



Governor Appoints Kitzman as Commissioner of Insurance

Gov. Rick Perry announced he will appoint Eleanor Kitzman as State Commissioner of Insurance, effective August 15, 2011, for a term to expire Feb. 1, 2013. The Commissioner oversees the Texas Department of Insurance, which regulates the insurance industry and provides information and assistance to insurance consumers.

“I’m confident that Eleanor’s expertise in the insurance industry will make her a strong advocate for insurance customers in Texas, and I appreciate her willingness to serve the state in this capacity,” Gov. Perry said. “I’m thankful for Mike Geeslin’s service as insurance commissioner over the past several years, where he worked to protect Texans by ensuring that insurance is available and provided at fair rates, and look forward to continuing this strong leadership at TDI with Eleanor’s appointment.”

Kitzman is the outgoing executive director of the South Carolina Budget and Control Board, and is past director of the South Carolina Department of Insurance. She is also a former clerk for the Texas Supreme Court, and a past associate at Akin, Gump, Strauss and Feld. She is a member of the State Bar of Texas and South Carolina Bar Association.

Kitzman received a bachelor’s degree from the University of Houston and a law degree from South Texas College of Law.

“I extend my warmest congratulations to Ms. Kitzman,” said Mike Geeslin, outgoing Commissioner of Insurance. “All of us here at TDI will work for a smooth transition. It has been an honor to serve with such great people, and I wish all the best as the Texas market moves into its next era.”



Eleanor Kitzman, appointed Commissioner of Insurance effective August 15, 2011.

Summary of Bills Enacted by the 82nd Texas Legislature

DURING THE 82ND REGULAR SESSION of the Texas Legislature, the Department of Insurance (TDI) tracked 1,057 bills, and 195 of those passed and were sent to the Governor.

This article summarizes some of the enacted legislation that directly impacts TDI or the insurance industry. The summaries are grouped alphabetically by subject headline, from Agencies Sunset Bills to Workers’ Compensation. Summaries begin with the bill number and the primary author and House or Senate sponsor. Because these excerpts are summaries only, those interested in actual details are encouraged to view the full text of each bill, along with legislative histories, analysis and fiscal impacts at the Texas Legislature’s website at: www.capitol.state.tx.us/.

Of particular note was the passage of Sunset legislation to extend the operation of the Department of Insurance to September 1, 2023 in House Bill (HB) 1951 by L. Taylor, (sponsored by Hegar). Legislation also was passed to extend the operation of TDI’s Division of Workers’ Compensation to September 1, 2017 (HB 2605 by L. Taylor, ; sponsored by Huffman).

During a Special Session called by the Governor, several budget-related bills, a significant healthcare incentives and innovations bill, and a bill regarding the Texas Windstorm Insurance Association (TWIA) were passed over a thirty-day period. Senate Bill (SB) 7 by Nelson, et al.; (sponsored by Zerwas) authorizes the establishment, and TDI licensure, of health care collaboratives for physicians and hospitals to work together to create incentives for cost savings and to promote efficiencies in quality of care. HB 3 by Smithee (sponsored by Carona) balances the interests of coastal residents and the state as a whole in seeking to restore financial and operational strength to TWIA, the Texas windstorm insurer of last resort.

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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 Surveys Life Insurers on Retained Asset Accounts

The Texas Department of Insurance recently completed a survey of the life insurance industry which showed that many companies place policy proceeds into Retained Asset Accounts (RAAs) instead of paying proceeds directly to the beneficiaries. RAAs provide a settlement option in which life insurance proceeds are placed in an account. Often, this account is under the control of the insurer or its agent but made accessible to the beneficiary via checks or drafts. When RAAs are used, a beneficiary has an absolute and immediate right to all the funds in the account by writing a single check.

According to the TDI survey of 160 life insurance companies completed in December, more than half of the 71 companies currently offering RAAs use the accounts as the default policy settlement option. Other key findings in the survey include:

- As of December 31, 2010, survey respondents reported 51,484 open accounts totaling nearly \$2.3 billion.
- The average duration of an RAA in Texas is four years and three months. For accounts with no withdrawal activity for more than four years, the average duration is nine years.
- More than 12,000 accounts had no withdrawal activity for more than three years; 8,646 of these accounts had no activity for more than four years.
- The total amount held in the 12,000 accounts which had been inactive for at least three years was more than \$329 million.
- Forty-nine percent of companies offering RAAs did not report accounts exceeding three years without account holder contact to the Texas Comptroller of Public Accounts as unclaimed property.
- The most prevalent range of interest rates credited in the aggregate to RAA accounts in 2010 was 1.01 percent to 1.5 percent.

The report of the survey results titled Retained Asset Accounts Survey Results March 2011 is posted on the agency website at: www.tdi.state.tx.us/reports/life/documents/raareport.pdf.



Agencies Sunset Bills

HB 1951 by L. Taylor; Sponsored by Hegar (Effective September 1, 2011)

TDI Sunset

HB 1951 continues the operations and functions of the Texas Department of Insurance to September 1, 2023. The bill updates the duties and purpose of TDI to ensure fair treatment of consumers and fair competition in the insurance industry. It provides for maintaining claims information for certain personal lines of insurance, using technology to increase public access, and developing a policy for negotiated rulemaking and alternative dispute resolution. The bill refines certain functions of TDI in the areas of property and casualty rate filing review procedures, claims data collection, title insurance statistical reporting, and State Fire Marshal assessments of administrative penalties and inspections of state owned and leased buildings. It also addresses individual health coverage for children younger than 19 years of age, managed care plan practices regarding therapeutic optometrists and ophthalmologists, surety bond company reinsurance requirements, and residential fire alarm technician training and examination. The bill further requires notices of rate increase and increase in charge for coverage in individual accident and health insurance policies, small employer health benefit plans, and health maintenance organization (HMO) policies. The bill abolishes certain advisory boards and committees and also establishes an adjuster advisory board. Except as otherwise specified, the Act applies only to an insurance policy, contract, or evidence of coverage that is delivered, issued for delivery, or renewed on or after January 1, 2012.

HB 2605 by L. Taylor; Sponsored by Huffman (Effective September 1, 2011)

TDI-DWC Sunset

HB 2605 continues the operations and functions of the Division of Workers' Compensation (DWC) of the Texas Department of Insurance to September 1, 2017. The bill refines processes regarding designated doctors, benefit dispute resolution, and the Division's Medical Quality Review Panel. The bill requires that appeals of independent review organization medical dispute decisions for non-network

claims, certified network claims under Chapter 1305 of the Insurance Code and claims receiving benefits in accordance with Section 504.053 (b) (2) of the Labor Code are to be heard at the Division's contested case hearings, while appeals of medical fee dispute decisions for non-network claims are to be heard by the State Office of Administrative Hearings (SOAH). The bill also clarifies that in appeals of medical fee disputes at SOAH, the non-prevailing party, other than an injured employee, is responsible for paying SOAH's hearing costs. The bill also makes changes to the administrative violations provisions of the Workers' Compensation Act to align the enforcement authority of the Commissioner of Workers' Compensation with the Commissioner of Insurance, including allowing the Division greater inspection authority for system participants, emergency cease-and-desist authority, and final decision making authority on enforcement actions appealed to SOAH. The bill further adds sections to the Labor Code regarding expedited provision of medical benefits for certain work-related injuries sustained by a first responder employed by a political subdivision with the intent to ensure that an injured first responder's claim for medical benefits is accelerated by a political subdivision, insurance carrier, and the Division to the full extent authorized by current law. The Act is applicable generally to events occurring on or after the effective date of September 1, 2011, except where specified (provisions concerning medical disputes based on review by an independent review organization or appeal of medical fee disputes based on Division review apply on or after June 1, 2012, and designated doctor provisions apply on or after January 1, 2013). Additionally, the Commissioner of Workers' Compensation shall adopt rules regarding certification of designated doctors as amended by this Act not later than January 1, 2013.

SB 647 by Hegar; Sponsored by L. Taylor (Effective September 1, 2011)

OPIC Sunset

SB 647 continues the operations and functions of the Office of Public Insurance Counsel (OPIC) to September 1, 2023. The bill adds standard Sunset provisions regarding alternative dispute resolution procedures and requires OPIC to develop and implement a policy to

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encourage the use of appropriate alternative dispute resolution procedures under Chapter 2009 of the Government Code to assist in the resolution of internal and external disputes under OPIC's jurisdiction. The bill also requires OPIC to coordinate the implementation of the policy, provide training as needed to implement the procedures for negotiated rulemaking or alternative dispute resolution, and collect data concerning the effectiveness of those procedures.

HB 1774 by L. Taylor; Sponsored by Huffman (Effective September 1, 2011)

OIEC Sunset

HB 1774 continues the operations and functions of the Office of Injured Employee Counsel (OIEC) to September 1, 2017. The bill adds standard Sunset provisions regarding alternative dispute resolution procedures and requires OIEC to develop and implement a policy to encourage the use of appropriate alternative dispute resolution procedures under Chapter 2009 of the Government Code to assist in the resolution of internal and external disputes under OIEC's jurisdiction. The bill also requires OIEC to coordinate the implementation of the policy, provide training as needed to implement the procedures for negotiated rulemaking or alternative dispute resolution, and collect data concerning the effectiveness of those procedures. The bill contains provisions regarding OIEC's access to information from the Division and also adds a provision that when assisting an injured employee, OIEC is entitled to the same access to information related to the employee's injury and workers' compensation claim as the employee or any other party to the claim. The provisions regarding OIEC's access to information apply to a claim for workers' compensation benefits based on a compensable injury regardless of whether the injury occurred before, on, or after the effective date of this Act.

Auto/Property/Home

HB 3 by Smithee; Sponsored by Carona (Effective September 28, 2011)

Texas Windstorm Insurance Association – Special Session

HB 3 enacts several reform and oversight provisions relating to the Texas Windstorm Insur-

ance Association (TWIA) that are intended to address operational deficiencies that were identified in the aftermath of the 2008 hurricane season. The bill focuses on the areas of consumer protection, claims solvency, transparency, agency oversight, and lawsuit abuse prevention. The bill provides for a) streamlining of claims processing, including deadlines for filing of claims, completing investigation of claims, and filing lawsuits after TWIA's decision on a claim; b) elimination of treble damages and 18 percent penalty for failure to abide by claims processing timelines; c) recovery of double damages (aggregate of "covered loss" as defined and consequential damages) upon proof of clear and convincing evidence of intentional acts by TWIA; d) transparency of TWIA operations regarding open meetings, publishing high-level salary information, allowing TDI into closed sessions of the TWIA board, and setting forth standards of conduct for Board and employees; e) auditing and oversight of TWIA by TDI; and f) establishing a dispute resolution process that includes mediation and appraisal determinations and also allows TWIA to offer a premium discount for including a policy provision for binding arbitration. The bill also directs TDI to establish an "Ombudsman Program" to provide information and education and assist TWIA policyholders with the claims processes. The bill further establishes parameters for enforcement concerning qualified windstorm building code inspectors and provides for a premium discount for building to a more stringent building code than is required. The bill creates a legislative interim study committee to review alternative ways to provide insurance to the Texas seacoast territory and requires a report and recommendations to the Governor and Legislature by December 1, 2012. The bill also directs TDI and TWIA to jointly study whether a "single adjuster program" would improve claims paying efficiency of TWIA. The bill additionally authorizes the issuance of pre-event bonds, clarifies certain funding and bonding provisions relating to the solvency of TWIA, and makes the new provisions applicable to issuance of securities on or after the effective date of the Act in response to occurrences that take place on or after July 1, 2011. The Act takes effect on the 91st day after the last day of the legislative session (82nd

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Legislature, 1st Called Session ended on June 29, 2011).

HB 1541 by McClendon; Sponsored by Wentworth (Effective September 1, 2011)

Automobile Burglary and Theft Prevention Fee

HB 1541 amends several provisions relating to the Automobile Burglary and Theft Prevention Authority, including Section 10, Article 4413(37), Vernon's Revised Civil Statutes, that increases the Automobile Burglary and Theft Prevention Fee from \$1.00 to \$2.00 per motor vehicle. The bill also provides that 50 percent of each fee collected may be appropriated only to the Authority for the purposes of this article. The increase required by this Act applies only to an insurance policy issued, delivered, or renewed on or after September 1, 2011.

HB 2093 by Thompson; Sponsored by Van de Putte (Effective January 1, 2012)

Consolidated insurance programs

HB 2093 adds new Chapter 151 to the Insurance Code regarding the operation and regulation of certain consolidated insurance programs. The bill defines "consolidated insurance program" as a program under which a principal provides general liability insurance coverage, workers' compensation insurance coverage, or both that are incorporated into an insurance program for a single construction project or multiple construction projects. The bill sets forth general requirements related to such programs – including duration of completed operations general liability insurance coverage and enforceability of indemnity provisions – and requires the Commissioner of Insurance to adopt rules as necessary to implement the requirements. The bill also states that a provision of the new chapter may not be waived by contract or otherwise. The Act applies only to a new or renewed consolidated insurance program for a construction project that begins on or after January 1, 2012.

HB 2382 by Murphy, et al.; Sponsored by Estes (Effective September 1, 2011)

Nonrenewal notice requirements

HB 2382 adds a provision to the 30-day non-renewal notice requirements of property and casualty insurance policies contained in Sec.

551.105 of the Insurance Code to require the termination of an existing policy on the effective date of any replacement or succeeding insurance policy with another carrier for certain specified types of property. The bill states that, "Notwithstanding the failure of an insurer to comply with this section, the policy shall terminate on the effective date of any replacement or succeeding insurance policy with another carrier with respect to the insured (a) personal automobile, (b) home, farm, ranch, dwelling, duplex, or apartment, or (c) other real or personal property."

HB 2503 by Thompson; Sponsored by Eltife (Effective September 1, 2011)

Secretary of State registration – agent licensing process

HB 2503 removes the Secretary of State registration requirement from TDI-determination in the insurance agent licensing process, but it would have no effect on whether or not a business is required to register with the Secretary of State under the Texas Business Organizations Code. The bill applies only to a license application filed on or after the effective date of this Act.

HB 2559 by Truitt; Sponsored by Harris (Effective September 1, 2011)

Commercial motor vehicle installment sales

HB 2559 creates a new Chapter 353 in the Finance Code relating to commercial motor vehicle installment sales. The bill contains a foundational structure for these types of sales, including general provisions; insurance required by retail installment contracts; contract holders' rights, duties, and limitations; contract holder licensing; permitted pricing and charges; and applicability of Insurance Code provisions relating to service contracts, debt cancellation agreements, and premium financing.

HB 2655 by Sheets; Sponsored by Carona (Effective September 1, 2011)

Notice of coverage reduction

HB 2655 amends Insurance Code Sec. 2002.001 as it relates to notice of coverage reduction of a property and casualty insurance policy. The bill specifies that the notice must be provided to the policyholder not later than the 30th day before the date on which the policy expires. The

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bill also amends Sec. 551.105 of the Insurance Code to provide that the notice allowed under Sec. 2002.001 may be provided to an insured in lieu of an insurer having to nonrenew the policy.

HB 2931 by Woolley; Sponsored by Van de Putte (Effective September 1, 2011)

Debt cancellation agreements – Retail installment contracts

HB 2931 adds a new subchapter to the Finance Code relating to certain debt cancellation agreements made in connection with retail installment contracts. New subchapter G of Chapter 348 of the Finance Code applies only to a debt cancellation agreement that includes insurance coverage as part of the retail buyer's responsibility to the holder. The bill sets forth the requirements for these types of agreements, including language required in the debt cancellation agreement, disclosures, and approval of forms. The bill also states that a debt cancellation agreement may not knowingly be offered by a retail seller if: (1) the retail installment contract is already protected by gap insurance; or (2) the purchase of the debt cancellation agreement is required for the retail buyer to obtain the extension of credit. The Act applies only to debt cancellation agreements, as set forth in the new subchapter, entered into on or after September 1, 2011.

SB 425 by Carona, et al.; Sponsored by Hancock (Effective September 1, 2011)

Certificates of Insurance

SB 425 adds new Chapter 1811 to the Insurance Code to require approval by TDI of certificate of insurance forms that are provided as proof of property and casualty insurance coverage. The bill also prohibits property and casualty insurers and agents from issuing certificates of insurance or any other type of document purporting to be a certificate of insurance if the certificate or document alters, amends, or extends the coverage or terms and conditions provided by the insurance policy referenced on the certificate or document. TDI may collect a fee, not to exceed \$100, for the filing of a new or amended certificate of insurance form. The bill further contains enforcement provisions that include civil penalties and injunctive relief for violation of this chapter. The Act applies

only to a certificate of insurance issued on or after January 1, 2012.

Financial

HB 3161 by Hancock; Sponsored by Van de Putte (Effective immediately – June 17, 2011)

Limited purpose subsidiary life insurance companies

HB 3161 adds a new subchapter to the Insurance Code that authorizes the establishment of domestic limited purpose subsidiary life insurance companies to enable those companies to support excess reserves for certain life insurance policies. The bill authorizes the licensure of "limited purpose subsidiaries" as life insurance companies and sets forth requirements concerning issuance of a certificate of authority, capital and surplus, permitted reinsurance, and eligible guarantors. The new subchapter is valid only for business sold after the effective date of the Act and only until January 1 of the year in which principle-based reserve requirements become operative in Texas under the adoption of the National Association of Insurance Commissioner's (NAIC) 2009 amendments to the NAIC Model Standard Valuation Law. After that January 1, the limited purpose subsidiary life insurance company may not assume new risks of a ceding insurer relating to business sold after that date.

HB 3410 by Smithee; Sponsored by Duncan (Effective January 1, 2012)

Managing underwriters for surplus lines insurance

HB 3410 authorizes the placement of surplus lines insurance with a "managing underwriter" defined as a surplus lines agent or agency that exercises, pursuant to a written agreement with an eligible surplus lines insurer, underwriting authority for the eligible surplus lines insurer and that derives the agent or agency's business from a surplus lines agent. The bill also requires the maintaining of appropriate records by the managing underwriter and making the records available for inspection by TDI and the State Comptroller. The bill further requires that a surplus lines agent that places an insurance policy with a managing underwriter shall collect, report, and pay the tax imposed in accord with Chapter 225 of the Insurance Code.

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SB 416 by Deuell; Sponsored by Smithee (Effective immediately – May 10, 2011)

Mortgage guaranty insurers

SB 416 amends current law relating to the amount of outstanding total liability of a mortgage guaranty insurer. The bill provides the Commissioner of Insurance with discretion to waive the requirement that mortgage guaranty insurers may not at any time have outstanding under the insurer's aggregate mortgage guaranty insurance policies a total liability, net of reinsurance, that exceeds the sum of the insurer's capital, surplus, and contingency reserve, multiplied by 25. To grant the waiver, the commissioner must find that the company is otherwise adequately capitalized and financially sound to continue writing based on nine specific criteria. The commissioner may retain actuaries, accountants, and other professionals to assist in the evaluation of waiver requests and place appropriate conditions and limitations on any waiver granted. The waiver can be for up to two years subject to renewal at the insurer's request, but an insurer may not be allowed the waivers specified in the bill for a continuous period of more than six years. Further, the bill states that the commissioner may not under any circumstances allow the mortgage guaranty insurer to have outstanding under the insurer's aggregate mortgage guaranty insurance policies a total liability, net of reinsurance, that exceeds the sum of the insurer's capital, surplus, and contingency reserve, multiplied by 50.

SB 567 by Williams; Sponsored by Hancock (Effective September 1, 2011)

Life and Health Insurance Guaranty Association

SB 567 amends Texas law relating to the Texas Life, Accident, Health, and Hospital Service Insurance Guaranty Association based on updates to the National Association of Insurance Commissioners Model Act. It also changes the name to the Texas Life and Health Insurance Guaranty Association to more accurately reflect its purpose. The bill also amends current law relating to certain amounts payable by and the operation of the association. In part, the bill increases the coverage limit for annuities (which has not changed since the law was enacted in 1973) from \$100,000 to \$250,000 to match the current NAIC Model Act and the laws of most other states.

The bill originated from a legislative recommendation by TDI.

SB 1229 by Eltife; Sponsored by Eiland (Effective immediately – May 28, 2011)

Out-of-state contract examiners

SB 1229 amends current law relating to the registration with TDI of contract examiners with whom another state contracts to examine Texas domiciled insurers or licensed managing general agents. The bill requires that the out-of-state contract examiner provide additional information, including an estimate of the examination costs, a copy of the contract engaging their services with the public agency, and a list of previous and similar examinations of the same insurer within the last three years. It also provides a process for TDI to acknowledge receipt of the registration by written confirmation. The Act applies only to an examination commencing on or after September 1, 2011.

SB 1291 by Hegar; Sponsored by L. Taylor (Effective September 1, 2011)

TDI Examination Division self-directed budget

SB 1291 amends the Insurance Code to provide that the TDI's examination function is funded by a self-directed budget. This aligns TDI's Examination Division and examination function with several other state agencies that regulate financial services and should enhance the ability to attract and retain qualified examiners and actuaries. The bill also provides a one-year transition period for the TDI Financial Program to establish a self-directed budget.

The bill originated from a legislative recommendation by TDI.

SB 1431 by Carona; Sponsored by Smithee (Effective September 1, 2011)

Insurance Holding Company Systems Act

SB 1431 amends the Insurance Code to update the requirements for insurance companies and health maintenance organizations subject to the Texas Insurance Holding Company Systems Act (Chapter 823 of the Insurance Code). The bill conforms to the recently updated model legislation by the NAIC concerning the functions of holding company systems in relation to economic risks. The bill contains provisions that enable insurance regulators to assess the enterprise risk within a holding company

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system and its potential impact on the solvency of an insurer within the holding company system. The bill requires certain larger insurers to file an “Enterprise Risk Report” with the lead state commissioner of the insurance holding company system (as determined by the commissioner), that identifies the material risks within the insurance holding company system that may pose enterprise risk to the insurer. The bill also authorizes the Commissioner of Insurance, in order to assess the business strategy, financial position, legal and regulatory position, risk exposure, risk management and governance processes, and as part of the examination of individual insurers, to participate in a supervisory college with other entities that regulate the insurer or its affiliates, including other state, federal, and international regulatory entities. An insurer is not required to file an enterprise risk report under Section 823.0595 of the Insurance Code, as added by this Act, until January 1, 2014, and TDI may not implement that section of the bill until the 180th day after the date the Commissioner of Insurance determines that the NAIC has completed an enterprise risk form and has proposed a master confidentiality agreement and places notice of that determination in the Texas Register.

The bill originated from a legislative recommendation by TDI.

SB 1433 by Carona; Sponsored by Smithee (Effective September 1, 2011)

Insurer Receivership Act

SB 1433 amends the Texas Insurer Receivership Act to provide that a determination under federal law that an insurer is subject to receivership by the federal government will also subject the insurer to a receivership initiated by the Commissioner. This would facilitate the Commissioner’s ability to file an action within 60 days. The bill also provides for an emergency exception for certain special deputy receiver contracting requirements, such as upon a determination that an insurer poses a systemic and grave risk to the U.S. economy. The bill further contains technical corrections to the Receivership Act since its last major update in 2005.

The bill originated from a legislative recommendation by TDI.

SB 1806 by Lucio; Sponsored by S. Miller (Effective immediately – May 28, 2011)

Timely filing of surplus lines policies

SB 1806 amends the Insurance Code relating to the timely filing of a surplus lines policy. The bill authorizes the Commissioner of Insurance to assess fees for late-filing of surplus lines policies and sets forth a progressive schedule of penalties. The bill also specifies notice requirements by TDI to surplus lines agents for both prospective application and for actions that are pending on the effective date of this Act or filed during the 2010 calendar year.

Fraud

HB 215 by Gallego, et al.; Sponsored by Ellis (Effective September 1, 2011)

Photograph and live lineup identification procedures in criminal cases

HB 215 adds a new article to the Texas Code of Criminal Procedure regarding “Photograph and Live Lineup Identification Procedures.” The bill requires the Bill Blackwood Law Enforcement Management Institute of Texas located at Sam Houston State University to develop, adopt, and disseminate, not later than December 31, 2011, a model policy and training materials regarding the administration of photograph and live lineup identification procedures. The bill sets forth the parameters of the model policy, including development in consultation with law enforcement agencies, scientific experts, and other appropriate organizations. The bill also requires each law enforcement agency in Texas that employs peace officers who conduct such identification procedures in the routine performance of their duties to adopt, not later than September 1, 2012, either the model policy or the agency’s own policy that conforms to the bill’s required parameters. The bill provides for scheduled reviews, and modification as appropriate, by the Institute of the model policy and training materials and by each law enforcement agency of its adopted policy. The Act applies only to a photograph or live lineup identification procedure conducted on or after September 1, 2012, regardless of whether the offense to which the procedure is related occurred before, on, or after September 1, 2012.

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HB 1083 by Elkins, et al.; Sponsored by Hegar (Effective immediately – June 17, 2011)

Identification cards for honorably retired peace officers

HB 1083 amends the Government Code to provide for the issuance of an identification card to an honorably retired peace officer who holds a certificate of proficiency under Section 1701.357 of the Occupations Code. The bill states that the law enforcement agency or governmental entity that last appointed or employed the honorably retired peace officer as a peace officer shall issue the identification card upon request of the peace officer.

SB 918 by Wentworth; Sponsored by Thompson (Effective September 1, 2011)

Immunity for reporting insurance fraud

SB 918 amends the Insurance Code provision regarding immunity for reporting insurance fraud to include situations in which the information is reported to an organization that is primarily dedicated to the detection, investigation, and prosecution of insurance fraud. This type of organization is referenced in the “Duty to Report” section of the Insurance Code chapter on Insurance Fraud and includes such organizations as the National Insurance Crime Bureau (NICB). The bill also specifies the conditions under which the person furnishing the information to such an organization qualifies for the immunity in a civil action.

General Appropriations

HB 1 by Pitts; Sponsored by Ogden (Effective September 1, 2011)

General Appropriations Bill

HB 1 contains several appropriations items (new and continuing) relating to TDI, which include:

- a requirement for TDI to contract with the Office of Public Insurance Counsel in the amount of \$191,670 each fiscal year from the GR Dedicated-Texas Department of Insurance Operating Fund Account No. 036 to provide consumers with insurance information to make informed decisions.
- a requirement for TDI to submit a quarterly report to the Legislature and the public no later than the 90th day after the last day of the quarter covered by the report the follow-

ing information for each insurer that writes property and casualty insurance, including workers’ compensation insurance, in the state: market share, profits and losses, average rate, and average loss ratio. The report shall include the change in rate over the previous 12, 24, and 36 months.

- a requirement that the Division of Workers’ Compensation include information collected about on-the-job injuries and occupational diseases, compliance with notice requirements regarding whether employers carry workers’ compensation insurance from non-subscribing employers and administrative penalties levied against non-complying employers under the provisions of the Labor Code § 411.032 and Texas Administrative Code, Title 28, Insurance §§ 110.1, 110.101, and 160.2 in its biennial report submitted to the Legislature.
- a requirement that TDI analyze the cost to the state of maintaining each of the health benefits if required by Texas state statute or rule and if the state will be responsible for paying for such health benefits in a health insurance exchange operating in the state. The department shall report the results of their analysis to the Governor and the Legislative Budget Board not later 90 days after federal rules are finalized or December 31, 2012, whichever is earlier. The report shall include any rationale for and future costs to the state of maintaining any given mandated health benefits.

SB 1 by Duncan, et al.; Sponsored by Pitts (Effective September 28, 2011)

Certain state fiscal matters—Special Session

SB 1 is the state fiscal matters bill passed during the special session. Among other things, the bill provides that insurers are not entitled to premium tax credits for an examination fee paid in calendar year 2012 or 2013. This provision expires January 1, 2014. This change in law applies only to a tax credit for an examination fee paid on or after January 1, 2012. Except as otherwise noted in the bill, the Act takes effect on the 91st day after the last day of the legislative session (82nd Legislature, 1st Called Session ended on June 29, 2011).

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Life/Health/Licensing

HB 300 by Kolkhorst, et al.; Sponsored by Nelson (Effective September 1, 2012)

Privacy of protected health information

HB 300 relates to the privacy of protected health information and sets forth administrative, civil, and criminal penalties for disclosure or sale of protected health information or other violations of Chapter 181 of the Health and Safety Code regarding Medical Records Privacy. The bill sets forth the requirements of a “covered entity” (any person, as defined, who comes into possession of, or obtains or stores protected health information) regarding compliance with Health Insurance Portability and Accountability Act and Privacy Standards (HIPAA). The bill also requires training by each covered entity to its employees regarding the state and federal law concerning protected health information and also contains provisions for consumer access to electronic health records, if used by a health care provider, and the creation of a consumer information website maintained by the Attorney General. Additionally, the Health and Human Services Commission, in consultation with the Department of State Health Services, the Texas Medical Board, and TDI, is required to explore and evaluate new developments in safeguarding protected health information, and not later than December 1 each year, to report to the Legislature. The bill takes effect in September, 2012 and requires various reports and actions to occur in the years following, including, the appointment by the Attorney General, not later than December 1, 2012, of a task force on health information technology that is created by the bill; the establishment by the Attorney General, not later than May 1, 2013, of the Internet website of consumer information on privacy rights and the complaint enforcement process; and, not later than January 1, 2014, the recommendations of the task force on health information technology. The Act applies only to conduct or offenses that occur on or after the effective date.

HB 438 by Thompson, et al.; Sponsored by Carona, et al. (Effective September 1, 2011)

Orally administered anti-cancer medications

HB 438 adds a new provision to the Insurance Code to require coverage by specifically enu-

merated health benefit plans for orally administered anti-cancer medications. The bill states that a health benefit plan that provides coverage for cancer treatment must provide coverage for a prescribed, orally administered anti-cancer medication that is used to kill or slow the growth of cancerous cells on a basis no less favorable than intravenously administered or injected cancer medications that are covered as medical benefits by the plan. A health benefit plan is not prohibited from requiring prior authorization for an orally administered anti-cancer medication, and if an orally administered anticancer medication is authorized, the cost to the covered individual may not exceed the co-insurance or copayment that would be applied to a chemotherapy or other cancer treatment visit. The bill also restricts health benefit plans from re-classifying anti-cancer medications or increasing out-of-pocket expenses unless applied to the majority of comparable medical or pharmaceutical benefits under the plan, and the bill does not prohibit a health benefit plan issuer from increasing cost-sharing for all benefits, including anticancer treatments. Excepted from the bill’s requirements are certain plans, such as specified disease policies, workers’ compensation, long-term care, and credit insurance. The Act applies only to a health benefit plan that is delivered, issued for delivery, or renewed on or after January 1, 2012.

HB 1032 by Smithee; Sponsored by Davis (Effective September 1, 2011)

Rescission period for annuity contracts

HB 1032 adds Chapter 1116 to the Insurance Code to require a contractual rescission period of at least 20 days for an “annuity” that is defined as a fixed, variable, or modified guaranteed annuity that is individually solicited, whether classified as an individual annuity or group annuity. Upon rescission of a fixed annuity, the purchaser receives an unconditional refund of premiums paid for the contract, including any contract fees or charges. Upon rescission of a variable or modified guaranteed annuity, the purchaser receives an unconditional refund that is equal to the cash surrender value provided in the contract plus any fees or charges deducted from the premiums or imposed under the contract. The required contractual provision does not apply to an annuity contract if

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the prospective owner is an accredited investor, as defined by 17 C.F.R. Section 230.501(a) as adopted by the United States Securities and Exchange Commission. The Act applies only to an annuity contract delivered or issued for delivery on or after January 1, 2012.

HB 1405 by Smithee, et al.; Sponsored by Deuell (Effective September 1, 2011)

Health benefit plans – coverage of prescription drugs

HB 1405 expands the applicability of the Insurance Code provision regarding a health benefit plan's coverage of prescription drugs specified by a drug formulary to include individual plans and small and large employer groups. The bill also adds to the exceptions to applicability the child health program/plan under Chapters 62 or 63 of the Health and Safety Code or a Medicaid program under Chapter 533 of the Government Code or Chapter 32 of the Human Resources Code. The bill also contains provisions as to when changes or modifications can be made to a drug plan or formulary; required notices to the commissioner and affected groups/enrollees/individuals; and defined modifications requiring notice, such as removal of a drug from the formulary, prior authorization, and quantity limits. The Act applies only to a health benefit plan delivered, issued for delivery, or renewed on or after January 1, 2012.

HB 1772 by L. Taylor; Sponsored by Duncan (Effective September 1, 2011)

Exclusive provider benefit plans

HB 1772 amends the Insurance Code to permit insurers to offer “exclusive provider benefit plans” defined as a benefit plan in which an insurer excludes benefits to an insured for some or all services, other than emergency care services, provided by a physician or health care provider who is not a preferred provider. The bill requires insurers offering these plans to establish procedures to ensure that health care services are provided to insureds under reasonable standards of quality of care that are consistent with prevailing professionally recognized standards of care or practice. The bill also requires insurers to include notice to current or prospective insureds that the benefit plan includes limited coverage for services provided by a non-preferred provider and fur-

ther requires use of the acronym “EPO” or the phrase “Exclusive Provider Organization” on the plan's identification card in a location of the insurer's choice. The bill authorizes the commissioner to examine and collect a fee from an insurer to determine the quality and adequacy of a network used by an exclusive provider benefit plan offered by the insurer. The Act applies only to an exclusive provider benefit plan that is delivered, issued for delivery, or renewed on or after January 1, 2012.

HB 2069 by Naishtat; Sponsored by Lucio (Effective September 1, 2011)

Authority of a pharmacist to accelerate refills

HB 2069 amends the Occupations Code to authorize a pharmacist to dispense up to a 90-day supply of dangerous drugs, pursuant to a valid prescription that specifies a lesser amount followed by periodic refills of that amount upon certain conditions. Those conditions include that the dangerous drug is not a psychotropic drug, and the patient is at least 18 years of age. Further, the total quantity of drugs dispensed must not exceed the total quantity authorized by the prescriber on the original prescription, including refills; the patient must consent to the dispensing of up to a 90-day supply and the physician must be notified electronically or by telephone; and the physician has not specified on the prescription that dispensing the prescription in an initial amount followed by periodic refills is medically necessary.

HB 2154 by Eiland, et al.; Sponsored by Ellis (Effective September 1, 2011)

Annuity-related continuing education

HB 2154 follows up on legislation from the 81st Legislature that required agents selling annuities to complete four hours of annuity-related continuing education annually. This bill requires that an agent complete eight hours of continuing education that specifically relates to annuities during the agent's two-year licensing period.

HB 2172 by Torres; Sponsored by Van de Putte (Effective September 1, 2011)

Eligibility of children and grandchildren – group life insurance policies

HB 2172 relates to the eligibility of certain children under group life insurance policies.

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The bill removes the “unmarried” requirement concerning eligible children in allowing the extension of coverage under a group life insurance policy and additionally permits coverage for children and grandchildren over 25 years of age. The bill also removes the dependency requirement for federal income tax purposes for grandchildren. The Act applies only to an insurance policy that is delivered, issued for delivery, renewed, or amended on or after January 1, 2012.

HB 2277 by Eiland; Sponsored by Williams (Effective September 1, 2011)

Life Settlements and Annuities

HB 2277 repeals current Chapter 1111 of the Insurance Code and replaces it with new Chapter 1111A, relating to consumer protections in the purchase of life settlement contracts, and also provides for penalties. The bill contains requirements for antifraud plans and reporting of fraud; authorizes TDI to investigate suspected fraudulent life settlement acts and persons engaged in the business of life settlements; and provides for criminal and administrative sanctions for violations. The bill also authorizes TDI to conduct examinations of entities involved in the viatical settlement business. The bill additionally updates the suitability of annuity transactions provisions of the Insurance Code (Chapter 1115) in accord with the March 2010 National Association of Insurance Commissioners (NAIC) Suitability Model, to clarify what consumer information is to be considered and lists the product factors that impact suitability. The bill establishes standards for an insurer or agent to determine suitability, in part based on required disclosures; requires insurers to create a suitability supervision system; and modifies annuity continuing education training requirements for agents. Except as specified, the amendments to Chapter 1115 apply only to a recommendation to purchase, exchange, or replace an annuity contract made on or after June 1, 2012. Other applicability provisions relate to a provider lawfully transacting business in Texas before the effective date of the Act and a person who has lawfully negotiated a life settlement contract between an owner residing in this state and one or more providers for at least one year immediately before the effective date of the Act. In these situations, those pro-

viders or persons may continue to do so pending approval or disapproval of the person’s application for a license as long as the application is filed with the Commissioner of Insurance not later than 30 days after the date of the publication by the commissioner of an application form and instructions for licensure of providers. If the publication of the application form and instructions is before the effective date of this Act, then the filing of the application may not be later than 30 days after the effective date of this Act, and the applicant may use any form of life settlement contract that has been filed with the commissioner pending approval, provided that the form is otherwise in compliance with the provisions of this Act.

Portions of the bill originated from a legislative recommendation by TDI.

HB 2292 by Hunter, et al.; Sponsored by Van de Putte (Effective September 1, 2011)

Payment of claims to pharmacists and pharmacies

HB 2292 sets forth requirements regarding payment of claims to pharmacists and pharmacies and establishes an 18-day deadline for electronic funds transfer payment of the total amount of the pharmacy claim that is electronically submitted and a 21-day deadline for a pharmacy claim that is not electronically submitted – these deadlines run from the date on which the claim was affirmatively adjudicated. The bill also contains provisions regarding audits and notice of audits and prohibits the use of extrapolation (as defined) to complete the audit of a provider who is a pharmacist or pharmacy or requiring extrapolation audits as a condition of participation in a contract, network, or program for a provider who is a pharmacist or pharmacy. The bill states an express legislative declaration that the requirements apply to all health maintenance organizations and pharmacy benefit managers unless otherwise prohibited by federal law. The Act applies to contracts (and payment for pharmacy benefits provided under the contract) entered into or renewed on or after the effective date; to payments for pharmacy benefits not under contract that are provided on or after the effective date; and to audits conducted on or after the effective date unless the audit is performed

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under a contract that is entered into before the effective date of the Act and that, at the time of the audit, has not been renewed or was last renewed before the effective date of this Act.

HB 2503 by Thompson; Sponsored by Eltife (Effective September 1, 2011)

Secretary of State registration – agent licensing process

(See bill summary above, under Auto/Property/Home)

HB 2559 by Truitt; Sponsored by Harris (Effective September 1, 2011)

Commercial motor vehicle installment sales

(See bill summary above, under Auto/Property/Home)

HB 2699 by Eiland; Sponsored by Carona (Effective September 1, 2011)

Requirements for an insurance adjuster license

HB 2699 amends the current law relating to the requirements for an insurance adjuster license. The bill excepts from the insurance adjuster licensing requirement those individuals who process certain types of insurance claims (collect or furnish claim information and enter data into an automated claims adjudication system) and are employed by a licensed independent adjuster or its affiliate under circumstances in which no more than 25 individuals performing those duties are supervised by a single licensed independent adjuster or a single licensed agent. The bill further provides that a licensed agent acting as a supervisor in that situation is not required to be licensed as an adjuster. The bill also adds to the definition of who may be licensed as an insurance adjuster by defining a “business entity” with certain qualifications and also specifies that a resident of Canada must successfully pass the adjuster examination and comply with other applicable portions of the statute in order to be licensed. The Act applies only to an application for a license filed on or after the effective date.

HB 3004 by Nash; Sponsored by Carona (Effective immediately – June 17, 2011)

Prepaid funeral benefits

HB 3004 amends the Finance Code relating to prepaid funeral benefits contracts and the

prepaid funeral contract guaranty fund. The bill adds to guaranty fund coverage a loss attributable to the failure or inability of a funeral provider to perform its obligations under a prepaid funeral benefits contract. The bill makes changes to the Guaranty Fund Advisory Council by removing the Attorney General as a member and by allowing meetings by telephone call, videoconference, or other similar telecommunication upon certain notice requirements. The bill adds a new section to the Finance Code concerning default by a funeral provider that sets forth requirements for a permit holder that administers a prepaid funeral benefits contract for which: (1) the permit holder is not the funeral provider; and (2) there is an actual or anticipated failure or inability of the funeral provider to perform its obligations under the contract. The changes enacted in this new section do not apply to a loss under a prepaid funeral benefits contract sold before the effective date of this Act that arises from or relates to the occurrence of one of the following events: (1) an event of default under the contract attributable to the funeral provider unless the funeral provider is also the contract seller; or (2) the bankruptcy, receivership, seizure, or other failure of the funeral provider unless the funeral provider is also the contract seller.

HB 3017 by Smithee; Sponsored by Duncan (Effective immediately – June 17, 2011)

Discretionary clauses

HB 3017 prohibits life, annuity, health maintenance organizations (HMO), and other health plans from including discretionary clauses in their evidences of coverage or their insurance policies, contracts, or certificates. The bill specifies types of discretionary clauses, including those that purport or act to bind a policyholder or enrollee, or grant deference in subsequent proceedings to adverse eligibility or claim/benefit decisions or interpretations of policy/evidence of coverage by the insurer/HMO. The bill applies only to a document or evidence of coverage that is delivered, issued for delivery, or renewed on or after January 1, 2012.

SB 7 by Nelson, et al.; Sponsored by Zerwas (Effective September 28, 2011)

Health care initiatives – Special Session

SB 7 relates to the administration, quality, and efficiency of health care, health and human ser-

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vices, and health benefits programs in Texas. It provides for the formation and governance of a “Health Care Collaborative” that will arrange for health care services for insurers, Health Maintenance Organizations (HMOs), and other payors in exchange for payments in cash or in kind. The Health Care Collaborative may consist of various combinations of physicians, insurers, and other providers. The Health Care Collaborative will be certified by TDI with review by the Texas Attorney General and will be able to accept and distribute payments. The bill also establishes the Texas Institute of Health Care Quality and Efficiency that will, among other things, conduct certain studies with the assistance of and in coordination with TDI and make recommendations to the Legislature on how to improve the quality and efficiency of health care. The bill allows the expansion of managed care in certain counties in South Texas and makes additional changes to the provision of Medicaid services in the state and to promote efficiencies in the delivery of those services. The bill abolishes the State Kids Insurance Program operated by the Employees Retirement System of Texas (ERS) and directs the Health and Human Services Commission to establish a process in cooperation with ERS to facilitate the enrollment of eligible children in the child health plan program established under Chapter 62 of the Health and Safety Code (CHIP) and to ensure that those children maintain continuous health benefits coverage during the transition. The bill also adds new Chapter 5002 to the Insurance Code to enact the Interstate Health Care Compact and specifies the parameters of the entry by Texas into the compact. The Act requires the Health and Human Services Commission to take any action that the commission determines is necessary and appropriate, including expedited and emergency action, to ensure the timely implementation of the relevant provisions of this bill by its effective date of September 28, 2011, including the adoption of administrative rules, the preparation and submission of any required waivers or state plan amendments, and the preparation and execution of any necessary contract changes or amendments.

SB 156 by Huffman; Sponsored by Gonzales, V. (Effective September 1, 2011)

Bleeding Disorders Advisory Council

SB 156 adds a new chapter to the Health and Safety Code that re-establishes the Texas Bleed-

ing Disorders Advisory Council (expired in 2009 by terms of SB 1566, 80th Legislature). The bill sets forth the composition of the Council as well as its duties and reporting requirements concerning issues relating to hemophilia or other bleeding or clotting disorders, including issues that affect the health and wellness of persons living with these conditions. The new chapter expires, and the Council is abolished September 1, 2015. The bill also provides that as soon as practicable after the effective date, and not later than December 1, 2011, the Commissioner of State Health Services and the Commissioner of Insurance shall jointly appoint members to the Texas Bleeding Disorders Advisory Council as added by this Act.

SB 554 by Carona, et al.; Sponsored by Lozano (Effective September 1, 2011)

Contracts between dentists and HMOs or insurers

SB 554 amends the Insurance Code to provide that a contract between a dentist and an insurer or health maintenance organization (HMO) may not limit the fee the dentist may charge for a service that is not a covered service. Covered services are defined as those dental care services for which reimbursement is available under the policy or plan or for which reimbursement is available subject to a contractual limitation, such as a co-payment or deductible. The Act applies only to a contract entered into or renewed on or after its effective date.

SB 579 by Hegar; Sponsored by Hancock (Effective September 1, 2011)

Total benefit amount under a prepaid funeral contract

SB 579 amends Section 4054.157 of the Insurance Code to change the limit on the authority of a funeral prearrangement life insurance agent to write any coverage or combination of coverages with an initial guaranteed death benefit. The bill states that except as provided by Section 154.2021 of the Finance Code (relating to requirements for insurance policies used to fund prepaid funeral benefits), the limit is changed from \$15,000 on any life to the total cost of the prepaid funeral benefits on any life purchased under the prepaid funeral contract. The Act applies to a prepaid funeral contract that is formed on or after the effective date of this Act.

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SB 822 by Watson; Sponsored by Zerwas (Effective September 1, 2011)

Expedited credentialing of physicians

SB 822 relates to expedited credentialing of certain physicians by managed care plans. The bill expands the definition of “medical group” in Section 1452.101 of the Insurance Code to include two or more physicians on the medical staff of, or teaching at, a medical school or medical and dental unit, as defined or described by Section 61.003, 61.501, or 74.601 of the Education Code.

SB 859 by Duncan, et al.; Sponsored by Smithee (Effective immediately – June 17, 2011)

Health group cooperatives and employer contributions to individual health policies

SB 859 relates to small and large employer health group cooperatives and to employer contributions to individual health insurance policies. The bill defines “eligible single-employee business” and provides that cooperatives and insurers may permit such businesses to join a cooperative. The bill also sets forth provisions for the election concerning participation and rating. The bill requires the Commissioner of Insurance to adopt rules governing the eligibility of a single-employee business to participate in a health group cooperative that must include provisions to ensure that each eligible single-employee business has a business purpose and was not formed solely to obtain employer-based health benefit plan coverage. The bill also amends Insurance Code Chapter 1221 regarding employer contributions to individual health insurance policies and states that the commissioner by rule, unless it would violate state or federal law, may develop procedures to allow an employer to make financial contributions to or premium payments for an employee or retiree’s individual consumer directed health insurance policy in a manner that eliminates or minimizes the state or federal tax consequences, or provides positive state or federal tax consequences, to the employer.

State Agencies/ Enforcement and Compliance

HB 1781 by Price, et al.; Sponsored by Nelson (Effective immediately – June 17, 2011)

Obsolete or redundant reporting requirements

HB 1781 adds a new subchapter to the Government Code relating to obsolete or redundant reporting requirements applicable to state agencies. The bill requires the executive director of each state agency, as defined, to examine and report to the legislature and other members of state government not later than August 1, 2012, the agency’s reporting requirements established by a state statute enacted before January 1, 2009, and not amended since that date, and identify each reporting requirement that the executive director determines: (A) is not necessary to accomplish the objectives of the statute that contains the reporting requirement; (B) is redundant of other statutory reporting requirements; or (C) is required under statute to be provided at a frequency for which data is not available. The initial report issued pursuant to this Act may not include reporting requirements of federal law, and this subchapter expires September 1, 2014.

HB 1965 by Kolkhorst, et al.; Sponsored by Deuell (Effective immediately – June 17, 2011)

Faith- and community-based health and human services initiatives

HB 1965 adds TDI and other agencies to the Government Code Chapter 535 relating to faith- and community-based health and human services initiatives. In accord with that chapter, the commissioner shall designate one employee from the agency to serve as a liaison for faith- and community-based organizations, who, together with other agency liaisons make up the interagency coordinating group. The bill also requires that not later than December 1 of each year, the interagency coordinating group shall submit a report to the legislature that describes in detail the activities, goals, and progress of the interagency coordinating group. The bill further establishes a task force on improving relations with non-profits and to help direct the interagency coordinating group in carrying out the group’s duties. This task force has a reporting requirement not later than September 1, 2012 to certain legislative committees, and the section creating the task force expires September 1, 2013.

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SB 701 by Watson; Sponsored by Strama, et al. (Effective September 1, 2011)

High-value data sets of state agencies posted on the Internet

SB 701 requires that state agencies post on a generally accessible Internet website maintained by or for the agency each of its high-value data sets, if the agency determines that it can be done at no additional cost to the State or through gift or grant. A “high-value data set” is defined as information that can be used to increase state agency accountability and responsiveness, improve public knowledge of the agency and its operations, further the core mission of the agency, create economic opportunity, or respond to need and demand as identified through public consultation. The term does not include information that is confidential or protected from disclosure under state or federal law.

SB 867 by Deuell; Sponsored by Jackson, J. (Effective September 1, 2011)

Accommodations in licensing examinations

SB 867 amends the Occupations Code regarding licensing examinations to require state agencies to provide reasonable examination accommodations to an examinee diagnosed as having dyslexia. The bill also requires each state agency to adopt rules necessary to implement this bill not later than December 1, 2011. The Act applies only to a licensing examination offered by a state agency on or after January 1, 2012.

State Fire Marshal

HB 1168 by Miller, D., et al.; Sponsored by Van de Putte (Effective September 1, 2011)

Smoke alarms and fire extinguishers in residential rental units

HB 1168 specifies requirements for smoke alarms and fire extinguishers in residential rental units. The bill amends current law regarding the placement of smoke alarms in bedrooms of certain residential rental properties to be consistent with international model codes and also clarifies inspection requirements for certain residential fire extinguishers. The bill takes effect September 1, 2011, but with respect to a dwelling unit first occupied or for which a certificate of occupancy was issued before

September 1, 2011, a landlord shall comply with this change in law on or before January 1, 2013.

HB 1174 by Workman; Sponsored by Wentworth (Effective immediately – June 17, 2011)

Expiration of county burn ban

HB 1174 amends the Local Government Code to add a county judge or fire marshal, if designated by a commissioners court, to the authorities that can determine when identified circumstances no longer exist to allow for the expiration of a county burn ban.

HB 3547 by Alvarado; Sponsored by Gallegos (Effective September 1, 2011)

Enforcement of fire safety standards at certain child-care facilities

HB 3547 amends the Human Resources Code to allow a municipality or county to enforce state law and rules adopted under state law concerning fire safety standards at a licensed group day-care home or a registered family home. The bill also requires a municipality or county to report any violation of fire safety standards observed by the municipality or county at a licensed group day-care home or registered family home.

SB 396 by Deuell; Sponsored by Marquez (Effective immediately – May 12, 2011)

State Fire Marshal investigation of firefighter death

SB 396 amends the Government Code to include in the state fire marshal’s investigation of a firefighter’s death a situation in which a firefighter dies in connection with an on-duty incident – the previous language referred to “a fire-fighting incident.” The bill also specifies that the state fire marshal shall investigate any factors that may have contributed to the death of the firefighter.

SB 1598 by Carona; Sponsored by Smithee (Effective September 1, 2011)

Portable fire extinguisher inspections

SB 1598 amends the licensing provisions in the Insurance Code regarding portable fire extinguisher inspections. The bill defines “Portable fire extinguisher inspection” to mean a monthly inspection to ensure that the extinguisher is in

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its designated location; has not been actuated or subject to tampering; and does not have any obvious physical damage or another condition that may prevent proper operation of the extinguisher. The bill also excludes from licensing a firm that provides inspection of its portable fire extinguishers by a person who is specially trained to perform portable fire extinguisher inspections and under contract with the firm for that purpose.

Title

HB 2408 by Darby, et al.; Sponsored by Harris (Effective September 1, 2011)

Title Insurance operations, licensing, and enforcement

HB 2408 contains provisions relating to rebating; title agent, direct operations, and escrow officer licensing and enforcement; timetables for title insurance rule and rate hearings; and coverage and exceptions to coverage of mineral interests. The bill sets forth deadlines for processing applications and requires various notifications from TDI to applicants and other interested parties regarding completeness, deficiencies, and factual grounds for a proposed denial. The bill also prohibits TDI from denying or rejecting an application due to a pending enforcement case which has not been finally resolved and provides deadlines for initiating and prosecuting enforcement cases and requires notices to agents and escrow officers about pending cases. There are also provisions regarding who can request a rule or rate hearing and deadlines for commencing and closing a public hearing and issuing a final order. The bill also requires that changes to the title insurance company and title insurance agent statistical report be adopted in a rule hearing and may not be applied retroactively. The bill states that a title insurance company is not required to provide coverage for loss from damage resulting from the use of the surface of the land for the extraction or development of minerals and also prohibits an additional premium for an endorsement relating to mineral interest coverage in certain instances. The bill further contains provisions concerning the use of general or special exceptions regarding the mineral estate and prohibits a discount or credit when minerals coverage is excluded or excepted in the title insurance policy. The provisions regarding

coverage restrictions on mineral interests apply only to a title insurance policy that is delivered or issued for delivery on or after January 1, 2012.

HB 2604 by Taylor, L.; Sponsored by Harris (Effective immediately – June 17, 2011)

Title Agents solvency accounts

HB 2604 adds a new section to the Insurance Code allowing title agents to maintain a solvency account to accrue and hold unencumbered assets that can be used by TDI in the event of certain contingencies, such as impairment or liquidation or, as added by the bill, if the agent's licensed is revoked. The bill specifies the requirements for the funding and deposits to be made (if the initial deposit is less than what is required for the title agent's unencumbered assets) to the solvency account out of the agent's portion of retained premium for each policy of title insurance issued by the agent. The bill also requires the commissioner to adopt by rule procedures and requirements for the release, transfer, or expenditure of the funds held in a solvency account. The rules must establish how TDI shall account for any expenditures that TDI makes from an account or funds transferred by TDI to a third party. The commissioner shall promulgate rules and forms governing the operation of a solvency account, as added by this Act, as soon as practicable after the effective date but not later than January 1, 2012.

SB 322 by Carona; Sponsored by Deshotel (Effective September 1, 2011)

Title Insurance Company reinsurance contracts

SB 322 relates to certain requirements for reinsurance contracts covering, and to certain restrictions regarding, title insurance policies issued in this state. The bill contains the same provisions as SB 735 (described below) regarding prohibiting title insurance companies from providing "creditor's rights coverage." Additionally, the bill sets forth new requirements for reinsuring policies by deleting the provision that TDI first approve the form of the reinsurance contract and substituting provisions requiring notice to the Department and specifying certain capital and surplus amounts for the title insurance company from which the reinsurance is required. The bill also gives

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the Commissioner of Insurance the authority, during the notice period and on the ground that the transaction may result in a hazardous financial condition, to prohibit the title insurance company from obtaining reinsurance. The bill repeals Section 2551.303 of the Insurance Code regarding the Department's approval of a form of reinsurance contract. The Act applies only to a reinsurance contract entered into by a title insurance company on or after the effective date, and the provisions regarding prohibition of coverage apply only to an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2012.

SB 735 by Carona; Sponsored by Smithee (Effective September 1, 2011)

Title Insurance creditor's rights coverage

SB 735 adds a new section to the Insurance Code to prohibit title insurance companies from insuring against loss caused by the transaction vesting title in the insured or creating the lien of the insured mortgage being a preference or fraudulent transfer – also known as “creditor’s rights coverage.” The bill authorizes the Commissioner of Insurance to designate by rule coverages that violate this new section. The bill also states that a title insurance company may not engage in the business of title insurance in Texas if the title insurance company provides this type of prohibited coverage anywhere in the United States, except to the extent that the laws of another state require the title insurance company to provide that type of insurance coverage. The Act applies only to an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2012.

Workers' Compensation

HB 528 by Solomons; Sponsored by Van de Putte (Effective immediately – June 17, 2011)

Pharmaceutical services – workers' compensation informal and voluntary networks

HB 528 amends current law relating to the provision of pharmaceutical services through informal and voluntary networks in the workers' compensation system, and provides an administrative violation. The bill allows workers' compensation carriers to continue to have contractual fee discounts for pharmaceutical services and to use a voluntary or informal

network to obtain contractual discounts with health care providers under certain conditions. The bill requires health care providers who participate in pharmacy informal or voluntary networks to receive notice from the insurance carrier, the insurance carrier's authorized agent or the informal or voluntary network of any person that has access to the health care provider's contractual discount and creates an administrative violation for the insurance carrier if notice is not provided. Additionally, the bill requires pharmacy informal and voluntary networks to register with the Division of Workers' Compensation and sets out the requirements and timeframes for the registration process, and clarifies that prescription medication or services may not be delivered through a certified workers' compensation health care network under Chapter 1305 of the Insurance Code or through direct contracts between political subdivisions and health care providers under Section 504.053(b)(2) of the Labor Code. The bill states that a contractual agreement between an insurance carrier and a health care provider that provides for fees for pharmaceutical services that are different from the fees authorized under the fee guidelines adopted by the Commissioner of Workers' Compensation that were in effect on any date between and including January 1, 2011, and the effective date of this Act, and that is arranged under a contract with an informal or voluntary network registered with the Division of Workers' Compensation of the Texas Department of Insurance is validated and is prohibited from being the sole basis of an enforcement action under Title 5 of the Labor Code.

HB 625 by Solomons; Sponsored by Carona (Effective September 1, 2011)

Staff leasing services

HB 625 relates to certain requirements and timeframes for staff leasing services companies to provide workers' compensation claim and payment information to its client company. The bill also provides for an administrative violation for failure to comply by the staff leasing services company license holder, but also states that a license holder does not commit an administrative violation if the license holder requested the information required from the license holder's workers' compensation insurance

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provider and the provider does not provide the information to the license holder within the required time. Further, a license holder shall notify the Texas Department of Insurance of a provider's failure to comply with the "notice of claims information to policyholders" requirements as set forth in Section 2051.151 of the Insurance Code.

HB 2089 by Smithee; Sponsored by Fraser (Effective September 1, 2011)

Resolution of overpayment or underpayment of income benefits

HB 2089 adds a new section to the Labor Code to provide for resolution of overpayment or underpayment of income benefits and requires the Commissioner of Workers' Compensation to establish procedures and timeframes by rule. The procedure for recouping overpayments must take into consideration the cause of the overpayment and minimize the financial hardship to the injured employee. The Commissioner of Workers' Compensation shall adopt rules to implement the new section not later than January 1, 2012.

HB 2093 by Thompson; Sponsored by Van de Putte (Effective January 1, 2012)

Consolidated insurance programs

(See bill summary above, under Auto/Property/Home)

SB 158 by Williams; Sponsored by Fletcher, et al. (Effective September 1, 2011)

Controlled substances – fraudulent or unlawful acts

SB 158 amends the Health and Safety Code and the Penal Code to set forth offenses and penalties involving the fraudulent or unlawful obtaining, delivering, dispensing, distributing, or diverting of a controlled substance. The bill specifically references persons who convert or divert a controlled substance to which the person has access by virtue of the person's profession or employment and also persons who obtain from a practitioner, by fraud or deceit, controlled substances that are not medically necessary for the person. The bill applies only to an offense committed on or after the effective date of this Act.

SB 321 by Hegar, et al.; Sponsored by Kleinschmidt (Effective September 1, 2011)

Employee's transportation and storage of certain firearms or ammunition

SB 321 amends the Labor Code to state that a public or private employer may not prohibit an employee who holds a license to carry a concealed handgun, or who otherwise lawfully possesses a firearm, or who lawfully possesses ammunition from transporting or storing a firearm or ammunition the employee is authorized by law to possess in a locked, privately owned motor vehicle in a parking lot, parking garage, or other parking area the employer provides for employees. There are exceptions to this provision relating to schools, certain types of properties involving chemicals and oil and gas, and vehicles owned or leased by a public or private employer and used by an employee in the course and scope of the employee's employment. The bill allows an employer to prohibit firearms on its premises (a building or a portion of a building as defined in the Penal Code). The bill also grants to the employer immunity from civil liability, except in cases of gross negligence, arising out of an occurrence involving a firearm or ammunition that the employer is required by this bill to allow on the employer's property. The bill applies only to a cause of action that accrues on or after the effective date of this Act.

SB 800 by Duncan; Sponsored by Elkins (Effective immediately – June 17, 2011)

Workers' compensation data collection agents

SB 800 amends the Labor Code to align the statutory authority for the Commissioner of Workers' Compensation to designate a statistical agent for the collection of data with similar authority currently utilized by the Commissioner of Insurance. The bill sets forth the qualifications and operations of workers' compensation data collection agents and authorizes a data collection agent to collect a fee from a reporting insurance carrier, other than a governmental entity, for the necessary and reasonable costs of collecting data from that reporting insurance carrier.

The bill originated from a legislative recommendation by the TDI-Division of Workers' Compensation.

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**SB 809 by Seliger; Sponsored by Giddings
(Effective September 1, 2011)**

Adjudication of certain workers' compensation disputes

SB 809 relates to the adjudication of certain workers' compensation disputes, including judicial review in district court. The bill sets forth the timeframes for filing suit to seek judicial review of medical dispute decisions by the Division of Workers' Compensation or the State Office of Administrative Hearings (SOAH), including medical fee disputes, to be not later than the 45th day after the date on which the notification of the decision is mailed to the party. Because the mailing date is considered to be the fifth day after the date the decision was issued by SOAH or filed with the Division of Workers' Compensation, a party essentially has 50 days to seek review, which is consistent with the statutory timeframes for judicial review already in place for indemnity disputes. The bill also provides that the dispute resolution process in Chapter 410 of the Labor Code applies to disputes of whether an insurance carrier properly provided an employee certain information regarding workers' compensation networks as required by Chapter 1305 of the Insurance Code. The bill applies only to a suit for judicial review filed on or after the effective date of this Act.

**SB 1714 by Duncan; Sponsored by Chisum
(Effective September 1, 2011)**

Actions against employer by employee who is not covered by workers' compensation insurance

SB 1714 addresses a recent federal court decision that permitted an employee to opt out of workers' compensation into an employer's non-workers' compensation occupational benefit plan, which contained a pre-injury liability waiver, so long as the employer has workers' compensation insurance coverage. SB 1714 makes more specific that certain common-law defenses do not apply to an action against an employer by or on behalf of an employee who is not covered by workers' compensation insurance obtained through a licensed insurance company or through self-insurance, rather than an action against an employer who does not have workers' compensation insurance coverage. The bill extends the prohibition of pre-

injury liability waivers to all employees who are not covered by workers' compensation insurance and not just employees of employers who do not have workers' compensation insurance coverage. The bill also adds that unless an employee has waived coverage in connection with an agreement with the employer, the employee who elects to retain a right of action for damages for injuries sustained in the course and scope of the employment may bring a cause of action, which will be subject to all defenses available under common law and the statutes of this state. The bill's provisions do not apply to a cause of action by an employee if the employee is subject to a valid and enforceable contract with the employee's employer relating to benefits for occupational injury or death and the employer, since January 1, 2011, has continuously had workers' compensation insurance coverage and offered its employee a program providing benefits for occupational injury or death that is not governed by the Texas Workers' Compensation Act. With this exception, the bill applies only to a cause of action that is filed on or after the effective date of this Act.



Insurance Protection Key to Hurricane Preparation

The 2011 hurricane season began on June 1 and the Texas Department of Insurance urged consumers to review their insurance policies and to address any questions with their agent or company. Following are some suggestions for the season.

Make a home inventory. Creating an inventory and storing it in a safe location away from home is one of the most basic – and effective – disaster preparedness steps to take to help protect life and property.

Store copies of insurance policies with the home inventory in a safe location away from the home, so that these records can be easily retrieved in the event of a loss. Before you store the insurance policies, review them to verify that they meet your needs. Make sure you know your policy limits, deductibles, exclusions and policyholder claims notification requirements, before disaster strikes.

Keep a list of contact details for your insurance agent and/or company with your policies. Include office phone numbers, mailing addresses, website addresses and all of your policy numbers for quick reference. Email this information to yourself in case you're separated from your hard copy list.

Make sure you have windstorm insurance. If your property is located in one of Texas' 14 coastal counties, or parts of southeastern Harris County, your homeowners policy may not provide windstorm coverage. You may be able to obtain insurance coverage for windstorm or hail damage from a special insurance pool called the **Texas Windstorm Insurance Association (TWIA)**. It's important to note that you cannot buy or change TWIA coverage once a hurricane is in or near the Gulf of Mexico. If you currently have TWIA coverage, review your policy carefully and know your policy limits. Compare your TWIA and homeowners policies and determine whether you are insured to an appropriate replacement value. For more information about windstorm coverage and inspection requirements, call your insurance agent or TWIA at (512) 899-4900, or visit TWIA's website at www.twia.org.

Consider flood insurance. Most homeowners and commercial property policies specifically exclude coverage for damage from flooding. To protect yourself from losses caused by rising water, you'll need a separate flood insurance policy, typically from the **National Flood Insur-**

ance Program (NFIP). NFIP is administered by the Federal Emergency Management Agency. Flood insurance policies usually have a 30-day waiting period after the purchase date before coverage takes effect on currently owned property, so don't wait until a flooding threat is imminent. To obtain flood insurance contact your insurance agent or NFIP at 1-888-FLOOD 29 (356-6329) or visit www.floodsmart.gov. Note: For certain TWIA policyholders, flood coverage is required effective 9/1/2009; for more information about this requirement, contact your insurance agent or TWIA.

Make a safety plan. If a hurricane threatens your area, you may have to make a decision whether to stay in your home or evacuate. Whenever local authorities recommend evacuation, you should leave. The advice of authorities is based on knowledge of the strength of the storm and its potential for destruction.

- Map out safe routes inland or to safer areas. If you live in a low-lying area, know where low-water crossings might make travel to safety more difficult and plan routes that avoid these areas.
- Find out the location of any nearby community shelters in case you must seek immediate shelter.
- Work out a way for family members to communicate in case you must leave your home or if there is a disruption in local phone service. For instance, agree on a friend or relative who lives outside your immediate area who can serve as a point of contact in an emergency.

Protect your property. When a hurricane watch is issued for your area, taking a few measures in advance may help prevent or minimize damage to your home or property.

- Protect windows, sliding glass doors, and skylights with shutters or plywood.
- Put your car in a garage or other shelter. Secure boats and trailers. Secure outdoor furniture and any other loose material outside.
- If possible, trim back any dead wood from trees. This will reduce the amount of wind stress on trees and eliminate potential damage from falling limbs.

For more information: If you have questions about insurance, call TDI's toll-free Consumer Help Line: 1-800-252-3439 or visit the TDI website: www.tdi.state.tx.us.



Fraud Case Dispositions

The following recent court actions were taken involving insurance fraud cases investigated by the Texas Department of Insurance Fraud Division. Additional information about insurance fraud is available on the agency website at: www.tdi.state.tx.us/fraud/index.html

March 2011

Gallene Austin pled guilty on 2/24/11 in Dallas to Insurance Fraud, a Class A Misdemeanor. Austin was sentenced to 12 months deferred adjudication and ordered to pay \$7,264 in restitution.

Roy Bolen pled guilty on 3/10/11 in Lubbock to Insurance Fraud, a state jail felony. Bolen was sentenced to 48 months deferred adjudication, 100 hours of community service, and ordered to pay \$4,791 in restitution.

Eliasar B. Enriquez pled guilty on 6/11/10 in Waxahachie to Insurance Fraud, a state jail felony. Enriquez was sentenced to probation of 60 months, fined \$500, and ordered to pay \$2,730 in restitution.

Pamela G. Enriquez pled guilty on 6/11/10 in Waxahachie to Insurance Fraud, a state jail felony. Enriquez was sentenced to probation of 60 months, fined \$500, and ordered to pay \$2,730 in restitution.

Peter B. Fisher pled guilty on 3/2/11 in Dallas to Misapplication of Fiduciary Property, a second degree felony. Fisher was sentenced to 120 months deferred adjudication, 240 hours of community service, and ordered to pay \$155,416 in restitution.

Staci M. Holden pled guilty on 1/20/11 in Sherman to Insurance Fraud, a state jail felony. Holden was sentenced to probation of 60 months and ordered to pay \$9,879 in restitution.

Cherisse J. Lewis pled guilty on 2/24/11 in Dallas to Insurance Fraud, a Class A Misdemeanor. Lewis was sentenced to probation of 12 months, fined \$1,000, and ordered to pay \$9,665 in restitution.

Juan L. Vasquez pled guilty on 3/1/11 in Corpus Christi to Insurance Fraud, a state jail felony. Vasquez was sentenced to 60 months deferred adjudication and ordered to pay \$9,350 in restitution.

April 2011

Bernard Alexander pled guilty on 3/31/11 in Dallas to Insurance Fraud, a state jail felony. Alexander was sentenced to probation of 48 months, 120 hours of community service, fined \$1,500, and ordered to pay \$12,266 in restitution.

Eduardo Escobar pled guilty on 3/21/11 in Houston to Misapplication of Fiduciary Property, a Class A Misdemeanor. Escobar was sentenced to 12 months deferred adjudication and 80 hours of community service.

Kelly K. Horton pled guilty on 3/18/11 in Houston to Misapplication of Fiduciary Property, a third degree felony. Horton was sentenced to 36 months deferred adjudication and 100 hours of community service.

Michael Johnson pled guilty on 4/7/11 in Kaufman to Securing Execution of a Document by Deception, a third degree felony. Johnson was sentenced to 84 months deferred adjudication, 120 hours of community service, and ordered to pay \$25,000 in restitution.

Elisa C. Lara pled guilty on 4/14/11 in Dallas to Insurance Fraud, a state jail felony. Lara was sentenced to 24 months deferred adjudication, 120 hours of community service, and fined \$1,500.

Tracy Peterson pled guilty on 3/15/11 in Houston to Insurance Fraud, a state jail felony. Peterson was sentenced to 24 months deferred adjudication and 50 hours of community service.

Robert B. Reagan pled guilty on 3/11/11 in Woodville to 96 months deferred adjudication, 120 hours of community service, fined \$1,500, and ordered to pay \$38,387 in restitution.

Alfredo Rios pled guilty on 11/4/10 in El Paso to Misapplication of Fiduciary Property, a state jail felony. Rios was sentenced to 24 months deferred adjudication, fined \$1,000, and ordered to pay \$5,212 in restitution.

May 2011

Kelvis V. Diaz pled guilty on 4/21/11 in Houston to Theft, a Class A Misdemeanor. Diaz was fined \$300.

Taiwana Anthony pled guilty on 4/21/11 in Dallas to Insurance Fraud, a Class C Misdemeanor. Taiwana was ordered to pay \$1,463 in restitution.

Sherelle W. Ballard pled guilty on 4/4/11 in Houston to Insurance Fraud, a third degree felony. Ballard was sentenced to probation of 24 months and ordered to pay \$88,000 in restitution.

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Fraud Case Dispositions continued from page 22



Joe E. Fitzpatrick pled guilty on 4/5/11 in Houston to Insurance Fraud, a state jail felony. Fitzpatrick was sentenced to 24 months deferred adjudication, 100 hours of community service and fined \$500.

Alma M. Rosas pled guilty on 3/9/11 in Dallas to Insurance Fraud, a Class A Misdemeanor. Rosas was sentenced to 12 months deferred adjudication and fined \$1,500.

June 2011

Marvin Gainous pled guilty on 5/31/11 in Dallas to Insurance Fraud, Class A Misdemeanor. Gainous was sentenced to 24 months deferred adjudication, 80 hours of community service, fined \$1,500, and ordered to pay \$10,295 in restitution.

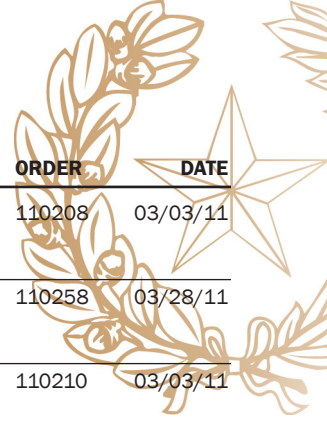
Jerry L. Wilson pled guilty on 5/25/11 in Houston to Insurance Fraud, a state jail felony. Wilson was sentenced to 24 months deferred adjudication, 75 hours of community service, and fined \$200.

Michael N. Swetnam Jr. pled guilty on 6/9/11 in the U.S. Southern District Court to Mail Fraud, a federal offense. Swetnam was sentenced to 37 months confinement and upon release, probation of 36 months, fined \$300, and ordered to pay \$2,950,301 in restitution.

InDiscipline

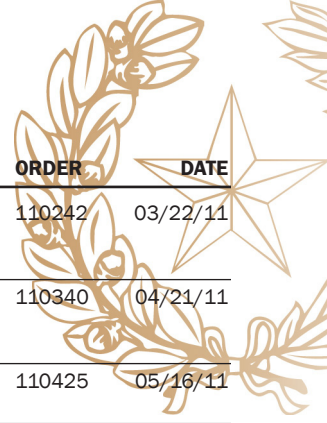
NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
Alamo Title Company Fort Worth	Fort Worth	Made improper payments to an unlicensed entity	Fined \$15,000	110298	04/12/11
American International Group, Inc. and its affiliated insurers writing workers' compensation insurance	New York, NY	Multi-state regulatory settlement agreement regarding writing of workers' compensation insurance	(Nunc Pro Tunc for Commissioner's Order 11-0181) Fined \$12,804,656; Must pay \$10,784,737 in premium taxes and assessments	110314	04/15/11
A.L. Stovall Title Services and Anna Stoval	San Antonio	Unauthorized insurance	Cease and Desist Order	110400	05/06/11
Allmendinger, Christian M.	Houston	Felony criminal convictions—mail fraud, conspiracy to commit money laundering, securities fraud	General Life, Accident and Health License revoked; Must pay court-ordered restitution	110451	05/26/11
Alpha Dental Programs, Inc.	Flower Mound	Failed to pay clean claims in a timely manner	Fined \$25,000	110452	05/27/11
Amwins Brokerage of Texas, Inc.	Dallas	Failed to timely file new or renewal surplus lines policies and related documents	Fined \$4,905	110219	03/08/11
Amwins Insurance Brokerage of California, LLC	Chatsworth, CA	Failed to timely file new or renewal surplus lines policies and related documents	Fined \$22,460	110220	03/08/11
Anderson, Carola Kay	Houston	Failed to complete continuing education requirements	Fined \$2,000; Escrow Officer License revoked; Must complete four hours of continuing education	110261	03/28/11
Appalachian Underwriters, Inc.	Oak Ridge, TN	Failed to timely return all gross unearned premiums to insurance premium finance company	Fined \$3,750; Must pay restitution of \$3,701 plus interest	110257	03/28/11
AutoShieldPlus, Inc.; Hurst, Joel L.	The Woodlands and Magnolia	Unauthorized insurance	Cease and Desist Order	110286	04/05/11
Ayers, Daniel Freeman	McKinney	Felony criminal offense—mail and wire fraud	Escrow Officer License revoked	110377	04/29/11
Brown, Randall Mark	Bridgeport	Felony criminal offense—theft	General Life, Accident and Health License revoked	110374	04/29/11
Colemont Insurance Brokers of Georgia, LLC	Atlanta, GA	Failed to timely file new or renewal surplus lines policies and related documents	Fined \$1,204	110222	03/08/11
Colemont Insurance Brokers of Texas, LP	Dallas	Failed to timely file new or renewal surplus lines policies and related documents	Fined \$3,281	110221	03/08/11

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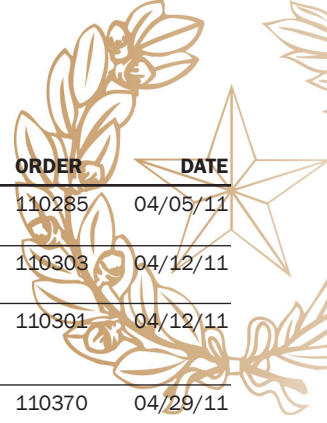
NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
Connecture, Inc. (F/K/A SimplyHealth.com, Inc.)	Atlanta, GA	Failed to timely file annual report; Failed to timely pay annual report filing fees	Fined \$2,000	110208	03/03/11
CorVel Healthcare Corporation	Irvine, CA	Failed to timely file annual report; Failed to timely pay annual report filing fees	Fined \$3,000	110258	03/28/11
Cravens Dargan Insurance Group, L.P.	Houston	Failed to timely file new or renewal surplus lines policies and related documents	Fined \$12,805	110210	03/03/11
CRC Insurance Services, Inc.	Birmingham, AL	Failed to file Annual Agent Report for Risk Retention and Purchasing Groups (PG3 report)	Fined \$16,700	110250	03/24/11
Dearman, Brad	Pearl, MS	Misappropriated or converted money belonging to an insurer or insured	General Life, Accident and Health License revoked; Must pay restitution of \$135,176	110259	03/28/11
Eligibility Services, Inc.	Dallas	Failed to timely file annual report; Failed to pay annual report filing fees	Fined \$3,000	110274	03/31/11
Flores, Anthony Jess	Highland Village	Felony criminal offense--mail and wire fraud	Escrow Officer License revoked	110378	04/29/11
Forse Abstract and Title Company, Inc.	Newton	Failed to comply with rules and regulations for business of title insurance	Fined \$5,000; Title Agent License revoked	110338	04/21/11
Flowers Title Companies, LLC dba Arnold Abstract Co.; et al	Henderson	Failed to comply with provisions of the title insurance basic manual	Cease and desist from offering continuing education seminars at a discounted rate; Cease and desist from offering food and beverages to individuals in a position to steer or refer the business of title insurance	110443	05/26/11
Gamez, Adriana V.	San Antonio	Engaged in fraudulent and dishonest acts or practices	General Property and Casualty License revoked	110376	04/29/11
Green, Sharon Ann	Houston	Fined \$1,000; Must complete two hours of continuing education	Failed to comply with continuing education requirement	110255	03/28/11
Griffin, Yvette Michelle	Houston	Unauthorized insurance; Misappropriated or converted money belonging to an insurer or insured	Limited Lines License revoked; Must pay restitution of \$14,984	110399	05/06/11
Hartford Accident and Indemnity Company	Hartford, CT	Failed to file commercial auto rate increase and applicable rating manuals and information	Must pay refunds to policyholders	110339	04/21/11
Hartford Casualty Insurance Company	Hartford, CT	Failed to file commercial auto rate increase and applicable rating manuals and information	Must pay refunds to policyholders	110362	04/29/11
Hartford Fire Insurance Company	Hartford, CT	Failed to file commercial auto rate increase and applicable rating manuals and information	Must pay refunds to policyholders	110363	04/29/11
Hartford Insurance Co. of the Midwest	Hartford, CT	Failed to file commercial auto rate increase and applicable rating manuals and information	Must pay refunds to policyholders	110364	04/29/11
Hartford Fire Insurance Company, Southern County Mutual Insurance Company	Hartford, CT and Dallas	Misleading advertising	Southern County Mutual fined \$15,000; Hartford fined \$85,000	110454	05/27/11
Hartford Underwriters Insurance Company	Hartford, CT	Failed to file commercial auto rate increase and applicable rating manuals and information	Must pay refunds to policyholders	110365	04/29/11
Hernandez, Daniel Christopher	Corpus Christi	Misappropriated or converted money belonging to an insurer or insured	General Property and Casualty License revoked; Must pay restitution of \$6,127	110375	04/29/11
Huron, Geraldine R.	San Antonio	Misappropriated or converted money belonging to an insurer or insured	General Property and Casualty License revoked	110209	03/03/11
King, Warren Guy	Houston	Failed to comply with continuing education requirements	Fined \$2,000; Must complete four hours of continuing education	110416	05/12/11
Litzman, Jennifer Marie	Katy	Failed to comply with continuing education requirement	Fined \$1,000; Must complete two hours of continuing education	110276	03/31/11

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NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
Lopez, Angel R.	Pharr	Misappropriated or converted money belonging to an insurer or insured	General Life, Accident and Health License revoked; Must pay restitution of \$29,006	110242	03/22/11
LSI Title Agency, Inc.	Irving	Failed to comply with rules and regulations for business of title insurance	Fined \$3,000	110340	04/21/11
Martin, Jack Laurel, Jr.	Granbury	Felony criminal offense- misapplication of fiduciary property	Insurance Adjuster License revoked	110425	05/16/11
McGriff, Seibels & Williams of Texas, Inc.	Houston	Failed to file Annual Agent Report for Risk Retention and Purchasing Groups (PG3 report)	Fined \$10,800	110351	04/25/11
Miller, Robert Glenn	Richmond	Unauthorized insurance	Insurance Adjuster License and General Life, Accident and Health License surrendered	110415	05/12/11
Morris, Essmarie	Houston	Failed to comply with continuing education requirements	Fined \$2,500; Must complete five hours of continuing education	110299	04/12/11
National Employee Benefit Administrators, Inc.	Houston	Failed to timely file annual report; Failed to pay annual report filing fees	Fined \$16,000; Third-Party Administrator Certificate of Authority revoked	110304	04/14/11
National Title Insurance of New York, Inc.	Santa Ana, CA	Failed to comply with title insurance basic manual provisions by using non-promulgated form to issue policy and entering agreement not included in policy	Fined \$3,000	110417	05/12/11
NGM Insurance Company	Jacksonville, FL	Failed to provide applicant with notice of adverse effect of credit score on insurance premium amount	Fined \$25,000	110211	03/03/11
North Texas Title of Hunt, Inc. dba North Texas Title of Greenville	Greenville	Failed to timely provide an annual trust fund account audit report/ annual statistical report	Fined \$5,400	110277	03/31/11
Old Surety Life Insurance Company	Oklahoma City, OK	Paid a valuable consideration to unlicensed persons for the referral of potential customers based upon the purchase of an insurance product	Fined \$4,000	110305	04/14/11
Ozuna, George Jr., P.E.	San Antonio	Failed to reply to Department request for information	Qualified Inspector Appointment canceled	110383	05/02/11
Pacific Northwest Title Insurance Company, Inc.	Seattle, WA	Failed to timely file Certificate of Compliance Advertising form; Failed to timely respond to Department request for information	Fined \$4,000	110251	03/24/11
Payne, Richard Lemoyne	Highland Village	Misappropriated or converted money belonging to an insurer or insured	Escrow Officer License revoked	110439	05/24/11
Permian Basin Abstract Company, LLC	Seminole	Failed to timely remit guarantee fees	Fined \$1,400	110456	05/27/11
Powter, John James	McKinney	Failed to file Annual Agent Report for Risk Retention and Purchasing Groups	Fined \$11,200	110252	03/24/11
P.S. Services, Inc., dba Patriot USA Settlement Services	Flower Mound	Failed to timely provide an annual trust fund account audit report/annual statistical report; Failed to timely remit guaranty fee submissions	Fined \$5,900	110457	05/27/11
Rigg Insurance Managers, Inc.	Dallas	Failed to timely file new or renewal surplus lines policies and related documents	Fined \$35,027	110256	03/28/11
Pennington, Gary Hansell	San Antonio	Failed to comply with requirements for Public Insurance Adjuster License	Must revise commissions for services; Must maintain records for five years	110369	04/29/11
Perez, Virgilio Dominguez	Dallas	Misappropriated or converted money belonging to an insurer or insured	Funeral Prearrangement Life License revoked	110300	04/12/11
Pizana, Christina	Laredo	Misappropriated or converted money belonging to an insurer or insured	Limited Lines License revoked; Must pay restitution of \$4,704	110372	04/29/11
Property and Casualty Insurance Company of Hartford	Hartford, CT	Failed to file commercial auto rate increase and applicable rating manuals and information	Must pay refunds to policyholders	110366	04/29/11

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NAME	CITY	VIOLATION	ACTION TAKEN	ORDER	DATE
Ranzau, Kimberly Jean	Boerne	Failed to comply with continuing education requirements	Fined \$1,500; Must complete three hours of continuing education	110285	04/05/11
Reith, Edward Everett	Dallas	Failed to comply with Commissioner's Order	General Life, Accident and Health License revoked	110303	04/12/11
Risk Placement Services, Inc.	Itasca, IL	Failed to file Annual Agent Report for Risk Retention and Purchasing Groups (PG3 report)	Fined \$12,100	110301	04/12/11
Risk Placement Services, Inc.	Itasca, IL	Failed to timely file new or renewal surplus lines policies and related documents	Fined \$50,181	110370	04/29/11
RMI International, Inc.	San Antonio	Failed to timely file new or renewal surplus lines policies and related documents	Fined \$2,429	110429	05/19/11
Roanoke Trade Services of Texas, Inc.	Houston	Failed to timely file new or renewal surplus lines policies and related documents	Fined \$1,320	110446	05/26/11
Sanchez, Francisco Javier	McAllen	Engaged in fraudulent and dishonest acts and practices	General Life, Accident and Health License revoked; Must pay restitution of \$16,258	110450	05/26/11
Santos, Helmut Pedro	Houston	Misappropriated or converted money belonging to an insurer or insured	Limited Lines License revoked; Must pay restitution of \$10, 614	110373	04/29/11
Schleicher County Abstract Company, Inc.	Eldorado	Failed to timely remit guaranty fees	Fined \$1,600	110253	03/24/11
Seabury & Smith, Inc.	New York, NY	Failed to timely file new or renewal surplus lines policies and related documents	Fined \$2,689	110458	05/27/11
Sentinel Insurance Company, LTD	Hartford, CT	Failed to file commercial auto rate increase and applicable rating manuals and information	Must pay refunds to policyholders	110367	04/29/11
Southwestern Forensics Associates, Inc.	Kyle	Failed to comply with requirements for Independent Review Organizations	Must provide quarterly reports on timeliness of decisions for one year	110350	04/25/11
State Farm Mutual Automobile Insurance Company	Bloomington, IL	Consent order	Must pay full restitution to policyholders denied certain premium discounts due to non-chargeable traffic violations	110449	05/26/11
Texas Imperial Life Insurance Company	Springfield, IL	Race-based pricing of life insurance policies	Must pay claims based on agreed increase in coverage for four years	110267	03/31/11
Trafficare International, LLC; and Simpson, Troy	Dallas and DeSoto	Unauthorized insurance	Fined \$10,000	110278	03/31/11
TS Connections, LLC dba Title Stream	Coppell	Failed to comply with rules and regulations for business of title insurance	Title Insurance Agent License revoked	110371	04/29/11
Twin City Fire Insurance Company	Hartford, CT	Failed to file commercial auto rate increase and applicable rating manuals and information	Must pay refunds to policyholders	110368	04/29/11
United Benefits, Inc.	Ormond Beach, FL	Failed to timely file annual report	Fined \$12,000; Third-Party Administrator Certificate of Authority revoked	110260	03/28/11
Universal Health Care Insurance Company, Inc.	St. Petersburg, FL	Failed to timely file Certificate of Compliance Advertising form	Fined \$1,500	110212	03/03/11
Wells Fargo Insurance of Texas, Inc.	Houston	Failed to timely file new or renewal surplus lines policies and related documents	Fined \$1,481	110447	05/26/11
Westminster Title Agency, Inc.	Grapevine	Unauthorized insurance; Failed to comply with requirements of title insurance basic manual	Fined \$6,000	110418	05/12/11
Willis of New York, Inc.	New York, NY	Failed to timely file new or renewal surplus lines policies and related documents	Fined \$1,822	110459	05/27/11
Willis of Tennessee, Inc.	Nashville, TN	Failed to timely file new or renewal surplus lines policies and related documents	Fined \$7,689	110460	05/27/11
Wonderly, Elena Veronica	El Paso	Misappropriated or converted money belonging to an insurer or insured	General Property and Casualty License revoked; Must pay restitution of \$25,784	110428	05/16/11

License Applications Actions

NAME	CITY	REASON FOR DENIAL	ACTION TAKEN	ORDER	DATE
Blankenship, Mark Lynn	Cedar Park	Felony criminal offense-aggravated assault	Insurance Adjuster License issued; Suspension of license probated for two years	110398	05/06/11
Carley, Jerry Lavon	LaPorte	Felony criminal offense	Insurance Adjuster License denied	110426	05/16/11
Cavazos, Erika Ann	Pharr	Criminal offense-credit card abuse	Limited Lines License issued; Suspension of license probated for two years	110453	05/27/11
Courtney, David L.	Houston	Failed to show good cause why prior revocation should not bar licensure	General Lines Life, Health and Accident Agent License application denied	110288	04/05/11
Falgout, Charles Edward Jr.	Beaumont	Felony criminal offense-theft	Insurance Adjuster License issued; Suspension of license probated for two years	110294	04/07/11
Forbus, David	Sumner	Criminal offense	General Life, Accident, and Health License issued; two-year license suspension probated	110275	03/31/11
Fox, Jason	Dallas	Criminal offense-theft	General Life, Accident and Health License issued; Suspension of license probated for two years	110316	04/19/11
Guzman, Adrian	El Paso	Felony criminal offense-acceptance of bribe by public official	General Property and Casualty License application denied	110379	04/29/11
Hashop, Shawn	League City	Criminal offense-burglary	General Property and Casualty License issued; Suspension of license probated for two years	110317	04/19/11
Hayes, David Adam	San Antonio	Received total compensation as Public Insurance Adjuster in excess of 10 percent of insurance settlement	General Property and Casualty License granted; Must comply with legal limits for compensation for Public Insurance Adjuster	110444	05/26/11
Iglesias, Eduardo Inocente	Houston	Criminal offenses	General Life, Accident and Health Agent License application denied	110349	04/21/11
McClain, Thomas G.	North Richard Hills	Felony criminal offense-theft	General Life, Accident and Health License application denied	110302	04/12/11
Torres, Arthur	Seagoville	Failed to comply with Commissioner's Order	General Life, Accident and Health License application denied	110427	05/16/11
Zanti-Williams, Kristy	Columbia, MO	Criminal offenses-theft	Insurance Adjuster License issued; Suspension of license probated for two years	110461	05/27/11

Name Changes

COMPANY NAME	LOCATION	CHANGE TO	DATE
American International Life Assurance Company of New York	New York, NY	C/A Cancel - Merg W/The United States Life Insurance Company in the City of New York, New York, New York (87030)	06/17/11
Advanta Life Insurance Company	Phoenix, AZ	United Prosperity Life Insurance Company	04/21/11
Aviva Life And Annuity Company	Des Moines, IA	West Des Moines, IA	04/14/11
Alfa Specialty Insurance Corporation Alfa Vision Insurance Corporation	Montgomery, AL Montgomery, AL	Glen Allen, VA (Charter Amendment) Glen Allen, VA (Charter Amendment)	04/20/11
American Vehicle Insurance Company	Plantation, FL	Federated National Insurance Company, Lauderdale Lakes, FL	06/27/11
Auto Club Casualty Company	Irving, TX	Corrected Company Type in Coup from 07 to 09- No Amended C/A	04/26/11
Benefit Systems And Services, Inc. - TPA	Glen Ellyn, IL	No Longer Involved in TPA Business	06/20/11
Camico Mutual Insurance Company	Redwood City, CA	San Mateo, CA	04/20/11
Campmed Casualty & Indemnity Company, Inc. of Maryland	Brunswick, MD	Bedford, NH (Charter Amendment)	06/10/11
Chrysler Insurance Company	Farmington Hills, MI	Corepointe Insurance Company	04/20/11
Citizens Fire Insurance Company, Assumed Name Of Citizens Insurance Company	Louisville, KY	Viceroy Insurance Company, Lexington, KY	04/21/11
Claimetrics Management, LLC - TPA	Reno, NV	No Longer Involved in TPA Business	06/20/11
Cologne Reinsurance Company of America	Stamford, CT	C/A Cancel-Merg W/General Reinsurance Corporation, Wilmington, DE(32752)	05/19/11
Cooperative Mutual Insurance Company	Omaha, NE	C/A Cancel-Merg W/Austin Mutual Insurance Company, Maple Grove, MN (95933)	04/20/11
Deerbrook Insurance Company	Northbrook, IL	Allstate Vehicle and Property Insurance Company	06/20/11
Delos Insurance Company	Wilmington, DE	Imperium Insurance Company	05/19/11
Eastern Alliance Insurance Company	Lancaster, PA	Added Workers' Compensation & Employers' Liability Insurance	06/29/11
Employers Assurance Company	North Palm Beach, FL	Maitland, FL	04/20/11
Employers Preferred Insurance Company	North Palm Beach, FL	Maitland, FL	04/20/11
Epoch Group, L.C., The - TPA	Kansas City, MO	No Longer Involved in TPA Business	06/23/11
Financial Guaranty Insurance Company	New York, NY	Corrected Company Type in Coup from 08 to 10- No Amended C/A	04/26/11
Greentree Administrators, Inc. - TPA	Beaumont, TX	No Longer Involved in TPA Business	05/19/11
Kentucky National Insurance Company	Lexington, KY	Voluntarily Withdrew and Certificate of Authority Cancelled	04/20/11
Liberty Insurance Underwriters Inc.	New York, NY	C/A Cancel-Merg W/LM Personal Insurance Company, Hoffman Estates, IL (93518)	04/20/11
Liberty Life Assurance Company Of Boston	Boston, MA	Concord, NH (Charter Amendment)	04/14/11
LM Personal Insurance Company	Hoffman Estates, IL	Liberty Insurance Underwriters Inc.	04/20/11
Lone Star Risk Retention Group, Inc.	Austin, TX	Certificate of Authority Cancelled and Charter Dissolved	04/28/11
National Employee Benefit Administrators, Inc. - TPA	Houston, TX	No Longer Involved in TPA Business	04/14/11
Managed Healthcare Concepts, Inc. - TPA	Atlanta, GA	No Longer Involved in TPA Business	05/19/11
Medical Claims Services, Inc., dba MCS Of Massachusetts - TPA	Quincy, MA	No Longer Involved in TPA Business	06/20/11
MHF Insurance Administrators, Inc. - TPA	Jacksonville, FL	No Longer Involved in TPA Business	06/20/11
Moslah Benefit Fund	Fort Worth, TX	Certificate of Authority Cancelled and Charter Dissolved	04/21/11
North Pointe Insurance Company	Harrisburg, PA	Added Employers' Liability and Fidelity & Surety Insurance	06/29/11
North Star Reinsurance Corporation	Wilmington, DE	C/A Cancel-Merg W/General Reinsurance Corporation, Wilmington, DE (32752)	04/21/11

Name Changes

COMPANY NAME	LOCATION	CHANGE TO	DATE
Nova Casualty Company	Buffalo, NY	Added Ocean Marine and Livestock Insurance	05/16/11
Pacificare of Texas, Inc. - HMO	Plano, TX	United Healthcare Benefits of TX, Inc.	05/03/11
Pathfinder Insurance Company	Denver, CO	Corrected Company Type in Coup from 08 to 10 - No Amended C/A	04/26/11
Permanent General Assurance Corporation	Nashville, TN	Valley View, OH (Charter Amendment)	04/20/11
Philadelphia Financial Life Assurance Company	Plymouth Meeting, PA	Philadelphia, PA	04/20/11
Republic Western Insurance Company	Phoenix, AZ	Repwest Insurance Company	04/20/11
Southern General Insurance Company	Marietta, GA	Corrected Company Type in Coup from 08 to 10 - No Amended C/A	04/26/11
Sunbelt Insurance Company	Evadale, TX	Corrected Company Type in Coup from 07 to 09 - No Amended C/A	04/26/11
Texas Builders Insurance Company	Austin, TX	Corrected Company Type in Coup from 07 to 09 - No Amended C/A	04/26/11
Texas Directors Life Insurance Company	Abilene, TX	San Antonio, TX	06/10/11
Texas Healthspring, LLC	Houston, TX	C/A Cancel-Merg W/Healthspring Life & Health Insurance Company, Inc., Houston, TX (96168)	04/21/11
Texas International Life Insurance Company	Austin, TX	Addison, TX	06/10/11
Third Party Administrators, Inc. - TPA	Garland, TX	No Longer Involved in TPA Business	06/20/11
Third Party Advantage Administrators, Inc. - TPA	Garland, TX	No Longer Involved in TPA Business	06/20/11
Triton Insurance Company	Fort Worth, TX	Corrected Company Type in Coup from 07 to 09 - No Amended C/A	04/26/11
Union Insurance Company	Urbandale, IA	Added Ocean Marine; Accident; Health and Boiler & Machinery Insurance	06/10/11
United Security Insurance Company	Greenwood Village, CO	Denver, CO	06/27/11
Voluntary Benefits International, Inc. - TPA	Birmingham, AL	No Longer Involved in TPA Business	05/19/11
Western Insurance Company	Reno, NV	Salt Lake City, UT (Charter Amendment)	04/21/11

InLicensing

COMPANY NAME	LOCATION	LINE	DATE LICENSED
Amerigroup Insurance Company	Houston, TX	Life & Health	06/03/11
Coventry Carelink Insurance Services, LLC - TPA	Linthicum, MD	Third Party Administrator	06/03/11
DST Insurance Solutions, LLC - TPA	Wilmington, DE	Third Party Administrator	06/30/11
Entitle Insurance Company	Independence, OH	Third Party Administrator	04/28/11
First Public, LLC - TPA	Austin, TX	Third Party Administrator	04/14/11
Group Benefit Services, Inc. - TPA	Hunt Valley, MD	Third Party Administrator	04/20/11
Holyoke Mutual Insurance Company in Salem	Salem, MA	Property & Casualty	06/10/11
Liberty Dental Plan of Texas, Inc. - TPA	Carson City, NV	Third Party Administrator	06/30/11
Management and Network Services, LLC - TPA	Dublin, OH	Third Party Administrator	06/03/11
MCNA Insurance Company	Austin, TX	Life & Health	05/04/11
Optumhealth Financial Services, Inc. - TPA	Wilmington, DE	Third Party Administrator	04/14/11
Prestwick Services, LLC - TPA	Sudbury, MA	Third Party Administrator	05/16/11
Restat, LLC - TPA	Milwaukee, WI	Third Party Administrator	04/21/11
RGV Preferred Health Care, Inc. - HMO	McAllen, TX	HMO	05/02/11
SQLC Senior Living Center at Corpus Christi, Inc., dba Mirador - CCRC	Corpus Christi, TX	Continuing Care Retirement Community	05/10/11
Tarrant County Senior Living Center, Inc., dba The Stayton at Museum Way - CCRC	Fort Worth, TX	Continuing Care Retirement Community	05/10/11