Mortuary Fund	
Admitted Assets	34,430,697
Aggregate Policy Reserves	12,427,789
Other Liabilities	1,349,012
Total Liabilities	13,151,120
Surplus as regards policyholder	21,783,778
Expense Fund	
Admitted Assets	2,189,948
Total Liabilities	187,563
Surplus as regards policyholder	2,002,385

**SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS EXEMPT  
ASSOCIATIONS: FOR CALENDAR YEAR 1992  
(ALL ASSOCIATIONS COMBINED)**

---

**EXEMPT ASSOCIATIONS**

Number of Members	16,682
Total Receipts	1,649,542
Admitted Assets	1,682,345
Total Liabilities	88,037
Net Surplus	1,594,308

**SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS NON-PROFIT  
GROUP HOSPITAL SERVICE: FOR CALENDAR YEAR 1992  
(ALL ASSOCIATIONS COMBINED)**

**NON-PROFIT GROUP HOSPITAL SERVICE**

Net Premium Income, Accident & Health	1,232,373,158
Admitted Assets	593,168,516
Total Liabilities	349,478,280
Unassigned Policyholders' Fund	243,690,236
Net Gain From Operations	30,304,007

	PREMIUMS WRITTEN	BENEFITS PAID
Accident & Health Group	1,123,399,195	54,840,297

**SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS HEALTH  
MAINTENANCE ORGANIZATIONS: FOR CALENDAR YEAR 1992**

**HEALTH MAINTENANCE ORGANIZATIONS**

Number of Enrollee	2,957,285
Texas Direct Premiums	2,171,878,722
Reinsurance Assumed	0
Reinsured Ceded	19,357,074
Net Premiums	2,990,975,139
Claims Paid	2,926,645,677
Claims Unpaid	377,253,383
Net Admitted Assets	900,365,830
Total Liabilities	660,739,122
Capital	10,926,914
Total Surplus and Unassigned Funds	228,699,794

**SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS NON-PROFIT  
LEGAL SERVICE CORPORATIONS: FOR CALENDAR YEAR 1992**

**NON-PROFIT LEGAL SERVICES CORPORATIONS**

Number of Participants	7,051
Net Assessments in Force	0
Net Assessments	
Claims Fund	520,101
Expense Fund	223,102
Net Claims Paid	0
Admitted Assets	
Claims Fund	1,164
Expense Fund	106,536
Total Liabilities	
Claims Fund	915
Expense Fund	0
Total Policyholders Surplus	
Claims Fund	106,785

**SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS STOCK FIRE,  
STOCK CASUALTY, AND STOCK FIRE AND CASUALTY INSURANCE  
COMPANIES: FOR CALENDAR YEAR 1992 (ALL COMPANIES COMBINED)**

	TEXAS COMPANIES	FOREIGN COMPANIES
Direct Premium Income	2,603,179,332	132,040,144,867
Reinsurance Assumed	932,419,883	102,996,119,662
Reinsurance Ceded	2,260,462,028	108,137,946,702
Net Premium Income	1,275,137,186	126,898,317,827
Losses Paid	2,343,894,252	91,228,129,974
Stockholders' Dividend Paid	468,766,624	7,637,059,434
Admitted Assets	4,899,333,552	406,200,639,622
Total Liabilities	2,831,290,362	299,869,429,992
Capital Paid-Up	165,111,271	3,392,832,531
Surplus (Exclusive of Capital)	1,916,625,982	104,540,063,775
Treasury Stock	13,694,063	241,488,667
Total Unpaid Claims	1,135,141,475	174,105,746,480
Total Unearned Premiums	479,634,900	52,026,029,244
Net Income	78,204,006	2,849,401,870

**TEXAS BUSINESS ONLY** .....

**FIRE AND ALLIED LINES**

Premiums	220,320,878	1,351,633,640
Losses	199,171,497	1,386,718,605

**OCEAN MARINE**

Premiums	15,256,894	72,944,576
Losses	12,104,169	82,714,972

**AUTOMOBILE**

Premiums	998,370,306	2,349,927,860
Losses	702,054,886	1,674,719,811

**WORKERS' COMPENSATION**

Premiums	315,503,263	1,420,466,765
Losses	529,494,417	1,554,153,425

**ACCIDENT AND HEALTH**

Premiums	1,612,983	95,059,422
Losses	1,071,920	65,184,203

**AIRCRAFT PHYSICAL DAMAGE**

Premiums	7,534,254	56,781,303
Losses	6,547,560	55,599,293

**CREDIT GUARANTY**

Premiums	0	5,098,620
Losses	0	1,156,247

**OTHER CASUALTY LINES**

Premiums	264,078,200	1,296,177,399
Losses	202,485,180	918,090,486

**TOTALS**

Premiums	1,822,676,778	6,649,174,446
Losses	1,652,929,629	5,738,337,042

**SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS MUTUAL FIRE AND CASUALTY COMPANIES: FOR CALENDAR YEAR 1992 (ALL COMPANIES COMBINED)**

	TEXAS COMPANIES	FOREIGN COMPANIES
Direct Premium Income	367,427,724	43,187,881,431
Reinsurance Assumed	114,616,824	19,220,354,022
Reinsurance Ceded	148,061,017	16,953,897,292
Net Premium Income	333,983,531	45,454,338,159
Losses Paid	118,722,017	28,427,841,403
Stockholders' Dividend Paid	0	21,862,233
Admitted Assets	1,004,392,173	110,888,153,351
Total Liabilities	562,720,639	74,696,135,197
Surplus (As Regards to Policyholders)	441,671,534	36,192,018,154
Total Unpaid Claims	166,075,894	43,428,179,572
Total Unearned Premiums	202,732,859	14,365,922,993
Net Income	27,287,845	2,431,378,061

**TEXAS BUSINESS ONLY** .....

**FIRE AND ALLIED LINES**

Premiums	22,733,010	147,052,967
Losses	7,696,800	116,759,573

**OCEAN MARINE**

Premiums	0	2,633,461
Losses	0	4,809,784

**AUTOMOBILE**

Premiums	114,052,445	2,068,586,327
Losses	76,160,625	1,392,046,298

**WORKERS' COMPENSATION**

Premiums	203,744,353	606,429,783
Losses	5,906,524	506,082,612

**ACCIDENT AND HEALTH**

Premiums	428,351	132,268,097
Losses	280,200	100,141,376

**AIRCRAFT PHYSICAL DAMAGE**

Premiums	0	1,444,328
Losses	0	1,835,949

**CREDIT GUARANTY**

Premiums	0	631,374
Losses	0	224,652

**OTHER CASUALTY LINES**

Premiums	17,320,452	110,843,101
Losses	24,457,100	100,328,213

**TOTALS**

Premiums	358,278,611	3,069,889,438
Losses	114,501,249	2,222,228,457

# SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS LLOYDS FOR CALENDAR YEAR 1992

	TEXAS COMPANIES	FOREIGN COMPANIES
Direct Premium Income	1,437,608,652	24,643,090
Reinsurance Assumed	112,995,711	276,255
Reinsurance Ceded	1,228,088,107	13,872,343
Net Premium Income	322,516,256	11,047,002
Losses Paid	1,236,704,918	13,581,152
Dividend Paid Underwriters	817,500	0
Admitted Assets	936,441,882	17,837,550
Total Liabilities	383,030,829	9,787,428
Surplus (Including Guaranty Funds)	553,411,053	8,050,122
Total Unpaid Claims	89,371,217	2,685,962
Total Unearned Premiums	184,069,746	5,569,786
Net Income	600,543,602	(215,821)

## TEXAS BUSINESS ONLY .....

### FIRE AND ALLIED LINES

Premiums	1,062,629,521	1,368,409
Losses	1,008,068,661	1,563,241

### OCEAN MARINE

Premiums	66,403	0
Losses	0	0

### AUTOMOBILE

Premiums	97,980,509	0
Losses	58,103,338	0

### WORKERS' COMPENSATION

Premiums	63,805,531	0
Losses	25,323,038	0

### ACCIDENT AND HEALTH

Premiums	104,442	0
Losses	52,208	0

### AIRCRAFT PHYSICAL DAMAGE

Premiums	0	0
Losses	0	0

### CREDIT GUARANTY

Premiums	1,832,877	0
Losses	76,567	0

### OTHER CASUALTY LINES

Premiums	185,341,281	0
Losses	112,047,829	0

### TOTALS

Premiums	1,411,760,544	1,368,409
Losses	1,203,671,641	1,563,241

# SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS RECIPROCAL EXCHANGES: FOR CALENDAR YEAR 1992 (ALL COMPANIES COMBINED)

	TEXAS COMPANIES	FOREIGN COMPANIES
Direct Premium Income	2,965,211,041	4,360,365,924
Reinsurance Assumed	102,034,208	9,323,524,983
Reinsurance Ceded	204,697,017	6,634,535,079
Net Premium Income	2,862,548,232	7,049,355,830
Losses Paid	2,155,279,594	2,978,434,166
Admitted Assets	7,049,783,228	12,734,199,863
Total Liabilities	3,954,861,469	9,949,039,435
Surplus as Regards to Policyholders	3,094,921,759	2,785,160,428
Total Unpaid Claims	2,047,821,154	5,360,225,160
Total Unearned Premiums	967,838,188	2,039,473,106
Net Income	(308,573,574)	235,347,877

## TEXAS BUSINESS ONLY

### FIRE AND ALLIED LINES

Premiums	204,767,868	264,326,526
Losses	154,300,110	278,445,829

### OCEAN MARINE

Premiums	1,342,774	0
Losses	837,345	0

### AUTOMOBILE

Premiums	259,425,940	50,303,687
Losses	159,351,876	34,830,030

### WORKERS' COMPENSATION

Premiums	2,356,467	18,297,639
Losses	397,063	13,856,832

### ACCIDENT AND HEALTH

Premiums	2,260,751	0
Losses	909,011	0

### AIRCRAFT PHYSICAL DAMAGE

Premiums	0	308,366
Losses	0	517,954

### CREDIT GUARANTY

Premiums	0	0
Losses	0	0

### OTHER CASUALTY LINES

Premiums	60,845,936	35,352,932
Losses	48,097,089	24,277,780

### TOTALS

Premiums	530,999,736	368,589,150
Losses	363,892,494	351,928,425



## **SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS COUNTY MUTUAL FIRE INSURANCE COMPANIES: FOR CALENDAR YEAR 1992**

---

### **COUNTY MUTUAL FIRE INSURANCE COMPANY**

Direct Premium Income	1,622,410,450
Reinsurance Assumed	(98,339)
Reinsurance Ceded	1,524,862,085
Net Premium Income	97,450,026
Direct Losses Paid	955,295,673
Admitted Assets	220,818,657
Total Liabilities	146,390,324
Surplus	74,428,333
Total Unpaid Claims	28,224,873
Total Unearned Premiums	19,842,018
Net Income	1,581,909

## **SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS FARM MUTUAL INSURANCE COMPANIES: FOR CALENDAR YEAR 1992**

---

### **FARM MUTUAL INSURANCE COMPANIES**

Premium Income	77,044,946
Other Income	31,985,663
Total Income	109,030,609
Losses Paid to Members	59,231,374
Other Disbursements	38,460,299
Total Disbursements	97,691,673
Admitted Assets	164,212,510
Total Liabilities	61,059,612
Surplus, as regards to policyholder	103,152,899

# SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS RISK RETENTION GROUPS: FOR CALENDAR YEAR 1992

## RISK RETENTION GROUPS

	TEXAS COMPANIES
Direct Premium Income	8,942,706
Reinsurance Assumed	7,858
Reinsurance Ceded	7,615,123
Net Premium Income	1,335,441
Losses Paid	5,630,660
Stockholders' Dividend Paid	2,500,000
Admitted Assets	27,398,864
Total Liabilities	17,001,972
Capital Paid-Up	2,000,000
Surplus (Exclusive of Capital)	8,396,892
Treasury Stock	
Total Unpaid Claims	12,273,595
Total Unearned Premiums	250,651
Net Income	955,746

## TEXAS BUSINESS ONLY .....

Automobile	
Premiums	1,033,861
Losses	650,601
Other Casualty Lines	
Premiums	2,434,201
Losses	866,735
Totals	
Premiums	3,468,062
Losses	1,517,336

**SUMMARY OF INFORMATION FROM ANNUAL STATEMENTS TITLE COMPANIES:  
FOR CALENDAR YEAR 1992**

<b>TITLE COMPANIES</b>	<b>TEXAS COMPANIES</b>	<b>FOREIGN COMPANIES</b>
Direct Premium Income	564,991,132	3,340,074,444
Losses Paid	24,016,017	253,920,552
Dividends Paid	2,994,882	76,238,702
Net Income	17,265,353	166,764,149
Admitted Assets	247,384,817	2,458,043,525
Liabilities, Except Capital	128,308,159	1,582,295,050
Capital Paid-Up	14,500,000	205,420,470
Surplus	104,576,658	670,328,005
Texas Business		
Premiums	215,576,651	278,706,431
Losses Paid	4,714,231	15,521,510





# Part V

# Financial Report



*Issued By The Texas Department of Insurance*

This section of the 118th Annual Report gives an overview of all agency funds, as well as tax receipts and expenditures. The report is required under Section 12, Article 1.10, Texas Insurance Code, and Section b, Article 1.25, Texas Insurance Code.



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**EXHIBIT I  
COMBINED BALANCE SHEET - ALL FUND TYPES AND  
ACCOUNT GROUPS (UNAUDITED)**

August 31, 1993

(With comparative memorandum totals for August 31, 1992)

	GOVERNMENTAL FUNDS		FIDUCIARY FUNDS	ACCOUNT GROUPS	
	GENERAL REVENUE	SPECIAL REVENUE (EXH A-1)	AGENCY (EXH B-1)	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT
ASSETS	\$	\$	\$	\$	\$
Cash and Temporary Investments:					
Cash on Hand	385				
Cash in Banks (Note 3)	97,671	3,765,560			
Cash in State Treasury *	23,290,299		85,288,166		
Short-Term Investments (Note 3)			80,527,960		
Investments (Note 3)			580,238,112		
Receivables:					
Insurance Examination Fees Receivable	1,471,953				
Less - Allowance for Doubtful Accounts	(393,019)				
Interest and Dividends Receivable					
Accounts Receivable	14,450	50,119			
Due from Other Funds					
Consumable Inventories	345,791				
Fixed Assets: (Note 2)					
Furniture and Equipment				20,595,361	
Vehicles				87,960	
Amounts to be Provided in Future Years					3,288,695
<b>TOTAL ASSETS</b>	<b>\$ 24,827,530</b>	<b>\$ 3,815,679</b>	<b>\$ 746,054,238</b>	<b>\$ 20,683,321</b>	<b>\$ 3,288,695</b>
LIABILITIES	\$	\$	\$	\$	\$
Accounts Payable	4,977,396	3,314,418			
Unallocated and Undistributed Receipts			79,943,855		
Due to Other Funds (Note 9)	634,310				
Employees' Compensable Leave (Note 4)					3,145,529
Capital Lease Obligations (Note 5)					143,166
Funds Held For Others			666,110,383		
<b>TOTAL LIABILITIES</b>	<b>5,611,706</b>	<b>3,314,418</b>	<b>746,054,238</b>	<b>0</b>	<b>3,288,695</b>
FUND EQUITY					
Investment in General Fixed Assets				20,683,321	
Fund Balances:					
Reserved for -					
Petty Cash Funds	385				
Consumable Inventories	345,791				
Travel Advance Fund	100,000				
Encumbrances	1,084,624				
Unencumbered Legislative Appropriations					
Subject to Lapse					
Consolidated Funds	17,685,024				
Unreserved - Undesignated -					
Available for Subsequent Years		501,261			
<b>TOTAL FUND BALANCES (EXH. II)</b>	<b>19,215,824</b>	<b>501,261</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL FUND EQUITY</b>	<b>19,215,824</b>	<b>501,261</b>	<b>0</b>	<b>20,683,321</b>	<b>0</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 24,827,530</b>	<b>\$ 3,815,679</b>	<b>\$ 746,054,238</b>	<b>\$ 20,683,321</b>	<b>\$ 3,288,695</b>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

\* Cash in Treasury

General Revenue	\$
Consolidated Fund 036	23,290,299
<b>Total</b>	<b>\$ 23,290,299</b>



**TOTALS**

(Memorandum Only)

<u>1993</u>	<u>1992</u>
\$	\$
385	385
3,863,231	1,497,549
108,578,465	37,831,428
80,527,960	93,085,736
580,238,112	513,452,353
1,471,953	921,336
(393,019)	(398,848)
0	5,636
64,569	1,522,464
0	1,290,250
345,791	215,819
20,595,361	20,929,775
87,960	87,570
3,288,695	3,491,578
<u>\$ 798,669,463</u>	<u>\$ 673,933,031</u>
\$	\$
8,291,814	7,345,906
79,943,855	5,972,348
634,310	2,646,821
3,145,529	3,260,163
143,166	231,415
<u>666,110,383</u>	<u>609,679,877</u>
<u>758,269,057</u>	<u>629,136,530</u>
<u>20,683,321</u>	<u>21,017,345</u>
385	385
345,791	215,819
100,000	100,000
1,084,624	787,670
0	1,051,936
17,685,024	0
<u>501,261</u>	<u>21,623,346</u>
<u>19,717,085</u>	<u>23,779,156</u>
<u>40,400,406</u>	<u>44,796,501</u>
<u>\$ 798,669,463</u>	<u>\$ 673,933,031</u>

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**EXHIBIT II  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND  
TYPES (UNAUDITED)**

For the fiscal year ended August 31, 1993

(With comparative memorandum totals for the fiscal year ended August 31, 1992)

	GOVERNMENTAL FUNDS		TOTALS	
	GENERAL	SPECIAL	(Memorandum Only)	
	REVENUE	REVENUE (EXH A-2)	1993	1992
	\$	\$	\$	\$
<b>REVENUES</b>				
Taxes		43,067,227	43,067,227	48,620,740
Licenses, Fees, and Permits		27,827,454	27,827,454	24,692,107
Interest and Investment Income		100,664	100,664	178,975
Sales of Goods and Services		539,177	539,177	611,556
Other Revenues		7,808,329	7,808,329	10,903,062
<b>TOTAL REVENUES</b>	<b>0</b>	<b>79,342,851</b>	<b>79,342,851</b>	<b>85,006,440</b>
<b>EXPENDITURES</b>				
Salaries and Wages		36,803,583	36,803,583	40,909,720
Payroll Related Costs		9,815,225	9,815,225	11,132,291
Professional Fees and Services (Sch. 1)		2,708,331	2,708,331	3,972,810
Travel		1,738,159	1,738,159	1,863,425
Materials and Supplies		1,234,955	1,234,955	1,345,572
Communication and Utilities		917,807	917,807	938,994
Repairs and Maintenance		1,034,445	1,034,445	1,150,500
Rentals and Leases		884,209	884,209	1,716,335
Printing and Reproduction		81,505	81,505	349,826
Claims and Judgements		1,687,835	1,687,835	808,908
Other Operating Expenditures		5,895,536	5,895,536	3,154,525
Debt Service:				
Principal		0	0	57,144
Interest		88,249	88,249	29,432
Public Assistance Payments		5,286	5,286	247,227
Capital Outlay		1,644,603	1,644,603	1,340,364
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>64,539,728</b>	<b>64,539,728</b>	<b>69,017,073</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>0</b>	<b>14,803,123</b>	<b>14,803,123</b>	<b>15,989,367</b>

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**EXHIBIT II (Concluded)**  
**(UNAUDITED)**

	GOVERNMENTAL FUNDS		TOTALS	
	GENERAL	SPECIAL	(Memorandum Only)	
	REVENUE	REVENUE (EXH A-2)	1993	1992
	\$	\$	\$	\$
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out:				
(Agency 303, Fund 001)		(1,127,871)	(1,127,871)	(1,127,871)
(Agency 304, Fund 001)		(1,322,224)	(1,322,224)	(1,271,883)
(Agency 902, Fund 001)		(547,605)	(547,605)	(721,830)
(Agency 302, Fund 036)		(1,777,187)	(1,777,187)	(3,057,543)
(Agency 241, Fund 036)		(667,029)	(667,029)	(688,969)
(Agency 411, Fund 036)		(7,889,028)	(7,889,028)	(4,916,382)
(Agency 332, Fund 659)		0	0	(493)
(Agency 360, Fund 001)		(159,408)	(159,408)	0
(Agency 347, Fund 507)		0	0	(4,474,804)
(Agency 303, Fund 036)		(4,448,753)	(4,448,753)	0
(Agency 307, Fund 036)		(4,125)	(4,125)	0
Net Change in Consumable Inventories		129,972	129,972	(54,664)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>(17,813,258)</b>	<b>(17,813,258)</b>	<b>(16,314,439)</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>		<b>(3,010,135)</b>	<b>(3,010,135)</b>	<b>(325,072)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	1,051,936	22,727,220	23,779,156	24,104,228
<b>FUND CONSOLIDATION TRANSFER IN</b>	19,215,824	0	19,215,824	0
<b>FUND CONSOLIDATION TRANSFER OUT</b>	0	(19,215,824)	(19,215,824)	0
<b>LAPSED APPROPRIATION</b>	(1,051,936)	0	(1,051,936)	0
<b>FUND BALANCES - END OF YEAR (EXH. I)</b>	<b>\$ 19,215,824</b>	<b>\$ 501,261</b>	<b>\$ 19,717,085</b>	<b>\$ 23,779,156</b>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A: ENTITY

The Texas Department of Insurance is provided for in Articles 1.02 - 1.09, Texas Insurance Code (Vernon 1981 and Supp. 1986). Article 1.09 states: "The Texas Department of Insurance is created to regulate the business of insurance in this state." Our entity is a component of the statewide report which will be audited. The history of the Agency dates back to the Texas Constitution of 1876. Since then, the composition of the agency has changed several times. The latest change took place in 1993 when House Bill No. 1461, 73rd Legislature, Regular Session, amended the Insurance Code to establish the Commissioner of Insurance as the primary policy-setting authority and to abolish the three-member State Board of Insurance no later than September 1, 1994. As of the date of this report, the Board has agreed to transfer all remaining power to the Commissioner effective December 16, 1993.

#### B: BASIS OF PRESENTATION

The Texas Department of Insurance is an agency of the State of Texas and its financial records comply with all state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' "Reporting Requirements For Annual Financial Reports of State Agencies." The accompanying financial statements of the Texas Department of Insurance have been prepared to conform with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

#### C: FUND STRUCTURE

The accounts of the Agency are presented on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a complete set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The funds and account groups used to reflect the Agency's transactions are as follows:

##### GOVERNMENTAL FUND TYPES

###### General Fund

The general fund is used to account for all financial resources of the state except those required to be accounted for in another fund.

###### Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

###### Funds Consolidation

As a result of Senate Bill 3, 72nd Legislature, the Agency's Special Revenue operating fund was merged into the General Revenue Fund. The effective date of the consolidation was August 31, 1993. Up to that time the Agency's operating fund continued to function as a separate and distinct fund. Because of this, the operating fund activities are reported as a distinct fund in the Combined Statement of Revenues, Expenditures and Changes in Fund Balance. The Combined Balance Sheet, however, reflects balances at year end which were consolidated into general revenue. Special operating fund 036 ceased to exist as a separate and distinct fund at that time.

##### FIDUCIARY FUND TYPES

###### Agency Funds

Agency funds are used to account for assets held as an agent for individuals, other government entities, and/or other funds. These funds are custodial in nature and do not involve measurement of results of operations.

## TEXAS DEPARTMENT OF INSURANCE (454)

## ACCOUNT GROUPS

General Fixed Assets Account Group

Fixed assets used by the Agency are accounted for in the General Fixed Assets Account Group. This is a self-balancing management control and accountability listing that does not reflect available financial resources.

General Long-Term Debt Account Group

This account group is used to account for long term debt to be financed in future periods from governmental funds. This is a self-balancing accounting record which does not reflect available financial resources.

**D: MEMORANDUM TOTALS**

The total columns on the financial statements are captioned "Memorandum Only" to indicate that they are for informational purposes only. Data in these columns does not present the financial position, results of operations, or changes in financial position in conformity with GAAP, nor is such data comparable to a consolidation.

**E: BASIS OF ACCOUNTING**

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized when the related fund liability is incurred. Exceptions are unpaid employee compensable leave and the unmatured debt service on long-term capital leases, which are not recognized until actual payment is made. The principal of this long-term liability is reported in the General Long-Term Debt Account Group.

**F: BUDGETS AND BUDGETARY ACCOUNTING**

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act). Encumbrance accounting is employed for budgetary control purposes.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

**G: ASSETS, LIABILITIES AND FUND EQUITY**

## ASSETS

Inventories

Consumable inventories include supplies and postage on hand at year end.

Inventories for governmental funds are accounted for using the purchase method of accounting. The cost of these items is recognized as an expenditure at the time of purchase. These assets are offset by a fund balance reserve which indicates that they do not constitute "available spendable resources."

Fixed Assets

Purchases of fixed assets by governmental or similar trust funds are reported as expenditures. They are capitalized at cost or, if not purchased, at appraised value on the date of acquisition. There is no provision for depreciation or obsolescence of these fixed assets since replacements are financed from current resources.

## LIABILITIES

Accounts Payable

Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Employees' Compensable Leave

Employees' compensable leave represents the liability that the Agency will be required to liquidate in the future for employee vacation time.

Capital Lease Obligations

Capital lease obligations represent the liability for future lease payments under capital lease contracts.

TEXAS DEPARTMENT OF INSURANCE (454)

RESERVATIONS/DESIGNATIONS OF FUND EQUITY

Reserved for Encumbrances

The reservation for encumbrances represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Reserved for Consumable Inventories

This represents the amount of supplies and postage held to be used in the next fiscal year.

Reserved for Imprest Accounts

This represents a travel advance fund and a petty cash change fund at the Agency. The travel advance fund is for the purpose of advancing travel monies to those employees who are required to travel on official state business. Monies advanced from this fund are reimbursed as needed but at least quarterly.

Reserved for Unencumbered Appropriations Subject to Lapse

This represents the unencumbered balance of appropriated funds at fiscal year end which may not be encumbered in future periods.

Unreserved/Undesignated:

Available for Subsequent Years represents the unappropriated balance of special revenue funds at year end.

INTERFUND TRANSACTIONS AND BALANCES

Quasi-external Transactions

These transactions would be treated as revenues or expenditures if they involved organizations external to state government. They are accounted for as revenues by the recipient fund and as expenditures by the disbursing fund. The accrual of these transactions is classified as accounts receivable or accounts payable on the balance sheet.

Operating Transfers

These routine transfers of resources are reported in the Other Financing Sources (Uses) section for governmental and expendable trust fund types. The accrual of these transactions is classified as Due From or Due To Other Funds on the balance sheet.

**NOTE 2: FIXED ASSETS**

A summary of changes in General Fixed Assets for the year ended August 31, 1993:

Asset Type	Balance 9/1/92	Reclassifications	Additions	Deletions	Balance 8/31/93
Furniture & Equipment	\$ 20,929,775	\$ (390)	\$ 1,496,919	\$ 1,830,943	\$ 20,595,361
Vehicles	87,570	390	0	0	87,960
Totals	\$ 21,017,345	\$ 0	\$ 1,496,919	\$ 1,830,943	\$ 20,683,321

(Exh. I)

**NOTE 3: DEPOSITS & INVESTMENTS**

Article 3.16 of the Insurance Code requires certain life insurance companies incorporated under the laws of the State to deposit with the Agency either securities or cash "equal to the legal reserve" on the company's outstanding registered policies and annuity bonds. The balance of these deposits at August 31, 1993, was \$289,361,642. Currently all deposits are under the supervision of the Agency's Director of Accounting who maintains the securities either in physical form in bank deposit boxes or maintains custodial agreements with such securities in book entry form in deposit with a clearing corporation or safekeeping receipts as evidence of deposits with member banks of the Federal Reserve System. All additions or withdrawals in the deposits must be made at the insurance company's written request and are monitored for legality. Securities eligible for deposit include various types of bonds, certificates of deposit, certain types of stock, titles or deeds of property, and first-lien notes on real estate or personal property.



TEXAS DEPARTMENT OF INSURANCE (454)

The Insurance Code also requires insurance companies in various lines of insurance to have cash or eligible securities on deposit with an approved custodian as security for policyholders either under a Joint Control Agreement with the Agency or maintained at the State Treasury. Life, fire and casualty, and mutual assessment companies are required to deposit eligible securities in the State Treasury after receiving approval from the Commissioner of Insurance. Any changes in monies and/or securities deposited must also be approved by the Agency. Article 7.15 of the Texas Insurance Code required Surety and Trust Companies to have an approved deposit with the Agency. Although repealed in 1957 by the Fifty-fifth Legislature for new policies, deposits still must be maintained in those instances where a company has a possibility of outstanding claims or obligations. Lloyd's companies are required to deposit securities with an approved financial institution subject to joint control of attorney. Joint control of attorney requires that a joint control agreement be made between the company, the financial institution, and the Texas Department of Insurance in which no change in deposits may be made without approval from all three parties. Eligible investments for deposits include various types of bonds, first-lien notes on real estate or personal property, certificates of deposit, and certain types of stocks. The joint control deposits and the deposits maintained in the State Treasury are supervised by a Texas Department of Insurance employee. The cash deposited in the State Treasury is reported in Exhibit B-1, Combining Balance Sheet - Fiduciary Fund Types. Following is the book value of these deposits other than cash at August 31, 1993.

<b>Securities on Deposit</b>	
Under Joint Control Agreement	\$ 43,106,018
On Deposit in State Treasury	<u>328,417,240</u>
Total	<u>\$ 371,523,258</u>

The Agency invests funds in a local bank account for travel advance and petty cash purposes. The Liquidation Division invests funds in a local bank for the Liquidator's Administrative Account, Payroll Account, General Expense Account, and Claims Clearing Account.

Amounts related to the information presented above are appropriately classified and presented below.

DEPOSITS

- a. The carrying amount of \$3,765,560 is presented below.
- b. The bank balance of the Texas Department of Insurance has been classified according to the following risk categories

Category 1 represents balances either fully covered by federal depository insurance or secured by collateral held by the Agency or by its agent in the Agency's name.

Category 2 represents amounts collateralized with securities held by the pledging financial institution's trust department or agent in the Agency's name.

Category 3 represents amounts uncollateralized.

Carrying Amount	Bank Balance	Category 1	Category 2	Category 3
<u>\$ 3,765,560</u>	<u>\$ 3,939,415</u>	<u>\$ 319,661</u>	<u>\$ 3,619,754</u>	<u>\$ 0</u>
(Exh. I)				

INVESTMENTS

Both the carrying amount and market value of investments as of the balance sheet date are shown below. Investments are categorized to give an indication of the level of risk assumed by the insurance companies making the deposits. All of the amounts are classified as category 1 which represent investments that are insured or registered or for which the securities are held by the Agency or its agent in the Agency's name.

## TEXAS DEPARTMENT OF INSURANCE (454)

Type of Security	Category 1	Carrying Amount	Market Value
US Government Investments	\$ 279,054,727	\$ 279,054,727	\$ 294,681,087
Corporate Stock	125,000	125,000	125,500
Corporate Bonds	236,628,800	236,628,800	257,922,322
Political Subdivision Bonds	100,616,646	100,616,646	103,479,035
Miscellaneous Investments	39,630,505	39,630,505	40,119,363
Subtotal	<u>\$ 656,065,678</u>	<u>\$ 656,055,678</u>	<u>\$ 696,327,307</u>
Uncategorized Investments		4,710,394	4,710,394
Total		<u>\$ 660,766,072</u>	<u>\$ 701,037,701</u>
Consisting of the following:			
Short Term Investments		\$ 80,527,960	
Long Term Investments		580,238,112	
Total, as above		<u>\$ 660,766,072</u>	

**NOTE 4: EMPLOYEES' COMPENSABLE LEAVE**

The Agency is liable for all unused vacation time accrued by its employees in the event of their resignation, dismissal or separation from state employment provided they have had continuous employment with the State for six months. In addition, the State must grant employees time off or pay employees at a rate of one and one-half times the regular rate of pay for any FLSA overtime worked. However, executive, administrative, or professional employees are expressly limited to equivalent compensatory time off. The liability of governmental fund types is recorded in the General Long-Term Debt Account Group.

The following is a summary of changes in employees' annual and compensatory leave balances:

	Annual Leave	FLSA & State Comp. Time	TOTALS
Comp Leave Hours (9/1/92)	166,892	63,206	230,098
Additions - Increases	137,557	92,523	230,080
Deductions - Decreases	<u>(146,377)</u>	<u>(100,103)</u>	<u>(246,480)</u>
Comp. Leave Hours (8/31/93)	<u>158,072</u>	<u>55,626</u>	<u>213,698</u>

The Agency's monetary liability for compensable future absences as of August 31, 1993, as computed by multiplying the above ending balances by the year-end average hourly salary rate for all employees, is as follows:

	General Long-Term Debt Account Group
Annual Leave	\$ 2,326,732
FLSA & State Compensation Time	<u>818,796</u>
Total (Exh. I)	<u>\$ 3,145,529</u>

**NOTE 5: CAPITAL LEASES**

The Agency has entered into long-term leases for financing the purchase of certain fixed assets. Such leases are classified as capital leases for accounting purposes, and therefore, have been recorded at the present value of the future minimum lease payments at the inception of the leases. The original capitalized cost of all such property, which is properly classified as Furniture and Equipment in the General Fixed Assets Account Group, is \$399,718. Future minimum lease payments under these capital leases, together with the present value of the net minimum lease payments at August 31, 1993, are as follows:

TEXAS DEPARTMENT OF INSURANCE (454)

	General Long-Term Debt Account Group
1994	\$ 93,535
1995	71,671
1996	<u>880</u>
Total Minimum Lease Payments	166,086
Less: Interest	<u>(22,920)</u>
Present Value of Net Minimum Lease Payments (Exh. I)	<u>\$ 143,166</u>

**NOTE 6: OPERATING LEASE OBLIGATIONS**

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating leases:

Special Revenue Funds	<u>\$ 96,626</u>
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Future minimum lease rental payments under noncancelable operating leases having an initial term in excess of one year are as follows:

Year Ended August 31,	
1993	\$ 392,328
1994	271,401
1995	94,448
1996	30,346
1997	2,065
1998 and beyond	0
 Total Minimum Future Lease Rental Payments	 <u>\$ 790,588</u>

**NOTE 7: EMPLOYEES RETIREMENT PLANS**

The State has joint contributory retirement plans for substantially all its employees. The Agency participates in the plans administered by the Employees Retirement System of Texas. Future pension costs are the liabilities of the Retirement System. The System does not account for each state agency separately. Annual financial reports prepared by the System include audited financial statements and actuarial assumptions and conclusions.

The actuarial valuation of the Employees Retirement System as of August 31, 1993, reflects an overfunded actuarial accrued liability. When the system is overfunded, there is no amortization period for unfunded actuarial accrued liabilities. The contribution rates of employees (6%) and the State (6.43%) are set by the State Legislature.

Total payments by the State, related to the Agency for the year ended August 31, 1993, were \$2,342,542.

**NOTE 8: DEFERRED COMPENSATION**

At August 31, 1993, fifty-six employees of the Agency were participating in the State's Deferred Compensation Program. This program allows employees to defer a portion of their monthly salary for income tax and investment purposes. During the 1993 fiscal year \$216,938 was withheld from employees' salaries to be invested in approved plans as designated by the employee. The State has no additional or unfunded liability for this program.

**NOTE 9: INTERFUND RECEIVABLES AND PAYABLES**

As explained in Note 1, on Interfund Transactions and Balances there are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as Due From or Due To Other Funds. Individual interfund payable balances at August 31, 1993, are as follows:

## TEXAS DEPARTMENT OF INSURANCE (454)

Special Revenue	Due To Other Funds
(Agency 241, Fund 001)	\$ 46,505
(Agency 302, Fund 036)	144,766
(Agency 411, Fund 036)	<u>443,039</u>
Total (Exh. I)	<u>\$ 644,310</u>

**NOTE 10: RELATED PARTIES**

Three non-profit guaranty associations - the Texas Property and Casualty Insurance Guaranty Association, the Texas Life, Accident, Health and Hospital Service Guaranty Association, and the Texas Title Insurance Guaranty Association - loan money to the various insurance companies in liquidation to pay for claims and administrative costs of the receiverships. The associations' funds are administered by the Texas Department of Insurance under approval of the Secretary-Treasurer of the respective association. The salaries and expenses of six employees of the Texas Department of Insurance who investigate title companies are reimbursed monthly by the Texas Title Guaranty Association.

House Bill 62 required the privatization of liquidation functions and the transfer of claims processing from the Agency's Liquidation Division to the guaranty associations. As a result, the financial transactions of the Liquidation Division (Fund 999) have significantly changed. The division now functions primarily in an oversight capacity. The salaries and expenses of ten employees of the Liquidation Oversight Group are reimbursed by the guarantee associations and receiverships. Expenditures related to the Liquidator's Closing Account are classified as "Other Operating Expenditures" on Exhibit II since these costs cannot be otherwise classified in the State's chart of accounts.

House Bill 62 also created the Texas Workers' Compensation Insurance Fund (TWCIF) with a nine member board appointed by the Governor. The fund is an insurance company for purposes of the Texas Workers Compensation Act and is authorized to deliver workers' compensation insurance. The TWCIF is not a state agency. The Texas Public Finance Authority issued \$300 million of bonds during fiscal year 1992 to fund the initial surplus of the TWCIF. The debt service of these bonds is financed through a maintenance tax surcharge on the reported gross premiums of all authorized insurers writing workers compensation insurance in this state. The maintenance tax surcharge is set by the Agency.

**NOTE 11: CONTINGENT LIABILITIES**

Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid to the employee only in case of illness or to the employee's estate in the event of his/her death while employed by the Agency. The maximum sick leave that may be paid to an employee's estate is one-half of the employee's accumulated entitlement or 336 hours, whichever is less. The Agency's policy is to recognize the cost of any sick leave when paid. No liability is recorded in the General Long-Term Debt Account Group since experience indicates the probability of a material effect on any given year's operations, as a result of death or abnormally high rate of illness, is minimal.

The Agency is a defendant in pending litigation resulting from a reduction in force. An adverse ruling is possible, but in management's opinion that possibility is remote.

At August 31, 1993, there were 207 companies which had paid maintenance taxes, premium taxes, surtaxes, and various other fees under protest and/or filed suits with the Texas Department of Insurance. Total protested deposits amounted to \$56,865,720.94 of which \$51,290,655.81 were on deposit in the State's Unappropriated General Revenue Fund, \$3,931,262.63 in the Insurance Operating Fund, \$1,643.80 in the Workers' Compensation Maintenance Tax Surcharge Trust Fund and \$734,260 in the Suspense Fund. The outcome of this litigation is indeterminate. Any refunds that may be ordered by the courts will be refunded from the fund of the original deposit.

**NOTE 12: CONTINUANCE SUBJECT TO REVIEW**

On August 29, 1977, the Department became subject to the provisions of S.B. 54, 65th Leg. Reg. Sess. (1977) titled the "Texas Sunset Act". During fiscal year 93 the Sunset Advisory Commission completed a review of the Agency and issued a final report recommending the Agency be continued for a twelve year period. The 73rd Legislature subsequently approved the recommendation. The Agency will be abolished on September 1, 2005, unless continued in existence as provided by the Act. If abolished, the Agency may continue until September 1, 2006 to close out its operations.

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**EXHIBIT A-1**  
**COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS (UNAUDITED)**

August 31, 1993

(With comparative totals for August 31, 1992)

	LIQUIDATOR'S ADMINISTRATIVE ACCOUNT (FUND 999)	PAYROLL ACCOUNT (FUND 999)	GENERAL EXPENSE ACCOUNT (FUND 999)	CLAIMS CLEARING ACCOUNT (FUND 999)
	\$	\$	\$	\$
<b>ASSETS</b>				
Cash and Temporary Investments:				
Cash on Hand				
Cash in Banks	3,765,560			
Cash in State Treasury				
Receivables:				
Insurance Examination				
Fees Receivable				
Less-Allowance for				
Doubtful Accounts				
Interest and Dividends Receivable				
Accounts Receivable	50,119			
Consumable Inventories				
<b>TOTAL ASSETS</b>	<u>\$ 3,815,679</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
	\$	\$	\$	\$
<b>LIABILITIES</b>				
Payables:				
Accounts Payable	3,314,418			
Due to Other Funds				
<b>TOTAL LIABILITIES</b>	<u>3,314,418</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND EQUITY</b>				
Fund Balances:				
Reserved for -				
Petty Cash Funds				
Consumable Inventories				
Travel Advance Fund				
Encumbrances				
Unreserved - Undesignated -				
Available for Subsequent Years	501,261	0	0	0
<b>TOTAL FUND EQUITY (EXH. A-2)</b>	<u>501,261</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 3,815,679</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

**TOTALS (Note 10)**

(EXH I)	
1993	1992
\$	\$
0	385
3,765,560	1,246,191
0	29,206,964
0	921,336
0	(398,848)
0	5,636
50,119	1,522,464
0	215,819
<u>\$ 3,815,679</u>	<u>\$ 32,719,947</u>
\$	\$

3,314,418	7,345,906
0	2,646,821
<u>3,314,418</u>	<u>9,992,727</u>

0	385
0	215,819
0	100,000
0	787,670
<u>501,261</u>	<u>21,623,346</u>
<u>501,261</u>	<u>22,727,220</u>

<u>\$ 3,815,679</u>	<u>\$ 32,719,947</u>
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**EXHIBIT A-2**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS (UNAUDITED)**

For the fiscal year ended August 31, 1993

(With comparative totals for the fiscal year ended August 31, 1992)

	INSURANCE BOARD OPERATING FUND (FUND 036)	LIQUIDATOR'S ADMINISTRATIVE ACCOUNT (FUND 999)	PAYROLL ACCOUNT (FUND 999)	GENERAL EXPENSE ACCOUNT (FUND 999)
<b>REVENUES</b>	\$	\$	\$	\$
Taxes	43,067,227			
Licenses, Fees, and Permits	27,827,454			
Interest and Investment Income		88,652	2,539	5,658
Sales of Goods and Services	539,177			
Other Revenues	1,612,092	4,114,266	500,620	
<b>TOTAL REVENUES</b>	<u>73,045,950</u>	<u>4,202,918</u>	<u>503,159</u>	<u>5,658</u>
<b>EXPENDITURES</b>				
Salaries and Wages	36,069,879	321,767	411,937	
Payroll Related Costs	9,682,279	6,503	126,443	
Professional Fees and Services	2,683,329	25,002		
Travel	1,733,485	4,674		
Materials and Supplies	1,234,590	365		
Communication and Utilities	904,943	12,864		
Repairs and Maintenance	1,029,774	4,671		
Rentals and Leases	813,982	70,227		
Printing and Reproduction	81,318	187		
Claims and Judgements	66,645			
Other Operating Expenditures	2,432,135	3,211,923		251,269
Debt Service:				
Principal		88,249		
Interest		5,286		
Public assistance Payments				
Capital Outlay	1,644,603			
<b>TOTAL EXPENDITURES</b>	<u>58,376,962</u>	<u>3,751,718</u>	<u>538,380</u>	<u>251,269</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>14,668,988</u>	<u>451,200</u>	<u>(35,221)</u>	<u>(245,611)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out				
(Agency 303, Fund 001)	(1,127,871)			
(Agency 304, Fund 001)	(1,322,224)			
(Agency 902, Fund 001)	(547,605)			
(Agency 302, Fund 036)	(1,777,187)			
(Agency 241, Fund 036)	(667,029)			
(Agency 411, Fund 036)	(7,889,028)			
(Agency 332, Fund 659)	0			
(Agency 360, Fund 001)	(159,408)			
(Agency 347, Fund 507)	0			
(Agency 303, Fund 036)	(4,448,753)			
(Agency 307, Fund 036)	(4,125)			
Net Change in Consumable Inventories	129,972			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(17,813,258)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>(3,144,270)</u>	<u>451,200</u>	<u>(35,221)</u>	<u>(245,611)</u>
<b>FUND BALANCES - SEPTEMBER 1, 1992</b>	22,360,094	50,061	35,221	245,611
<b>FUND CONSOLIDATED TRANSFER OUT</b>	<u>(19,215,824)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCES - AUGUST 31, 1993 (EXH. A-1)</b>	<u>\$ 0</u>	<u>\$ 501,261</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.



CLAIMS CLEARING ACCOUNT (FUND 999)	TOTALS	
	(EXH II)	
	1993	1992
\$	\$	\$
	43,067,227	48,620,740
	27,827,454	24,692,107
3,815	100,664	178,975
	539,177	611,556
1,581,351	7,808,329	10,903,062
1,585,166	79,342,851	85,006,440
	36,803,583	40,909,720
	9,815,225	11,132,291
	2,708,331	3,972,024
	1,738,159	1,863,425
	1,234,955	1,344,467
	917,807	938,175
	1,034,445	1,150,224
	884,209	1,716,335
	81,505	349,826
1,621,190	1,687,835	808,908
209	5,895,536	3,149,274
	88,249	57,144
	5,286	29,432
	0	247,227
	1,644,603	1,331,695
1,621,399	64,539,728	69,000,167
(36,233)	14,803,123	16,006,273
	(1,127,871)	(1,127,871)
	(1,322,224)	(1,271,883)
	(547,605)	(721,830)
	(1,777,187)	(3,057,543)
	(667,029)	(688,969)
	(7,889,028)	(4,916,382)
	0	(493)
	(159,408)	0
	0	(4,474,408)
	(4,448,753)	0
	(4,125)	0
	129,972	(54,664)
0	(17,813,258)	(16,314,439)
(36,233)	(3,010,135)	(308,166)
36,233	22,727,220	23,035,386
0	(19,215,824)	0
\$ 0	\$ 501,261	\$ 22,727,220

**EXHIBIT B-1**  
**COMBINING BALANCE SHEET - FIDUCIARY FUND TYPES (UNAUDITED)**

August 31, 1993

(With comparative totals for August 31, 1992)

	AGENCY FUNDS			
	W. C. MAINT. TAX SURCHARGE TRUST ACCOUNT (FUND 897)	DEPARTMENTAL SUSPENSE ACCOUNT (FUND 900)	EMPLOYEES' SAVINGS BOND ACCOUNT (FUND 901)	STATUTORY DEPOSITS ACCOUNT (FUND 921)
	\$	\$	\$	\$
<b>ASSETS</b>				
Cash and Temporary Investments:				
Cash in Banks				
Cash in State Treasury	3,320,538	79,943,855		1,245,050
Short Term Investments				58,434,645
Investments				269,982,595
Receivables:				
Due From Other Fund				
<b>TOTAL ASSETS</b>	<u>\$ 3,320,538</u>	<u>\$ 79,943,855</u>	<u>\$ 0</u>	<u>\$ 329,662,290</u>
<b>LIABILITIES</b>				
Unallocated and Undistributed Receipts		79,943,855		
Funds Held in Custody for Others	<u>3,320,538</u>			<u>329,662,290</u>
<b>TOTAL LIABILITIES</b>	<u>3,320,538</u>	<u>79,943,855</u>	<u>0</u>	<u>329,662,290</u>
<b>FUND EQUITY</b>				
Unreserved - Undesignated - Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL FUND EQUITY</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 3,320,538</u>	<u>\$ 79,943,855</u>	<u>\$ 0</u>	<u>\$ 329,662,290</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

AGENCY FUNDS		TOTALS	
UNCLAIMED DIVIDEND TRUST ACCOUNT (FUND 923)	CUSTODIAL ACCOUNTS (FUND 999)	(EXH I) 1993	1992
\$	\$	\$	\$
		0	251,358
778,723		85,288,166	7,572,528
	22,093,315	80,527,960	93,085,736
	310,255,517	580,238,112	513,452,353
		0	1,290,250
<u>\$ 778,723</u>	<u>\$ 332,348,832</u>	<u>\$ 746,054,238</u>	<u>\$ 615,652,225</u>
\$	\$	\$	\$
		79,943,855	5,972,348
778,723	332,348,832	666,110,383	609,679,877
778,723	332,348,832	746,054,238	615,652,225
0	0	0	0
0	0	0	0
<u>\$ 778,723</u>	<u>\$ 332,348,832</u>	<u>\$ 746,054,238</u>	<u>\$ 615,652,225</u>

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**EXHIBIT B-2**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND**  
**LIABILITIES - ALL AGENCY FUNDS (UNAUDITED)**

For the fiscal year ended August 31, 1993

	BALANCES SEPTEMBER 1, 1992	ADDITIONS (Sch. 3)	DEDUCTIONS (Sch.3)	BALANCES AUGUST 31, 1993
	\$	\$	\$	\$
<b>WORKERS' COMPENSATION MAINTENANCE TAX SURCHARGE</b>				
<b>ASSETS</b>				
Cash	406,815	55,046,372	52,132,649	3,320,538
<b>LIABILITIES</b>				
Funds Held in Custody for Others	406,815	55,046,372	52,132,649	3,320,538
<b>DEPARTMENTAL SUSPENSE ACCOUNT</b>				
<b>ASSETS</b>				
Cash	5,972,348	695,275,350	621,303,843	79,943,855
<b>LIABILITIES</b>				
Unallocated and Undistributed Receipts	5,972,348	695,275,350	621,303,843	79,943,855
<b>EMPLOYEES' SAVINGS BOND ACCOUNT</b>				
<b>ASSETS</b>				
Cash	0	104,500	104,500	0
<b>LIABILITIES</b>				
Funds Held in Custody for Others	0	104,500	104,500	0
<b>STATUTORY DEPOSITS</b>				
<b>ASSETS</b>				
Cash	221,500	1,525,000	501,450	1,245,050
Short Term Investments	59,362,209	44,348,000	45,275,564	58,434,645
Investments	238,989,517	88,666,231	57,673,153	269,982,595
	298,573,226	134,539,231	103,450,167	329,662,290
<b>LIABILITIES</b>				
Funds Held in Custody for Others	298,573,226	134,539,231	103,450,167	329,662,290
<b>UNCLAIMED DIVIDEND TRUST ACCOUNT</b>				
<b>ASSETS</b>				
Cash	971,865	0	193,142	778,723
<b>LIABILITIES</b>				
Funds Held in Custody for Others	971,865	0	193,142	778,723

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**EXHIBIT B-2 (Concluded)**  
**(UNAUDITED)**

	BALANCES SEPTEMBER 1, 1992	ADDITIONS (Sch. 3)	DEDUCTIONS (Sch.3)	BALANCES AUGUST 31, 1993
	\$	\$	\$	\$
<b>CUSTODIAL ACCOUNTS</b>				
<b>ASSETS</b>				
Cash	251,358	9,183,864	9,435,222	0
Short Term Investments	33,723,527	105,465,064	117,095,276	22,093,315
Investments	274,462,836	227,389,556	191,596,875	310,255,517
Due From Other Funds	1,290,250	0	1,290,250	0
	<u>309,727,971</u>	<u>342,038,484</u>	<u>319,417,623</u>	<u>332,348,832</u>
<b>LIABILITIES</b>				
Funds Held in Custody for Others	<u>309,727,971</u>	<u>342,038,484</u>	<u>319,417,623</u>	<u>332,348,832</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	7,823,886	761,135,086	683,670,806	85,288,166
Short Term Investments	93,085,736	149,813,064	162,370,840	80,527,960
Investments	513,452,353	316,055,787	249,270,028	580,238,112
Due From Other Funds	1,290,250	0	1,290,250	0
	<u>615,652,225</u>	<u>1,227,003,937</u>	<u>1,096,601,924</u>	<u>746,054,238</u>
<b>LIABILITIES</b>				
Unallocated and Undistributed Receipts	5,972,348	695,275,350	621,303,843	79,943,855
Funds Held in Custody for Others	609,679,877	531,728,587	475,298,081	666,110,383
	<u>\$ 615,652,225</u>	<u>\$ 1,227,003,937</u>	<u>\$ 1,096,601,924</u>	<u>\$ 746,054,238</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

**SCHEDULE 1**  
**SUMMARY OF PROFESSIONAL FEES AND SERVICES (UNAUDITED)**

For the fiscal year ended August 31, 1993

PAYEE	DESCRIPTION	TOTAL
American General Corporation	Types Of Investments Training	\$ 450
Baker, Byrd & Associates	Quality Telephone & Presentation Skills Training	3,500
Baker, Byrd & Associates	Writing, Presentation, & Train The Trainer Training	10,000
Baker, Byrd & Associates	Writing Skills Training	1,000
Baker, Byrd & Associates	Quality Telephone Training	5,000
BDO Seidman	Statutory Agents Audit	70,910
Communications Adaptations	Motivational Training	500
Comptime, Inc.	Contract Programmers	22,149
Cutler-Williams, Inc.	Contract Programmers	407,269
Database Consultants	Contract Programmers	224,577
Deloitte & Touche	Consultant on Bid Proposals	40,460
Deloitte & Touche	Developing Language For Request For Proposal	10,000
EAB Associates	Mortgage Investments Training	400
Employee Assistance Center of Texas	Employee Assistance Services	6,125
Fincher, Inc.	Contract Programmers	359,131
Hebert & Associates	Implementation of Consultant Suggestions	775
Hestair Computer Group	Contract Programmers	129,202
Joanna F. Fountain	Librarian Services	181
Kane Corporation	Real Estate Investments Training	400
LMS Consultants	Contract Programmers	74,703
Matthew L. Ferrara	Psychological Exam	100
McCarter & English	Legal Services	1,483
McDonnell Douglas	Software Training	1,500
Merlino & Schofield, Inc.	Actuarial Services	88,800
Oracle Corporation	Computer Training	18,204
Rae M. Taylor	Actuarial Services	438
Ralph Kirkley & Associates	Contract Programmers	366,024
Roemisch Consulting Services	Management Consultant	5,600
Suncoast Scientific	Contract Programmers	163,116
Texas A&M University	Closed Claims Study of Senate Bill 1	90,573
Tillinghast	Cash Flow Testing Training	1,000
Tom Collins, Attorney	Special Master/District Court	25,002
University of Texas	Insurance Study On Reasonable Standards	7,870
University of Texas	Total Quality Management Training	40,000
Xerox Corporation	Computer Training	4,710
Wakely & Associates	Actuarial Services	319,439
Wakely & Associates	Loss Reserve Training	1,600
West Lake Computer Systems, Inc.	Contract Programmers	196,240
Workers Assistance Program, Inc.	Employee Assistance Services	9,900
<b>TOTAL PROFESSIONAL FEES AND SERVICES (Exh. II)</b>		<b>\$ 2,708,331</b>



## SCHEDULE 2

### SUMMARY OF REVENUES (UNAUDITED)

For the fiscal year ended August 31, 1993

TAXES	AMOUNT
	\$
Fund 001 - Workers' Compensation Premium Tax - T.W.C.C.	33,761,379
Fund 001 - Premium Taxes (Sch. 2A)	385,397,728
Fund 001 - Administrative Services Tax Refunds	(3,856,248)
Fund 001 - Consumer Protection Assessment - Property & Casualty	1,018,599
Fund 001 - Consumer Protection Assessment - Life, Accident & Health	192,162
Fund 001 - Consumer Protection Assessment - HMO	15,221
Fund 001 - Consumer Protection Assessment - Title	14,937
Fund 001 - Workmens' Compensation Research Center Maintenance Tax	563,779
Fund 001 - State Sales Tax	16,878
Fund 036 - Motor Vehicle Maintenance Tax	4,518,501
Fund 036 - Fire Maintenance Tax	17,474,098
Fund 036 - Workers' Compensation Maintenance Tax	6,987,080
Fund 036 - Casualty Maintenance Tax	4,599,020
Fund 036 - Title Maintenance Tax	661,160
Fund 036 - Life Maintenance Tax	5,270,572
Fund 036 - Third Party Administrator Maintenance Tax	1,892,541
Fund 036 - Health Maintenance Organization Maintenance Tax	1,656,693
Fund 036 - Prepaid Legal Services Maintenance Tax	7,432
Fund 036 - Burial Assaociation Annual Assessment	130
Fund 897 - Workers' Compensation Insurance Fund - Maintenance Tax Surcharge	55,922,561
Fund 961 - City Sales Tax	2,649
Fund 964 - City Mass Transit Tax	1,990
<b>TOTAL TAXES</b>	<b>516,118,862</b>
<b>LICENSES, FEES, AND PERMITS</b>	
Fund 001 - Penalty In Lieu of Suspension/Cancellation	169,900
Fund 001 - Retaliatory Fees	311,003
Fund 001 - Returned check fees	1,174
Fund 001 - Auto Theft Prevention Authority Fees	644,240
Fund 036 - Catastrophic Pool Inspection Fees	171,865
Fund 036 - Lincense Fee - Title Insurance Companies	49,600
Fund 036 - Domestic Filing Fees - Life	462,717
Fund 036 - Domestic Valuation Fees - Life	4,872,363
Fund 036 - Retaliatory Fees - Foreign Life	(1,995)
Fund 036 - Filing Fees - Property and Casualty	300,366
Fund 036 - Retaliatory Fees - Foreign Property and Casualty	320
Fund 036 - License and Exam Fees - Insurance Adjustors and Agents	6,440,072
Fund 036 - Agents Certification and Clearance Letters	287,868
Fund 036 - Filing Fees - Third Party Administrators	56,315
Fund 036 - Filing Fees - Foreign Risk Retention & Purchasing Groups	16,095
Fund 036 - Examination Fees - Third Party Administrators	4,500
Fund 036 - Examination Fees - Salaries and Travel Expense	3,080,931
Fund 036 - Examination Fees - Overhead Assessment	10,633,196
Fund 036 - Filing Fees - Policy Approval	934,720
Fund 036 - Filing Fees - Health Maintenance Organizations	10,943
Fund 036 - Filing Fees - Prepaid Legal	450
Fund 036 - Filing Fees - Insurance Premium Finance	93,181
Fund 036 - Examination and Assessment Fees - Insurance Premium Finance	349,273
Fund 036 - Filing Fees - Continuing Care Facilities	760
Fund 036 - Amusement Ride Safety Inspections	58,840
Fund 036 - Miscellaneous Certification Fees	5,076
<b>TOTAL LICENSES, FEES, AND PERMITS</b>	<b>28,953,773</b>

## **SCHEDULE 2 (Concluded)**

### **(UNAUDITED)**

	<u>AMOUNT</u>
<b>INTEREST INCOME</b>	
	\$
Fund 001 - Interest on Local Deposits	1,499
Fund 001 - Interest - Other (Surplus Lines Premium Tax)	<u>219,791</u>
<b>TOTAL INTEREST INCOME</b>	<u>221,290</u>
<b>SETTLEMENT OF CLAIMS</b>	
Fund 001 - Judgements (Secured by Court Action)	<u>557,064</u>
<b>TOTAL SETTLEMENT OF CLAIMS</b>	<u>557,064</u>
<b>SALES OF GOODS AND SERVICES</b>	
Fund 036 - Sale of Lists, Bulletins, Rating Data, etc.	135,896
Fund 036 - Sale of Computer Lists, Labels or Tapes	162,684
Fund 036 - Miscellaneous Other Sales	68,054
Fund 036 - Sale of Supplies and Services	<u>172,543</u>
<b>TOTAL SALES OF GOODS AND SERVICES</b>	<u>539,177</u>
<b>OTHER REVENUES</b>	
Fund 001 - Workers' Compensation Repayment	57,860
Fund 001 - Unemployment Benefit Repayment	365,677
Fund 001 - Other Miscellaneous Governmental Revenue	57
Fund 001 - Sales Tax Discounts	113
Fund 036 - Insurance and Damages	4,161
Fund 036 - Warrants Voided By Statute of Limitations	13,096
Fund 036 - Reimbursements - Third Party	1,167,163
Fund 036 - Reimbursement of Conservation Expenses	<u>440,768</u>
<b>TOTAL OTHER REVENUES</b>	<u>2,048,895</u>
<b>TOTAL REVENUES</b>	<u>\$ 548,439,061</u>

**SCHEDULE 2A**  
**SUMMARY OF PREMIUM TAXES COLLECTED (UNAUDITED)**

For the fiscal year ended August 31, 1993

<u>SOURCES</u>	<u>PREMIUM TAX AMOUNT (FUND 001)</u>
	\$
Occupation Tax, Penalty and Interest	2,348,407
Domestic Life	8,016,417
Foreign Life	125,076,624
Foreign Life - Article 3.25	171,012
Domestic Stock Fire	(473)
Foreign Stock Fire	135,069
Domestic Mutual Fire and/or Casualty	4,543,452
Foreign Mutual Fire and/or Casualty	30,798,723
Domestic Stock Fire and/or Casualty	12,088,059
Foreign Stock Fire and/or Casualty	46,373,006
Domestic Stock Casualty	71,618
Foreign Stock Casualty	5,566,630
Mexican Casualty	123,686
Domestic Lloyds	16,423,589
Foreign Lloyds	20,395
Domestic Reciprocal	5,697,495
Foreign Reciprocal	5,329,836
Domestic Title	2,841,802
Foreign Title	3,548,364
Mutual Assessment Life, Health and Accident	(7,289)
County Mutual Fire and Casualty	19,592,979
Surplus Lines Premium Tax	59,271,350
Retaliatory Tax - Life Accidents and Health	4,302,622
Retaliatory Tax - Property and Casualty	707,997
Retaliatory Tax - Title	500
Unauthorized Insurance Premium Tax	320,944
Stipulated Premium	820,223
Nonprofit Corporations	2,179,447
Domestic Health Maintenance Organizations	23,525,399
Foreign Health Maintenance Organizations	(20)
Domestic Retention Group	16,776
Foreign Retention Group	758,356
Purchasing Group - Insured by Surplus Lines	131,097
Independently Procured Insurance	<u>4,603,636</u>
<b>TOTAL</b>	<u>\$ 385,397,728 (A)</u> (Sch. 2)

Note A: This amount represents premium taxes receipts, including prior years' adjustments and refunds.

**SCHEDULE 2B**  
**COMPARATIVE STATEMENT OF REVENUES (UNAUDITED)**

1984 - 1993

<u>FISCAL YEAR</u>	<u>TAXES COLLECTED</u>	<u>LICENSES &amp; FEES</u>	<u>OTHER REVENUES</u>	<u>TOTAL</u>
	\$	\$	\$	\$
1984	363,666,816	12,920,157	503,863	377,090,836
1985	367,490,438	13,444,339	664,406	381,599,183
1986	412,021,788	15,472,796	504,000	427,998,584
1987	421,763,856	18,223,760	994,118	440,981,734
1988	568,044,203	23,270,176	511,123	591,825,502
1989	504,924,053	18,867,975	762,230	524,554,258
1990	559,904,196	20,207,130	1,261,158	581,372,484
1991	619,478,388	19,595,630	1,705,638	640,779,656
1992	516,882,995	26,028,158	2,247,722	545,158,875
1993	516,118,862	28,953,773	3,366,426	548,439,061

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**SCHEDULE 3**  
**DETAIL OF ADDITIONS AND DEDUCTIONS -**  
**ALL AGENCY FUNDS (UNAUDITED)**

For the fiscal year ended August 31, 1993

	W. C. MAINT. TAX SURCHARGE TRUST ACCOUNT (FUND 897)	DEPARTMENTAL SUSPENSE ACCOUNT (FUND 900)	EMPLOYEES' SAVINGS BOND ACCOUNT (FUND 901)
	\$	\$	\$
<b>BALANCE, 9-1-92 (Exh, B-2)</b>	406,815	5,972,348	0
<b>ADDITIONS TO CASH</b>			
Suspense Account Deposits		695,275,350	
Payroll Deductions			104,500
Unclaimed Dividends			
Workers' Compensation Maintenance			
Tax Surcharge	54,386,401		
Interest Earned	631,817		
Insurance Company Statutory Deposits			
Reallocation of Revenues	28,154		
<b>TOTAL ADDITIONS TO CASH (EXH. B-2)</b>	<u>55,046,372</u>	<u>695,275,350</u>	<u>104,500</u>
<b>DEDUCTIONS FROM CASH</b>			
Clearance to City -			
Sales Tax Trust Account		2,611	
Mass Transit Authority Tax			
Trust Account		1,993	
Clearance to State -			
Sales Tax Trust Account		16,878	
Clearance to General Revenue Fund 001		496,294,963	
Clearance to Department of Insurance -			
Operating Fund 036		65,831,073	
Clearance to Workers' Compensation Tax Surcharge -			
Trust Fund 897		54,386,401	
Refunds to Remitters	121,756	771,869	
Returned Checks		2,968,605	
Transfer to Other Agencies		4,449	
Transfer to Fund 921 From Fund 900		1,025,000	
Purchase of Employees' Savings Bonds			104,500
Transfer to Safekeeping Trust Company	52,000,000		
Transfer to Guaranty Fund			
Reallocation of Revenues	10,893		
<b>TOTAL DEDUCTIONS TO CASH (EXH. B-2)</b>	<u>52,132,649</u>	<u>621,303,843</u>	<u>104,500</u>
<b>NET INCREASE IN NON-CASH ASSETS</b>			
Insurance Company Statutory Deposits			
<b>TOTAL INCREASE IN NON-CASH ASSETS</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>BALANCE, 8-31-93 (Exh, B-2)</b>	<u>\$ 3,320,538</u>	<u>\$ 79,943,855</u>	<u>\$ 0</u>

STATUTORY DEPOSIT ACCOUNT (FUND 921)	UNCLAIMED DIVIDEND TRUST ACCOUNT (FUND 923)	CUSTODIAL ACCOUNTS (FUND 999)	TOTALS
\$ 298,573,226	\$ 971,865	\$ 309,727,971	\$ 615,652,225
			695,275,350
			104,500
	0		0
			54,386,401
1,525,000		9,183,864	631,817
			10,708,864
			28,154
<u>1,525,000</u>	<u>0</u>	<u>9,183,864</u>	<u>761,135,086</u>
			2,611
			1,993
			16,878
			496,294,963
			65,831,073
501,450	193,142	9,435,222	54,386,401
			11,023,440
			2,968,605
			4,449
			1,025,000
			104,500
			52,000,000
		1,290,250	1,290,250
			10,893
<u>501,450</u>	<u>193,142</u>	<u>10,725,472</u>	<u>684,961,056</u>
<u>30,065,514</u>		<u>24,162,469</u>	<u>54,227,983</u>
<u>30,065,514</u>	<u>0</u>	<u>24,162,469</u>	<u>54,227,983</u>
<u>\$ 329,662,290</u>	<u>\$ 778,723</u>	<u>\$ 332,348,832</u>	<u>\$ 746,054,238</u>

## SCHEDULE 4

### SUMMARY OF LEASED SPACE (UNAUDITED)

For the fiscal year ended August 31, 1993

LOCATION (Texas)	LESSOR	USE	SQUARE FEET	COST PER SQUARE FOOT PER MONTH	ANNUAL RENT (A)
Abilene	Bank of Commerce	Fire Raters' Office	190	0.65	1,482
Amarillo	Panhandle Community Services	Fire Raters' Office	190	0.72	1,642
Angleton	Commerce Federal Savings Association	Windstorm Office	1,425	0.78	13,398
Arlington	The Prudential Insurance Co of America	Examinations' Office	900	0.68	4,313
Austin	W. B. Houston	Liquidation Warehouse	61,200	0.25	186,000
Bay City	William M. Bell	Windstorm Office	550	0.87	5,760
Beaumont	W. E. Wilson, Jr.	Fire Raters' Office	380	0.80	3,622
Beaumont	Brandon Barron	Windstorm Office	1,686	0.75	16,355
				1000 ft 0.89 686 ft	
College Station	303 Anderson Co	Fire Raters' Office	184	0.81	1,772
Corpus Christi	G. L. Mathieu	Fire Raters' Office	290	0.71	2,438
Corpus Christi	ARC-Wilson Association	Windstorm Office	2,329	0.78	21,799
Dallas	Howard Schultz & Associates	Examinations' Office	1,200	0.75	4,480
El Paso	Flying Vista Joint Venture	Fire Raters' Office	240	0.96	2,760
Fort Worth	Sun Life Assurance Company of Canada	Fire Raters' Office	660	0.68 (B)	900
Fort Worth	Texas Centers Associates	Fire Raters' Office	800	0.75 (C)	4,800
Fort Worth	Fort Worth Mall, Inc	Fire Raters' Office	800	0.75	1,200
Galveston	United States National Bank	Windstorm Office	2,735	1.08	35,157
Grand Prairie	Post and Paddock Joint Venture	Fire Raters' Office	1,300	0.73	11,750
Harlingen	Valley Mortgage	Windstorm Office	1,375	0.67	11,119
Harlingen	NationsBank Properties Services	Fire Raters' Office	380	1.01	4,620
Houston	WPI 88 Partners, Ltd.	Examinations' Office	700	0.65	3,640
Houston	Lamesa Properties, Ltd.	Fire Raters' Office	977	0.79	9,208
Houston	Antex, Inc.	Examinations' Office	1,100	0.69	3,025
Lubbock	Bluebonnet Savings Bank FSB	Fire Raters' Office	583	0.71	4,955
Midland	Inrson Corporation	Fire Raters' Office	490	0.64 (D)	941
Midland	Opal Partners	Fire Raters' Office	490	0.65	2,842
Port Lavaca	W.S.P. Construction Company, Inc.	Windstorm Office	550	1	6,600
San Angelo	T. N. Price Company	Fire Raters' Office	190	1.27	2,882
San Antonio	Trio Partners, Ltd.	Examinations' Office	700	0.75	6,292
San Antonio	Carl Duncan	Fire Raters' Office	668	0.85	6,814
Texarkana	Benny Skaggs, John Dodge, Charles Bruce (Richmond Development)	Fire Raters' Office	190	0.98	2,210
Tyler	Commerce Square Corporation	Fire Raters' Office	570	0.64	4,384
Victoria	R & B Properties	Fire Raters' Office	185	0.95 (E)	875
Victoria	Regional Medical Laboratory	Fire Raters' Office	185	0.95	1,225
Waco	Stephen P. Hill	Fire Raters' Office	450	0.76	4,095
Wichita Falls	First Indiana Co, Ltd.	Fire Raters' Office	150	0.71	1,271
Totals			<u>86,992</u>		<u>\$ 396,626</u>

(A) Shows actual amount paid which may or may not be for a full 12 months.

(B) Cancelled lease 10-31-92.

(C) New Owner 07-01-93.

(D) New Owner 12-01-92.

(E) New Owner 02-01-93.



**ADDENDUM - GENERAL COMMENTS****1. Service Efforts and Accomplishments.**

In carrying out its primary responsibility of regulating the insurance industry in Texas, the agency is committed to providing quality service, encouraging competition, stabilizing rates and enhancing the availability of insurance to the public. Quality service includes improving solvency regulation and monitoring, consumer protections and enforcement of the Texas Insurance Code. As part of that effort, some of the agency's accomplishments include:

- A. Approving a data collection plan independent of the insurance industry for use in setting private passenger automobile, residential and various kinds of business insurance, as well as for monitoring market competition, developing information for consumers, providing more timely data for analysis and building a database to help identify factors that lead to higher premiums.
- B. Confirming through the Workers' Compensation Financial Call Plan that workers' compensation "paid losses" in Texas fell 31 percent in calendar year 1991 and 28 percent in calendar year 1992, and notifying insurers that rates should be lower to prevent Texas businesses from being overcharged by \$130 million a year.
- C. Resolving 24,652 complaints, resulting in payment of an additional \$20.6 million in claims to consumers and restitution or refunds of \$397,258.
- D. Enforcing mandatory car insurance discounts for airbags and other passive restraints, leading to \$19.5 million in refunds to Texas consumers.
- E. Initiating several improvements in the agency's Early Warning System (used to spot potentially troubled companies). The improvements were a factor in bringing about corrective actions between March 1, 1992 and July 31, 1993, that could save as much as \$59 million in potential guaranty fund liabilities. Recommendations for corrective action in Fiscal Year 1993 included: Administrative Oversight, 5; Cease and Desist Orders, 1; Hazardous Financial Condition Orders, 28; Conservatorships, 1; Comprehensive Examinations, 2; Limited Scope Examinations, 1; Business Practices Examinations/Reviews, 20; and Letters of Materiality Issued, 1.
- F. Working with the Governor to reach more than 3 million Texans to educate them about "shopping smart" for automobile and homeowners insurance and providing rate guides of sample rates for insurers in all 23 homeowner rating territories and 52 automobile rating territories.
- G. Creating new "Consumer Bills of Rights" for distribution with all new auto, homeowners, credit life and credit disability insurance policies, making Texas the first state to adopt this method of notifying consumers of their insurance rights.
- H. Conducting special educational outreach programs to older Texans and to minority communities, including special training for 11,500 individuals and contacts through the media, exhibits and fairs with 400,000 older Texans and more than 200,000 Spanish-speaking Texans. Requiring personal automobile policies to be available in Spanish.
- I. Providing a Speakers Bureau to reach more consumers on various insurance issues. The effort included 100 presentations to groups statewide.
- J. Developing new, user-friendly consumer booklets, including booklets for comparing premiums for auto, homeowners and workers' compensation insurance and the complaint histories of insurance companies.
- K. Deploying Consumer Services teams to two natural disasters, improving the program's emergency preparedness response and developing a comprehensive plan for responding to major disasters.
- L. Streamlining the renewal application process by using bar coding to update the agents license database and improving the time required to process a renewal from five weeks in fiscal year 1992 to three-to-five days in fiscal year 1993.
- M. Creating new risk-based capital and surplus rules for both property-casualty and life-health insurers. Under the new rules, the Commissioner may require companies to add to their capital and surplus or reduce total risk as necessary to meet the risk-based standards now in effect.

TEXAS DEPARTMENT OF INSURANCE (454)

2. The Texas Department of Insurance's main offices are located in these state office buildings:

<u>Location in Austin</u>	<u>Square Feet</u>
1110 San Jacinto (information services)	4,826 (A)
7915 Cameron Road (warehouse)	24,000 (A)
333 Guadalupe (main business offices)	260,544 (A)

Note A: A transfer of \$1,127,871 to the General Services Commission was made during the year for the maintenance and operation of these buildings.

Space is leased for other uses throughout the state as shown on Schedule 4. Senate Bill No. 5, 73rd Legislature, Regular Session requires the Agency to make every effort to achieve a ratio of not more than 153 square feet per employee at each agency site for usable office space insofar as possible without sacrifice of critical public or client services. Sites at which 15 or fewer employees are located are excluded. For the main business offices, the agency had achieved a ratio of 251 square feet per budgeted position as of August 31, 1993.

3. Department employees are bonded up to \$10,000 each and the Commissioner is bonded to \$50,000 by a public employee blanket honesty bond issued by The Fidelity and Deposit Company. In accordance with Article 21.28, Section 12(a) of the Texas Insurance Code, the Commissioner of Insurance, J. Robert Hunter, is required to be covered by a public official bond for \$200,000. This bond is issued by the AETNA Casualty and Surety Company.

4. If the General Services Commission, after considering all factors for a purchase requisition, takes exception to the justifications, it shall purchase the supplies, material, services or equipment as requested and report the reasons for its exceptions to the agency head or the chairman of the governing body, the State Auditor, the Legislative Budget Board, and the Governor. During the year ended August 31, 1993, the General Services Commission issued no exception letters for expenditures made by this agency.

5. The following is a summary of the agency's appropriations for the last two fiscal years as authorized by House Bill No. 1, 72nd Legislature, Regular and 1st Called Sessions.

Out of the Insurance Operating Fund No. 036:

	For the Years Ending	
	<u>8/31/92</u>	<u>8/31/93</u>
Board Offices	\$ 1,511,578	\$ 1,611,620
Commissioner's Office	497,931	530,887
Legal Services	1,844,125	1,814,495
Policy Planning & Research	2,587,465	2,309,357
Administrative Services	16,967,025	8,282,780
Regulated Lines	11,536,005	12,007,519
Consumer Services	1,833,455	1,916,880
Finance	10,627,280	11,725,959
Licensing & Investigation	<u>3,320,136</u>	<u>4,075,503</u>
Total	<u>\$ 50,725,000</u>	<u>\$ 44,275,000</u>

6. These financial statements, supporting footnotes, schedules, and addendum information were prepared under the supervision of Chief Accountant Ai-Ching Reed of the Accounting Division of the Texas Department of Insurance. Questions and comments about the meaning or composition of this report should be addressed to her by phoning (512) 463-6151 or writing the Texas Department of Insurance, P. O. Box 141904, Austin, Texas 78714-9104.





**Texas Department of Insurance**

333 Guadalupe Street Post Office Box 149101 Austin, Texas 78714-9104