



# THE EAGLE LAKE HEADLIGHT

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# American General Insurance agrees to pay fine, restitution

American General Life and Accident Insurance Co., on June 21, agreed to pay Texas a \$305,800 fine and provide restitution and other relief to African-American Texans who bought small "industrial life" insurance policies and paid higher premiums than other consumers.

Remedies for alleged race-based pricing are available to Texas purchasers of nearly 46,000 active industrial life and similar burial-type policies plus an estimated 148,000 policies that no longer are in force, the



## State Capitol Highlights

By Ed Sterling  
Texas Press Association

Texas Department of Insurance said.

The number of policies exceeds the number of affected consumers because some people bought more than one policy.

In addition, an estimated 168,000

Texans of all races are entitled to relief because they bought industrial life and other small burial policies and paid more in premiums than the policies will pay in death benefits.

Remedies for affected Texans are part of a nationwide settlement that will cost American General \$7.5 million in fines and \$206 million in restitution and other relief, plus attorney fees and other expenses.

Independently of the settlement, American General agreed to make a \$2 million donation to the National

Association for the Advancement of Colored People.

Texas policies affected by the settlement constitute about 4% of the 9.1 million policies nationwide covered by the agreement.

American General said it did not sell the policies with race-based premiums but acquired them when they bought smaller companies that had originally issued the policies.

American General said it continued to charge the discriminatory premiums without realizing African-

Americans were paying more than others for the same coverage.

### Texans Can Sue HMOs

The U.S. 5th Circuit Court of Appeals last week upheld Texans' right to sue their HMOs for medical malpractice.

The court ruled that a federal law, the Employee Retirement Income Security Act of 1974, did not preempt a Texas statute that allows malpractice actions against HMOs.

"This decision is very good for

consumers. It reaffirms the state's ability to regulate HMOs and the quality of medical decisions that HMOs make," said Texas Attorney General John Cornyn.

It also affirmed to consumers, the court upheld the state's authority to stop HMOs from penalizing doctors for advocating medically necessary treatment, the attorney general said.

### TNRCC Offers 'Green' Hotline

Small businesses and local governments that want to be "green" can get free, confidential help by calling 1-800-447-2827, the hotline for the Small Business and Local Government Assistance Section of the Texas Natural Resource Conservation Commission.

Callers will get expert answers to technical questions on air, water, waste and pollution prevention. The agency also will conduct Site Assistance Visits, on request, that identify compliance problems and recommend corrective actions.

### New Findings on Dropouts Stats

Most students who withdraw from a school district simply transfer to another school district and don't drop out, according to a new study by the Texas Education Agency.

For the second year, Texas school districts have reported the reason any student withdraws from school in grades 7 through 12.

"It is clear that most students who left one school district during the course of a year are re-enrolling in some type of education program," said Education Commissioner Jim Nelson.

Of the 1.8 million student records submitted in "school leaver" reports, the districts could not account for 21,432 students or 1.1% of the students enrolled in grades 7 through 12.

### Other Highlights

•Legislators in 20 states (but not Texas) said they will push for lower prescription drug prices in present or upcoming legislative sessions. Joined by labor leaders and senior-citizen activists, legislators said they would model their efforts after a law passed in Maine six weeks ago that established the nation's first program in which the state negotiates prescription drug prices for residents.

•Texas Land Commissioner David Dewhurst last week announced revised penalty guidelines for oil spills in Texas coastal waters. Beginning Aug. 1, spills less than a gallon will draw fines of \$250. Larger spills will draw fines up to \$500 plus \$250 per barrel of oil spilled. Penalties for failure to report a spill will range from \$500 to \$25,000 per day.

•John O'Quinn, one of the five lawyers hired by former Texas Attorney General Dan Morales to represent Texas in its \$17.3 billion settlement with the tobacco industry in 1996, donated \$1 million to the American Lung Association of Texas last week. The organization plans to use the money to pay off debts and to purchase its state headquarters building in downtown Austin. The building will bear O'Quinn's name.

## Bible Verse of the Week

"Trust in the Lord with all thine heart; and lean not unto your own understanding." — Proverbs 3:5

Submitted by Neddy Phillips

## TO THE EDITOR & YOU

### Way to go Pee Wees!

The games leading up to the championship were the greatest! It made watching a lot of fun.

You guys have proven that team work and hard work really does pay off!

Thanks coaches for volunteering your time and efforts; parents for having such great kids; and you guys for playing the grandest baseball in a long time.

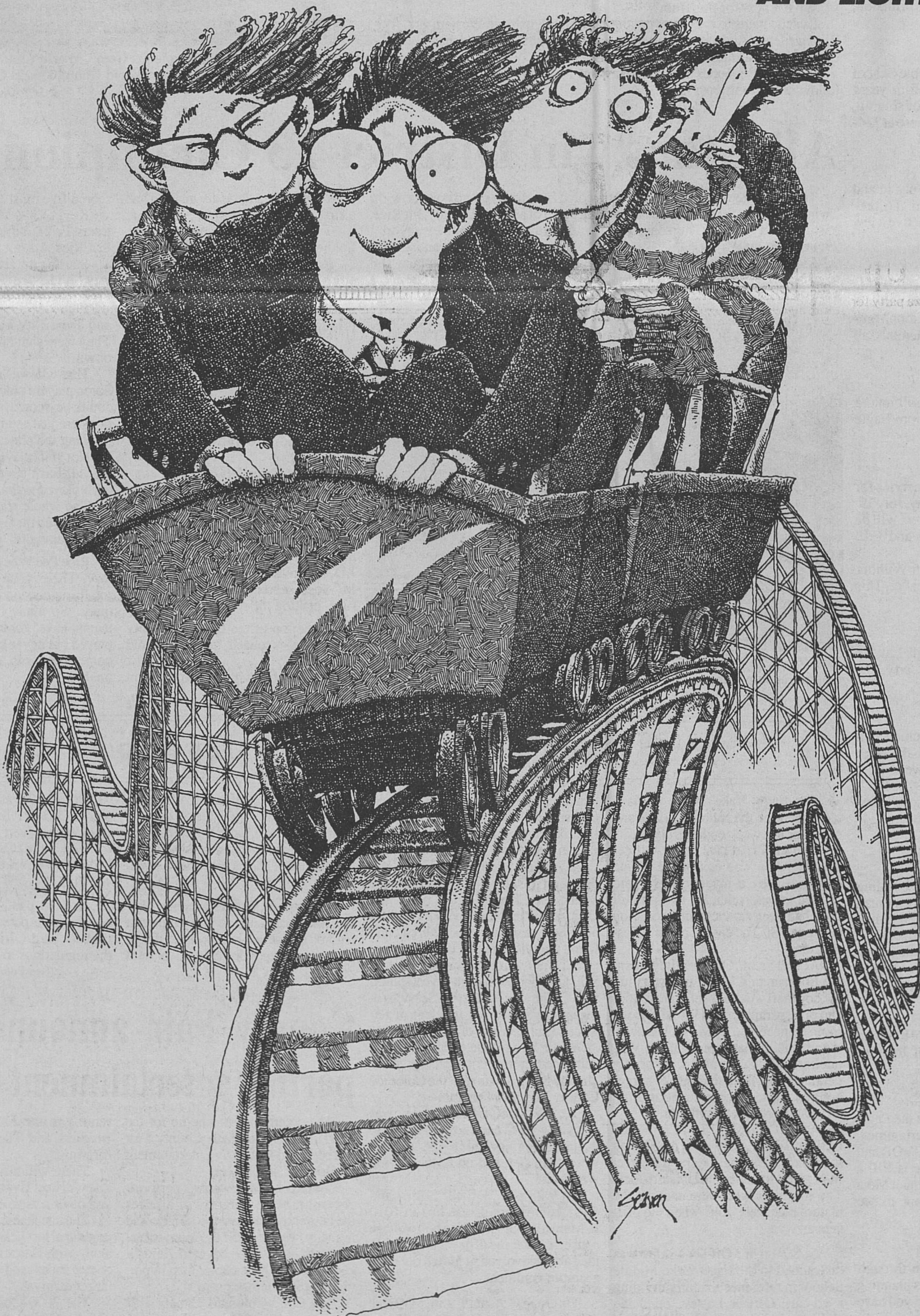
Good luck to all the other teams getting ready for your All-Star games coming up this week.

Rice Baseball Fan

## Fuel Price Roller Coaster.

This year, the fuel price roller coaster has had a lot more ups than downs. Just look at the price of gasoline. At Central Power and Light, natural gas prices are affecting the cost to produce electricity. From January through June, the price of natural gas has increased nearly 100%! Simply put, when natural gas prices are higher, power generation is more expensive.

We can't say where the price of natural gas will be tomorrow, or the day after. But we can say using electricity efficiently can conserve energy and help control your electric bill.



\* Prices based on the NYMEX Henry-Hub natural gas daily spot market prices as reported in June 2000.

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