



## TDI Issues New Price Comparison Guides

**T**HE TEXAS DEPARTMENT OF INSURANCE has released its 2005 insurance price comparison guides, which are available on the agency's website ([www.tdi.state.tx.us](http://www.tdi.state.tx.us)). The new price comparisons update and replace the guides TDI has previously published for auto and homeowners insurance.

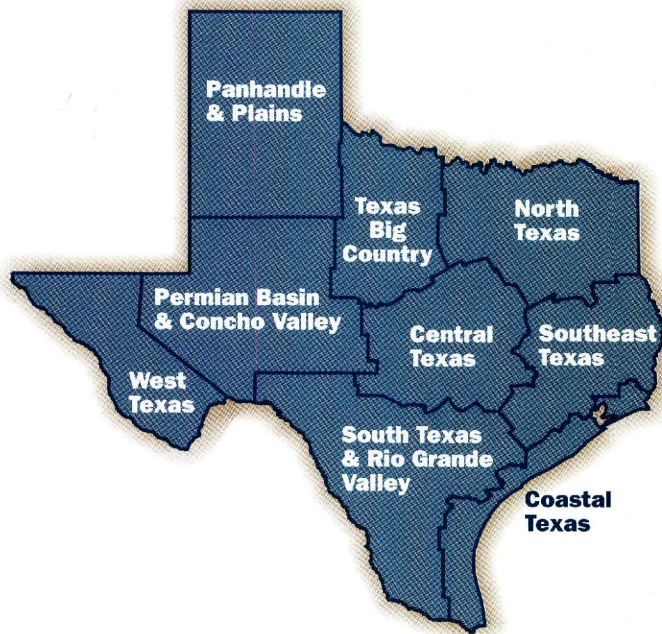
The new price comparisons include an increased number of driver and home "profiles" that can more accurately reflect the consumer's insurance needs. The new guides also use representative zip codes as location references rather than rating territories, providing consumers with helpful information.

The price comparisons are designed to help people shop for insurance and show annual price estimates submitted to TDI by the companies listed. Both auto and homeowners price comparisons show estimates for the type of policy a company is "most likely" to sell to new customers.

The auto price comparisons list estimates based on seven hypothetical driver profiles, up from four profiles in the previous rate guides. Profiles vary by age, gender, and use of vehicle (drive to work or pleasure). The homeowners price comparisons list estimates based on eight hypothetical homeowner profiles, up from four profiles previously. Profiles vary by age of house and construction.

Along with price estimates, the guides provide contact information for each company listed, an AM Best financial rating, a complaint index, and shopping tips. The online

## Insurance Price Comparisons



price comparisons also include information on discounts offered.

Companies writing in the top 80 percent of the market statewide for auto and homeowners insurance were required to submit data. Other companies were included if they chose to submit data. Only companies currently writing to new customers are included. ☺



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# TDI Requests Rate Filings from the State's Top Homeowners Insurers

**RECORD LOW LOSS RATIOS** reported by Texas homeowners insurers in 2004 prompted the Texas Department of Insurance to request rate filings from some of the state's largest homeowners insurance groups.

Overall, the industry had an average loss ratio of 27.6 percent. Loss ratios are the amount of claims expressed as a percentage of the premium. Industry expenses (premium taxes, commissions, overhead) averaged 32.6 percent, resulting in combined losses and expenses of 60.2 percent. This ratio does not include the amounts that prudent insurers will set aside for future catastrophe losses. A single year's experience does not necessarily constitute a basis for rate making but it is an indication of a market that should be in recovery.

While low losses can be attributed to a variety of factors, 2004 was a favorable year for insurers. Compared to 2003, which had the highest amount of wind and hail losses in the past 20 years, 2004 had few catastrophic storms in the coastal areas and the traditional hailstorm areas of North and Northeast Texas. The state was also spared the devastation caused by hurricanes, as experienced by Florida in 2004.

"While 2001–2003 were years of the perfect storm for insurance losses, 2004 was the year of perfect calm," said Texas Insurance Commissioner Jose Montemayor. "Every year poses a new set of risks, and we know that hurricanes and hailstorms will happen again in Texas. Nonetheless, if insurers are benefiting from improved trends, we expect Texas policyholders to benefit, as well."

"The historic reforms of Senate Bill 14 two years ago have given TDI the ability to order

adjustments in rates when market forces do not respond to changing conditions," Montemayor said. "Some insurers have lowered rates. Consumers now have more options and should shop around. However, if we find that adjustments are needed, we will not hesitate to order them."

## Homeowners Groups Who Requested To File Rates With TDI:

### Zurich Insurance Group

Farmers Insurance Exchange  
Fire Insurance Exchange  
Foremost Lloyds of Texas

### United Services Automobile Association Group

United Services Automobile Association  
USAA Texas Lloyds

### Travelers Property & Casualty Corporation Group

Travelers Lloyds of Texas Insurance Co.  
Travelers Personal Security Insurance Co.

### Vesta Insurance Group

Texas Select Lloyds Insurance Co.

### Nationwide Corporation

Nationwide Lloyds

### Chubb & Son Incorporated

Chubb Lloyds Insurance Co. of Texas

### Texas Farm Bureau Mutual

Texas Farm Bureau Underwriters

### Liberty Mutual Group

Liberty Lloyds of Texas Insurance Co.  
Liberty Mutual Fire Insurance Co.  
America First Lloyds Insurance Co.

### Interinsurance Exchange of the Automobile Club Group

Interinsurance Exchange of the Automobile Club  
Auto Club Indemnity Co.

### ARX Holding Corporation Group

ASI Lloyds

State Farm and Allstate were not ordered to submit rates included in the rate request since they are already the subjects of administrative proceedings regarding their homeowners rates. ☺

# TDInSight

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

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

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



# TDI Issues Bulletin To Insurers Regarding ChoicePoint Inc.

**INSURERS WHO USE CREDIT SCORING** in underwriting and rate setting must take into consideration a recent security breach at the data collection company ChoicePoint Inc., according to a bulletin issued by the Texas Department of Insurance (TDI). The Georgia company has recently acknowledged releasing the personal financial information of 144,778 consumers, including more than 11,000 Texans, to fraudulent companies.

TDI's Commissioner's Bulletin directs the industry not to penalize consumers who may have been impacted by the leak of their personal information from ChoicePoint. Legislation passed in 2003 protects Texas consumers from inaccurate credit information being held against them by insurance companies that rely on credit scores to set rates or determine whether or not to accept a new customer. The bulletin issued today reiterates the law requiring insurers to afford this consumer protection, especially as it relates to the thousands of consumers potentially impacted by the release of information from ChoicePoint. "Insurance companies need to closely follow the intent of the law and consumers need to know that they have rights," said Texas Insurance Commissioner Jose Montemayor. "If people are victims of identity theft, the law protects them."

The consumer protections regarding the use of credit scoring approved by the 78th Texas Legislature were widely recognized as among the strongest in the country. The protections provide consumers with an opportunity to fix incorrect information on their credit reports that might negatively affect their ability to secure insurance coverage or incorrectly raise the cost of such coverage. Insurers are

also required to provide exceptions for any credit information that might have an adverse effect on consumers if it relates to any one of several life changing events including catastrophic illness or injury, the death of a close family member, the loss of a job, a divorce, or as in this case, identity theft.

According to the law, in order to protect their rights, consumers must make a written request for such an exception. But in the bulletin, TDI informed insurers to also accept verbal requests for credit exceptions related to the ChoicePoint incident and to be proactive in making contact with ChoicePoint on behalf of their customers or applicants for coverage.

TDI is also available as a resource to any consumer who is concerned that their personal financial information may have been part of the data stolen from ChoicePoint. Consumers with questions about the incident or their rights regarding insurance should call TDI's toll free consumer line at: 1-800-252-3439. ☎

# Insurance Commissioner Signs Emergency Cease and Desist Order

## *Regarding Unauthorized Agents, Companies Selling Surety Bonds*

**I**N MARCH, TEXAS INSURANCE Commissioner Jose Montemayor signed an order to stop unlicensed individuals and their affiliates from selling unauthorized surety bonds to Texas consumers.

Robert Joe Hanson, along with Daniel Lyon and affiliated companies Global Bonding, Millennium Bonding, and Individual Surety, Ltd., were ordered to cease and desist from the sale of surety bonds. Neither Hanson nor any of his affiliates are licensed to write surety bonds in Texas.

The states of Georgia, Washington, Florida, Montana and Nevada have also ordered Hanson and his affiliated companies to cease and desist issuing fraudulent bonds. Hanson faces criminal charges in California, where

he has been charged with selling fraudulent contractor bonds and fake certificates of liability.

Montemayor said, "While the surety bond markets remain tight, TDI is committed to helping small business owners find appropriate financial backing through its online resources and our toll-free consumer information lines."

Texas consumers are encouraged to check the licensure status of insurance agents and agencies on the TDI website ([www.tdi.state.tx.us](http://www.tdi.state.tx.us)) or call the TDI Consumer Help Line at 1-800-252-3439 for assistance. ☎

## Fraud Advisory

### *Unauthorized San Antonio Agents Take Premiums without Providing Coverage*

**T**HE TEXAS DEPARTMENT OF INSURANCE is issuing a public fraud alert pertaining to two San Antonio unauthorized insurance agencies, The Insurance Center and The Insurance Connection, operating at the following locations: 539 South General McMullen, 924 S. Zarzamora, and 710 Bynum St. These agencies, operated by Velia Fuentes and/or Valerie Fuentes, are charged with taking in premium payments without providing insur-

ance coverage. The agencies are currently under investigation for insurance fraud.

Consumers who have purchased insurance through these agencies may not be covered and are advised to contact the TDI Fraud Division by calling toll-free 1-888-327-8818. Consumers can also use TDI's Online Fraud Reporting form at: [www.tdi.state.tx.us/fraud/onlinereport.html](http://www.tdi.state.tx.us/fraud/onlinereport.html). ☎



# Unauthorized Health Plans Ordered to Cease and Desist

## *Bogus Health Plans Marketed Under Union Guise*

**T**EXAS INSURANCE COMMISSIONER Jose Montemayor has signed an order to stop the sale of unauthorized health insurance products to Texas consumers.

Montemayor signed a cease and desist order regarding two separate purported “union plans” that had wrongly alleged that they were exempt from state insurance regulation. The International Union of Public and Industrial Workers (also known as the International Union of Petroleum and Industrial Workers, or IUPIW) and the Manufacturing and Industrial Workers Union (MIWU) have used insurance agents to enroll hundreds of Texas residents in their “union plans” without requiring participants to become truly unionized and without requiring employers to engage in real collective bargaining with their employees.

The Department has received complaints of unpaid claims regarding the IUPIW plan. The MIWU only began operations in October of 2004. Both plans have accepted many enrollees from other illegal “union plans” which have been shut down by regulators.

A number of other related entities and individuals were also ordered to cease their involvement in the unauthorized union plans.

These include two Texas insurance agents, Terrence LaFave and John Kudra. The other respondents named in the order are: International Union of Public/Petroleum Industrial Workers-Canadian Benefit Fund, Manufacturing and Industrial Workers Union Benefit Trust Fund, Contractors and Merchants Association, Oak Tree Administrators, First Class Administrators, Inc., South by Southwest Employers Association, George Beltz, Mitchel Coneley, Cherille Shelp, William Hope, Tim Gue, Robbie Larkin, Gary Couch, Kent Traynor, and Raymond Palombo.

“It’s bad enough that these operators are taking people’s money in the form of premiums every month,” Montemayor said. “But the impact of the fraud is magnified by the fact that it’s not until the victim is facing a health problem that they find they have no insurance.”

Texas consumers are encouraged to check the licensure status of insurance agents and agencies on the TDI website ([www.tdi.state.tx.us](http://www.tdi.state.tx.us)) or call the TDI Consumer Help Line at 1-800-252-3439 for assistance. ☺



# Fine Imposed Against Chicago Title-Houston

**T**HE TEXAS DEPARTMENT OF INSURANCE has imposed a \$1.2 million fine against Chicago Title-Houston for violating state insurance laws. Under the terms of the enforcement action, the company is required to cease the practice known as “land flips.”

According to the disciplinary order, Chicago Title-Houston allegedly engaged in “land flip” transactions, in which the value of loans or property appraisals was vastly inflated, inducing the lender to loan more money than the property was worth. A second transaction to sell the property, occurring simultaneously, would result in fraudulent profits pocketed by the conspiring parties. In addition to improper simultaneous flip transactions, Chicago Title-Houston also engaged in the practice of providing inaccurate settlement statements to lenders and borrowers. These statements were designed to change the percentage of the seller’s proceeds in order to

divert funds to the conspiring parties. Chicago Title-Houston is in the process of addressing the deficiencies in its compliance controls that resulted in the violations of state insurance laws.

TDI’s action was the result of a joint operation with the federal Office of the Comptroller of the Currency (OCC), the Department of Housing and Urban Development (HUD) and the Office of Thrift Supervision (OTS). The three federal agencies will share an additional \$5 million fine.

“This is a good example of how state and federal regulators can join forces to provide the resources that each does best,” said Texas Insurance Commissioner Jose Montemayor. “The bottom line is that the consumer who will only rarely take out a mortgage loan must be protected from so-called experts who know how to play the system.” ☺

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## TDI Takes Action Against Unlicensed Health Care Provider

**T**HE TEXAS DEPARTMENT OF INSURANCE, working in conjunction with the Collin County District Attorney’s Office, announced an indictment against Don Bauer of Plano for insurance fraud.

Bauer, who had not held a valid chiropractor license since 1996, allegedly billed insurance companies for radiology services as a Doctor of Chiropractic Care (D.C.).

Records show over 1300 separate claims submitted under a false license, with an aggregate loss of over \$200,000 to 31 separate insurance companies.

The case was investigated by TDI’s Fraud Unit with assistance from the Collin County DA’s office. The offense of submitting a claim when unauthorized to do so is punishable by fines and imprisonment. ☺



# Hurricane Season Looms on the Horizon for Texas

**T**HE 2004 ATLANTIC HURRICANE SEASON was one of the most active in more than half a century, demonstrating just how powerful—and potentially destructive—windstorms can be. There were 13 named storms last year, well above the average of 9.6. Seven of the 13 developed into hurricanes. One of those storms, Hurricane Ivan, was particularly destructive. Ivan's 10 intense hurricane days were the longest ever recorded for any storm since 1900. One in five Florida homes were damaged or destroyed, resulting in approximately \$20 billion in insured losses.

Previous to last year's hurricane season, Florida had been fairly lucky overall for several decades. Between 1928 and 1965, Florida experienced only 14 major hurricanes, or about one every three years. Between 1966 and 2003, Florida had experienced only one major hurricane, Hurricane Andrew in 1992. That relative calm became a distant memory for residents of the "Sunshine State" last year as five named storms slammed into the Florida coast over a 48 day period.

What does this all mean for Texas? Primarily it is an opportunity for residents and officials to learn from the experience of our neighbors along the Gulf Coast. Texas coastal residents face the same dangers from destructive tropical storms. And Texas similarly has enjoyed relative calm for many years. On average the Texas coast is struck by a hurricane about once every three years, just like Florida previous to last season. On average Texas has one very intense hurricane every eight years. Between 1960 and 1989, there have only been 13 hurricanes that have hit the Texas coast and only six of those have been intense

storms. Over the most recent 14 years, there have been only two hurricanes that have reached the Texas coast.

To say we are due would be an understatement—we are overdue. According to noted weather experts we are entering into a new era of increased Atlantic hurricane activity that could last for decades. And while Texas has experienced an unusually extended period of relative calm, statistically the state's lucky streak could end very soon with hurricane strikes becoming more likely all along the Gulf coast.

Texas has not experienced a major hurricane since 1983 when Hurricane Alicia hit Galveston Island. And since that time, the Texas coast has seen an explosion in growth and development. In Galveston County alone there is approximately \$7.4 billion of exposure. That amount does not include Houston, Harris County or Fort Bend County. (The greater Houston area has approximately \$633 billion in exposure for both residential and commercial risks.) In the Corpus Christi area, Nueces County, there is another \$5.5 billion of exposure.

For much of that coastal risk, the Texas Windstorm Insurance Association (TWIA) acts as the insurer, issuing policies, collecting premium and processing claims. The Association, made up of all insurers authorized to write property insurance in Texas, also functions as a pooling mechanism, allocating losses back to the industry. If TWIA losses exceed collected premiums, reserves and reinsurance, assessments are made against the member insurer's. The greater an insurer's market share, the greater its potential for

*Continued on page 8*



# Hurricanes ... from page 7

loss assessments. But eventually those assessed losses negatively impact the State of Texas General Fund. Insurers may deduct from their state premium taxes all TWIA assessments in excess of \$1.3 billion. Essentially the State of Texas is the ultimate insurer of hurricane losses after the first \$1.3 billion.

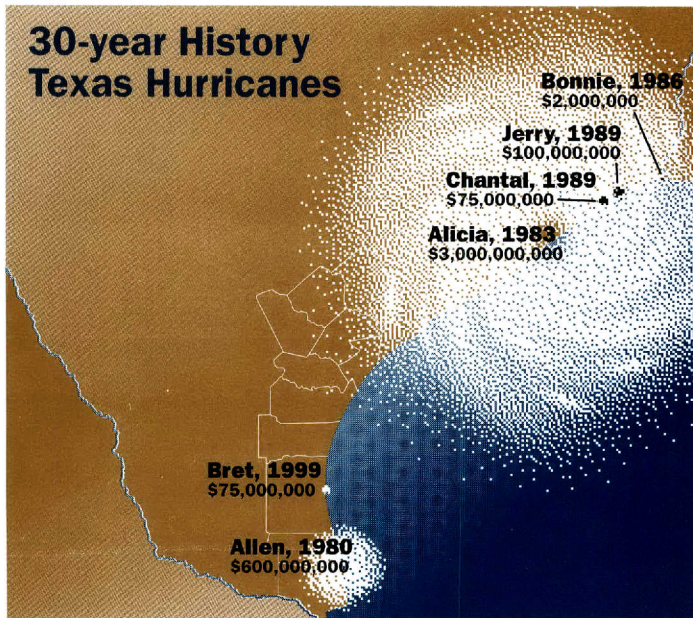
The Texas Department of Insurance has urged state lawmakers to consider updating the funding mechanism for windstorm losses. In addition to the potential negative impact on the General Fund, the threat of assessments can have a chilling effect on investment and development of a competitive homeowners market. Along with the risk of larger assessments based on market share, insurers are not allowed to accumulate reserves for future catastrophe events on a tax deferred basis.

TDI is recommending a combination of solutions to address the issue of windstorm funding including providing incentives for carriers to assume more risk along the Texas coast, transferring more risk to reinsurance markets, providing for the issuance of bonds within the insurance structure to pay for future losses with repayment of bonds funded by policyholders instead of by the General Fund, and setting up a system to provide for short term emergency funding needs.

While the \$1.3 billion in current reserves would likely cover expected losses of a single Category 3 storm to a Texas population center, it would not be enough to recover from a multiple hit scenario or a larger Category 4 or 5 storm. The recent experience of Florida during the last hurricane season demonstrates that multiple hurricane landings are not only possible, but probable; weather experts believe that level of tropical activity could become more common over the next few years.

In his annual report on expected tropical storm activity, Colorado State University's Dr. William Gray predicts an "above-average hurricane season in 2005." Gray's team expects 13 named storms in 2005, seven of those hurricanes and three of those intense hurricanes. The researchers go on to say that the probability of one of those storms making landfall along the Gulf Coast is an estimated 41 percent. The average for the last cen-

ty is 25 percent.



## Costliest Hurricanes/Tropical Storms to Hit Texas in the 20th Century

HURRICANE	YEAR	CATEGORY STORM	DAMAGE
Alicia (San Luis Pass)	1983	3	\$3 billion
Allen (Port Mansfield)	1980	3	\$600 million
Allison	1989	Tropical Storm	\$500 million
Celia (Corpus Christi)	1970	3	\$453 million
Carla (Port O'Connor)	1961	4	\$408 million
Claudette	1979	Tropical Storm	\$400 million
Beulah (Brownsville)	1967	3	\$200 million
Audrey (Sabine Pass)	1957	4	\$150 million
Bret (Padre Island)	1999	4	\$75 million
Jerry	1989	1	\$100 million
Chantell	1989	1	\$75 million

Source: National Hurricane Center

tury is 30 percent. Dr. Gray noted that their forecasted activity had been increased significantly from an early report issued in December based on continued warming of the Atlantic Ocean and a belief that an expected El Nino condition, may not develop this year. He also warns that his next report

due just before the start of the 2005 hurricane season could predict even greater tropical activity.

The Atlantic hurricane season runs from June 1 through November 30. ☺

## Preparing for Hurricane Season

**T**HE 2004 HURRICANE SEASON brought unprecedented devastation and human suffering to the state of Florida. Residents of the coastal communities need to understand the importance of building to the more stringent windstorm codes and there has never been a better time to learn that building stronger does make a difference.

While no structure is “storm-proof,” building to the latest windstorm building code standards will minimize property damage and make a home eligible for windstorm insurance. The standards cover items such as roof materials, attachment strength, and construction elements such as exterior openings and coverings. With hurricane season just around the corner, now is the time to get ready.

To help consumers prepare for hurricane season, the Texas Department of Insurance Windstorm Program conducted a series of informational programs covering such topics

as: how to qualify for windstorm insurance; how to protect a home in the event of a storm; what to do after a major storm; the consequences of not having windstorm insurance; how to apply windborne debris protection; and the effect of windstorm insurance on the sale/purchase of a home. The free presentations were held in Bay City, Corpus Christi, Brownsville, Lake Jackson, Texas City, and Beaumont in late April and early May 2005.

No one has a crystal ball to predict for sure whether they will need windstorm coverage, but as we saw in Florida just a few short months ago, the danger along the Gulf coast is real and the risks are great.

For more information, call TDI’s Windstorm Program at 1-800-248-6032, or log on to the TDI website at [www.tdi.state.tx.us/company/rswscode.html](http://www.tdi.state.tx.us/company/rswscode.html). ☺

## Deadliest Hurricanes in Texas History

HURRICANE	YEAR	CATEGORY STORM	DEATHS
Galveston	1900	4	6,000
Corpus Christi/Keys	1919	4	600*
Audrey (Sabine Pass)	1957	4	390
Galveston	1915	4	275
Carla (Port O'Connor)	1961	4	46
Velasco	1909	3	41
Freeport	1932	4	40
Brownsville	1933	3	40

\*More than 500 of 600-900 estimated deaths lost on ships at sea.

The Texas estimate of deaths was 284.

Sources: National Hurricane Center, Texas Weather by George Bomar



# TDI Business Development Roundup

## *Building a Better Community*

**T**EXAS HAS BEEN AWARDED the Governor's Cup for the sixth time in over twenty-five years. The Governor's Cup is determined by the number of qualified projects tracked by Conway Date, Inc, a company that has monitored business expansions for over 40 years. Qualifying projects involve a capital investment of at least \$1 million, must create 50 or more jobs or involve new floor space of at least 20,000 square feet. Texas won with 660 qualifying projects according to Site Selection writer, Mark Arend. "At the rate Texas is racking up new facilities lately, and with a business climate ranked first in the U.S. by this publication, it could happen again" Arend stated. Governor Perry attributes this success to the funding and careful distribution of the Texas Enterprise Fund. Added Insurance Commissioner Jose Montemayor, "On behalf of TDI, I would like to extend a hearty congratulations to Governor Perry, the Economic Development & Tourism staff, and the many Economic Development professionals throughout the state for putting Texas back on top."

Texas expansions and relocation of new businesses are good for the employment horizons. With great success comes greater responsibility. It takes more than brick and mortar and new jobs to build a better community. It takes a commitment to help our neighbor—to volunteer within our neighborhood and our business community. Don't know where to start?


Volunteer opportunities exist in public and private schools, state agencies, non-profit organizations and in your church. Additional volunteer opportunities can be found at [www.onestarfoundation.org](http://www.onestarfoundation.org), the website for OneStar Foundation. Birthed from the heart and vision of Governor Rick Perry, the OneStar Foundation is Texas' home for sup-

porting a new culture of volunteerism and for managing national service programs and other initiatives important to our state. The mission of OneStar Foundation is to increase the impact and effectiveness of Texas civil society by promoting volunteerism, forging networks and collaborations, and providing knowledge and tools to build strong, healthy organizations. OneStar will also challenge all Texans to become active community volunteers, with the understanding that less costly government requires the individual leadership of service to others. There are many opportunities to volunteer in Texas. Try using the handy Volunteer Match tool at [volunteermatch.org](http://volunteermatch.org). All you need to do is type in your zip code!

Another way to volunteer is to become a mentor. Anyone can be a mentor and make a big difference in a child's life. Of 400 high school students with mentors who participated in a recent poll taken by Louis Harris:\*

- 73% said mentors helped them raise their goals and expectations
- 87% went to college or planned to attend college within two years of graduation
- 59% improved their grades

*\*National Mentoring Partnership*

The Governor's Mentoring Initiative (GMI) is a program of the OneStar Foundation dedicated to growing mentoring in Texas by promoting, supporting, and developing high-quality mentoring opportunities. As a mentor you can become a trusted and faithful friend who listens, supports, and guides a young person. If you decide to become a mentor, GMI encourages you to review the Quality Assurance Standards developed for GMI by Texas mentoring professionals. Go to: [www.mentoring.org](http://www.mentoring.org). 

## Cutting Dropout Rate Could Provide Boost For Texas Economy

**R**EDUCING TEXAS' HIGH SCHOOL dropout rate could generate at least \$404 million a year in additional wages, according to a report released by The Alliance for Excellent Education, a Washington, D.C.-based policy, research and advocacy organization.

Currently, 68 percent of Texas students graduate from high school. The report says that

by cutting the dropout rate in half, Texas could realize:

- \$404 million a year if those students earned high school diplomas.
- \$808 million a year if those students obtained some postsecondary education.
- \$1.3 billion a year if those students earned bachelor's degrees. ☺

## Fraud Unit Rolls Out Statewide Liaison Program

**TDI'S** FRAUD DIVISION recently implemented a new initiative to enhance anti-fraud efforts on a statewide scale. To assist local law enforcement in the detection and prosecution of insurance fraud, TDI has assigned a separate investigator to serve as a dedicated liaison to each of eight regions around the state.

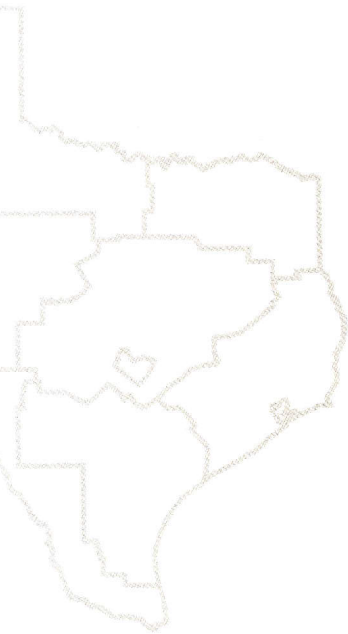
Each of the eight regions will have a primary and a secondary liaison. The regional liaison will serve as the interface between TDI and the law enforcement personnel in the 254 counties and over 700 police departments around the state, as well as federal law enforcement, anti-fraud organizations and insurance companies' special investigative units.

"We're excited about this initiative and its potential to bring a greater degree of efficiency to the work of tracking down insur-

ance fraud," said Dennis Pompa, Associate Commissioner for Insurance Fraud and head of TDI's Fraud Unit. "The aim is both to streamline the reporting process and avoid the duplication of effort that can slow the process."

In the past, major metropolitan areas worked with assigned fraud investigators simply because insurance fraud was more prevalent in urban areas. The new liaison initiative will broaden the agency's anti-fraud efforts by extending these partnerships into even the most remote rural areas.

Questions or tips about suspected insurance fraud can be reported to TDI's Fraud Unit by calling toll free, 1-888-327-8818, or by utilizing the online reporting form at <http://www.tdi.state.tx.us/fraud/onlinereport.html>. ☺







# InDiscipline

NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
Abrams, Donald A.	Austin	Taught a continuing education course with an expired provider registration	\$5,000 fine	50131	2/8/05
Amador, Kathleen	Killeen	Misappropriated or converted money belonging to an insurer or insured; Engaged in fraudulent or dishonest acts or practices; Materially misrepresented terms and conditions of an insurance policy	General Life, Accident, and Health License revoked	50163	2/16/05
American Capitol Insurance Company	Houston	Failed to provide prior notice to TDI of intercompany settlements	\$5,000 fine	50187	2/23/05
Audilet, Lana M.	Dallas	Failed to comply with continuing education requirements	\$450 fine; Complete fifteen hours of continuing education	50033	1/7/05
Blue Cross and Blue Shield of Texas, A Division of Health Care Service Corporation	Chicago IL	Failed to timely provide fee schedule to providers	\$5,000 fine	50202	2/28/05
Box, Carl Thomas	Livingston	Engaged in fraudulent or dishonest acts; Engaged in unfair and deceptive acts or practices	Probated suspension of General Life, Accident and Health License	50176	2/22/05
Chicago Title Insurance Company - Houston	Houston	Engaged in improper flip transactions; Provided inaccurate settlement statements to lenders and borrowers; Violated numerous provisions of the Texas Title Manual	\$1,200,000 fine	50191	2/24/05
Cisneros, Ronald	Boerne	Failed to comply with continuing education requirements	\$1,500 fine; 15 hours continuing education	50180	2/23/05
Cortez, Rogelio Gil	Dickinson	Misappropriated or converted money belonging to an insurer or insured	General Property and Casualty License revoked	50034	1/7/05
Craft, Lynn Dean	Houston	Failed to comply with Commissioner's Order	Limited Lines License revoked	50130	2/7/05
Crooks, Sylvester J	Robstown	Knowingly, willfully, fraudulently or with gross negligence signed or prepared an inspection report that contained a false statement	\$3,000 fine; Probated suspension of Qualified Inspector Appointment	50177	2/22/05
Cross, Rodney Drue	Waco	Misdemeanor offense; Prior disciplinary action taken by other states	Probated suspension of General Life, Accident and Health License	50035	1/7/05
Dearing, Diana Garza	Houston	Failed to comply with continuing education requirements	\$500 fine; 15 hours continuing education	50127	2/4/05
Delta County Title and Abstract Co.	Cooper	Failed to timely file required annual audit reports	\$1,500 fine	50101	1/25/05
Employee Benefit Management Services	Billings MT	Acted as an agent for unauthorized entities; Acted as a third party administrator without proper certification	\$6,000 fine plus restitution; Cease and Desist unauthorized activity	50185	2/23/05
Enen, James Martin	Dallas	Failed to comply with continuing education requirements	\$1,000 fine; Complete fifteen hours continuing education	50036	1/7/05
Federal Insurance Company	Warren NJ	Issued several policy forms and endorsements prior to approval by TDI	\$25,000 fine	50037	1/7/05
Frick, Jeffrey Edward	Solana Beach CA	Failed to timely file required Annual Agent Reports for Risk Retention and Purchasing Groups (PG3); Failed to timely respond to requests for information from TDI	\$1,500 fine	50205	2/28/05

NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
Gans & Smith Insurance Agency, Inc.	Longview	Failed to timely file required Annual Agent Reports for Risk Retention and Purchasing Groups (PG3); Failed to timely respond to requests for information from TDI	\$2,500 fine	50206	2/28/05
Hall, James Scott	Austin	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	\$2,407,745 Restitution; General Property and Casualty License revoked	41245	12/28/04
Hall, Lee Artis Anthony	Dallas	Engaged in fraudulent or dishonest acts or practices	\$3,000 fine; Probation of General Property and Casualty License	50043	1/7/05
Haskins, Constance	El Paso	Failed to comply with continuing education requirements	\$300 fine; 15 hours of continuing education	50181	2/23/05
Hinojosa, John Gerard	Houston	Acted as an agent for unauthorized entities; Engaged in fraudulent or dishonest practices	\$10,000 fine plus restitution; General Life, Accident and Health License and Limited Lines License revoked; Cease and Desist from engaging in the business of insurance	50105	1/25/05
Holmes, John Robert	Temple	Failed to comply with continuing education requirements	\$1,500 fine; Complete fifteen hours of continuing education	50056	1/13/05
Imbert, Richard C.	Amityville NY	Failed to timely file required Annual Agent Reports (PG3)	\$1,000 fine	50057	1/13/05
Jackson National Life Insurance Company	Lansing MI	Taught a continuing education course with an expired certificate; Failed to maintain attendance records	\$21,000 fine	50102	1/25/05
Jel Institute	Greer SC	Taught continuing education courses with an expired certificate; Failed to timely respond to requests for information from TDI	\$7,500 fine; Cease and Desist	50104	1/25/05
Keelan, Richard F., P.E.	San Leon	Failed to comply with the prescriptive code for inspections; Failed to timely respond to requests for information from TDI	Application for reinstatement as a Qualified Inspector denied.	50061	1/13/05
Lawyers Title Insurance Corporation-Plano	Plano	Failed to timely file required annual audit report	\$2,000 fine	50040	1/7/05
Lemons, Lori Ann	Wylie	Failed to maintain the qualifications necessary to hold a Surplus Lines License	\$2,500 fine	50182	2/23/05
Liberty Life Insurance Company	Greenville SC	Alleged race-based pricing	Mandatorily enjoined to comply with Multi-state Regulatory Settlement Agreement	50189	2/23/05
Liston, Steven Craig	Waukee IA	Failed to timely file required Annual Agent Reports (PG3); Failed to timely respond to requests for information from TDI	\$1,500 fine	50058	1/13/05
Lone Star Title, Inc.	Southlake	Failed to maintain complete or correct escrow audit reports	\$40,000 fine	50038	1/7/05
Lopez, Cristobal Salas	San Antonio	Attempted to obtain a license by fraud or misrepresentation; Engaged in fraudulent or dishonest acts or practices; Committed a felony involving moral turpitude	Limited Lines License application denied	50111	1/27/05
Mega Life Health Insurance Company	North Richland Hills	Delivering, issuing and using an unapproved major medical policy	\$5,000 fine; \$18,573 in restitution	50132	2/8/05

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# InDiscipline

NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
Midwest Staff Solutions, Inc.	Lenexa KS	Unauthorized insurance	\$5,000 fine; Cover unpaid Texas claims; Cease and Desist	50068	1/14/05
Montgomery, Dougald Prosper	Norcross GA	Failed to timely file required Annual Agent Reports for Risk Retention and Purchasing Groups (PG3); Failed to timely respond to requests for information from TDI	\$1,500 fine	50207	2/28/05
Palmer, George Albert	Limestone ME	Felony conviction; Failed to notify TDI of an administrative action taken by another state insurance regulator	General Life, Accident and Health License revoked	50046	1/7/05
Pre-Paid Legal Services, Inc	Ada OK	Acted as a Surplus Lines Agent without a license	\$10,000 fine; Cease and Desist from engaging in the business of insurance; Pay unauthorized insurance, premium receipts tax penalties and interest	50178	2/22/05
Property Loss Research Bureau	Downers Grove IL	Taught a continuing education course with an expired certificate	\$6,200 fine	50060	1/13/05
Rahlf, John W	Kingwood	Acted as a life and health insurance counselor without a license	\$1,000 fine	50179	2/22/05
Realty Title and Abstract Company	Ennis	Employed a person as an escrow officer without a proper license	\$4,000 fine	50208	2/28/05
Reese, William Joseph, Jr.	Houston	Failed to timely file required Annual Agent Reports (PG3); Failed to timely respond to requests for information from TDI	\$1,500 fine	50039	1/7/05
Renaissance Title, L.L.C.	Allen	Failed to timely file required agent statistical reports and escrow audit reports	\$21,000 fine	50186	2/23/05
Riddell, Christine Joann	Torrance CA	Misappropriated or converted money belonging to an insurer or insured; Engaged in fraudulent or dishonest acts or practices	\$36,410 Restitution; General Property and Casualty License revoked	41247	12/28/04
Russell, Theresa Ann	El Paso	Failed to comply with continuing education requirements	\$475 fine; Complete 15 hours of continuing education	50059	1/13/05
Service Life & Casualty Insurance Company	Austin	Failed to notify TDI of or obtain approval for mortgage loan transaction	\$5,000 fine	50041	1/7/05
Shepherd, April Renee	Warrenton MO	Engaged in fraudulent or dishonest acts or practices; Felony conviction directly related to the business of insurance	Nonresident Adjuster Property and Casualty License application denied	50063	1/13/05
Simmons, James	Leander	Engaged in fraudulent or dishonest acts or practices; Convicted of an offense involving theft	General Life, Accident and Health License and General Property and Casualty License applications denied	50044	1/7/05
Smith, Christopher Ray	Richland Hills	Felony conviction involving moral turpitude	Adjuster All Lines License revoked	50183	2/23/05
Soto, Brenda D.	Fort Worth	Engaged in fraudulent or dishonest acts or practices	Probated suspension of County Mutual License	50201	2/28/05
Spinhirne, Andrew Paul	Amarillo	Convicted of criminal conduct involving moral turpitude directly related to the business of insurance	General Life, Accident, and Health License denied	50045	1/7/05
Stewart Title of Midland, L.L.C.	Midland	Failed to timely file required annual escrow audit reports	\$6,000 fine	50203	2/28/05

NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
Strategic Abstract & Title Corporation	Midland	Violated minimum escrow accounting procedures and internal controls	\$5,000 fine	50007	1/7/05
Texas Imperial Life Insurance Company	Houston	Failed to provide prior notice of intercompany settlements	\$5,000 fine	50188	2/23/05
Texas Pacific Indemnity Company	Dallas	Issued policy forms and endorsements prior to TDI approval	\$25,000 fine	50103	1/25/05
Thomas, Billy Charles	Dallas	Made a material misrepresentation on a license application; Failed to notify TDI of a prior administrative action	Probated suspension of Public Insurance Adjuster License	50126	2/4/05
Thomas, Maxie Kent	Dallas	Conducted business in the name of a title insurance agent without being licensed as an escrow officer	\$5,000 fine	50008	1/4/05
Tietz, Daniel Charles	Minneapolis, MN	Failed to timely file required Annual Agent Reports for Risk Retention and Purchasing Groups (PG3); Failed to timely respond to requests for information from TDI	\$1,500 fine	50190	2/23/05
Trans Union Settlement Solutions, Inc.	Houston	Failed to timely remit title insurance policy guaranty fees	\$800 fine	50209	2/28/05
Waley, Joshua	Leander	Misdemeanor offense directly related to the business of insurance	Probated suspension of General Property and Casualty License	50210	2/28/05
Walker, James Randolph	Garland	Misappropriated or converted money belonging to an insurer or insured; Engaged in fraudulent or dishonest acts or practices	\$5,000 fine; Probated suspension of Adjuster All Lines License	50184	2/23/05
White, Marvin Junior	Wichita Falls	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	General Life, Accident and Health License revoked	50062	1/13/05
Williams, Keith W.	Fort Worth	Engaged in fraudulent or dishonest acts or practices; Misappropriated or converted money belonging to an insurer or insured	General Life, Accident and Health License and General Property and Casualty License revoked	41140	11/24/04
Wood County Title Company	Mineola	Failed to timely file required annual audit report	\$1,000 fine	50204	2/28/05
Woolsey, Randy Dalton	Humble	Failed to comply with continuing education requirements	\$1,500 fine; Complete fifteen hours of continuing education	50042	1/7/05

# InLicensing

New Companies	COMPANY NAME	LOCATION	LINE	DATE LICENSED
	Grasil, Inc.-TPA	Orlando FL	Third Party Administrator	1/6/05
	Texas InsureAmerica Services, L.L.C-TPA	Oklahoma City OK	Third Party Administrator	1/6/05
	Texas Pension Consultants, Inc., dba Texas Pension Consultants-TPA	Waco	Third Party Administrator	1/6/05
	Pacific Northwest Title Insurance Company, Inc.	Seattle WA	Title	1/7/05
	BeniStar Admin Services, Inc.-TPA	Wilmington DE	Third Party Administrator	1/21/05
	BusinessPlans, Inc.-TPA	Dayton OH	Third Party Administrator	1/21/05
	Commonwealth Claims Management Associates, Inc.-TPA	Boston MA	Third Party Administrator	1/21/05
	CSC Healthcare, Inc.-TPA	EI Segundo CA	Third Party Administrator	1/21/05

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# InLicensing

## New Companies

COMPANY NAME	LOCATION	LINE	DATE LICENSED
Synertech Health System Solutions, L.L.C-TPA	Wilmington DE	Third Party Administrator	1/21/05
Arcadian Health Plan, Inc.-HMO	Spokane WA	HMO	2/1/05
Buckingham Senior Living Community, Inc., dba The Buckingham	Houston	Continuing Care	2/8/05

## Name Changes

COMPANY NAME	LOCATION	CHANGED TO	LOCATION	DATE OF CHANGE
Manufacturers Life Insurance Company (U.S.A.)	Bloomfield Hills MI	John Hancock Life Insurance Company (U.S.A.)		1/3/05
Acceleration Life Insurance Company	Cincinnati OH	Parker Centennial Assurance Company, Stevens Point WI (Charter Amendment)		1/14/05
American Industries Family Life Insurance Company	Houston	Forethought National Life Insurance Company		1/20/05
American Pioneer Title Insurance Company	Casselberry FL	Ticor Title Insurance Company of Florida	Jacksonville FL	1/26/05
Associates Insurance Company	South Bend IN	Commercial Guaranty Casualty Insurance Company		1/26/05
Overseas Partners US Reinsurance Company	Wilmington DE	Clearwater Select Insurance Company		1/26/05
Potomac Insurance Company of Illinois	Lisle IL	SUA Insurance Company	Chicago IL	1/26/05
Fidelity National Lloyds	Austin	Fidelity National Indemnity Insurance Company Converted From Lloyds To Stock Fire & Casualty (12 To 07)	San Antonio	2/1/05
Ranger Insurance Company	Wilmington DE	Fairmont Specialty Insurance Company		2/3/05
Barron Risk Management Services, Inc.-TPA	San Antonio	CMI Barron Risk Management Services, Inc.		2/9/05
Benefits 2000, Inc.-TPA	Brookfield WI	The Flex Company of America, Inc.		2/9/05
Doral USA, LLC-TPA	Mequon WI	Vestica Healthcare, LLC		2/9/05
National Worksite Advantage, Inc.-TPA	Mequon WI	Trustmark Voluntary Benefit Solutions, Inc.		2/9/05
Natlsco, Inc.-TPA	Wilmington DE	Broadspire Services, Inc.		2/9/05
Centris Insurance Company	Indianapolis IN	HCC Insurance Company		2/10/05
Gerling Global Reinsurance Corporation	Cologne Ge	Global Reinsurance Corporation-U.S. Branch		2/10/05
Investors Partner Life Insurance Company	Wilmington DE	ManuLife Insurance Company		2/10/05



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