

APR 12 2001

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY CO

In the Matter of:)
)
FRANK BURNS CANNON, JR. and)
SOUTHWEST BENEFITS GROUP, INC.)
)
Respondents.)
)

No. 01A- 097 - INS

CONSENT ORDER

The State of Arizona Department of Insurance ("Department"), has received evidence that Frank Burns Cannon, Jr., and Southwest Benefits Group, Inc. ("Respondents") violated provisions of Title 20, Arizona Revised Statutes. Respondents wish to resolve this matter without the commencement of formal proceedings, and admit the following Findings of Fact are true and consent to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Frank Burns Cannon, Jr. (Cannon) is, and was at all material times licensed to transact life and disability insurance as an agent, Arizona license number 646793, which license expires January 31, 2003.

2. SouthWest Benefits Group, Inc. (SouthWest) is, and was at all material times licensed to transact life and disability insurance as an agency, Arizona license number 3139, which license expires July 31, 2001. Cannon is the President of SouthWest.

3. From and about October 31, 2000 through November 10, 2000, Respondents retained FBS of Arizona to fax Respondents' health insurance advertisement to all Arizona businesses in the 602 area code. During that period, Respondents represented to the Department that the advertisement was faxed to approximately 2000 businesses.

1 4. On or about November 2, 2000, Respondents' health insurance advertisement was faxed
2 to the Department.

3 5. The advertisement included the following statements: "Community Health Care,"
4 "Issued by an A rated Company" and "All plans offered through, SouthWest Benefits Group, Inc. An
5 Arizona Corporation." The advertisement did not identify the name of an insurer.

6 6. The advertisement included the statements on the benefits offered under the plan
7 including: "Dr. Visits: co-pay," "Lab Test: co-pay," "X-ray: co-pay," "Prescription Card: included,"
8 "Hospital Stays: covered," "Emergency Room: covered," "Urgent Care: covered," and "Chiropractic
9 Care: covered."

10 7. The advertisement did not disclose any exceptions, restrictions or limitations.

11 8. Respondents represented to the Department that the advertising did not identify a
12 specific insurer because Respondents write insurance for several companies.

13 CONCLUSIONS OF LAW

14 1. The Director has jurisdiction over this matter.

15 2. Respondents' conduct constitutes the violation of, or noncompliance with, any provision
16 of this title, or any lawful rule or order of the director, within the meaning of A.R.S. §20-316(A)(2).

17 3. Respondents' conduct constitutes the failure to disclose exceptions, reductions and
18 limitations affecting the basic provisions of the policy, within the meaning of A.A.C. R20-6-201(C)(2).

19 4. Respondents' conduct constitutes the failure to identify the insurer, within the meaning
20 of A.A.C. R20-6-201(L).

21 5. Grounds exist for the Director to suspend, revoke, or refuse to renew Respondents'
22 insurance licenses, impose a civil penalty, order restitution and/or order Respondents to cease and desist
23 pursuant to A.R.S. §§20-316(A) and 20-316(C) and §§20-456(A) and 20-456(B)

1 **ORDER**

2 IT IS HEREBY ORDERED THAT:

3 1. Respondents and their agents and employees shall immediately cease and desist from
4 making, publishing, disseminating, circulating or placing before the public any advertisement or
5 statement with respect to the business of insurance which is untrue, deceptive or misleading.

6 2. Respondents shall pay a civil penalty of one thousand dollars (\$1,000) to the Director
7 payable upon the entry of this Order for remission to the State Treasurer for deposit in the State General
8 Fund.

9 DATED AND EFFECTIVE this 11th day of April, 2001.

10 
11 _____
12 CHARLES R. COHEN
13 Director of Insurance

13 **CONSENT TO ORDER**

14 1. Respondents have reviewed the foregoing Findings of Fact, Conclusions of Law and
15 Order.

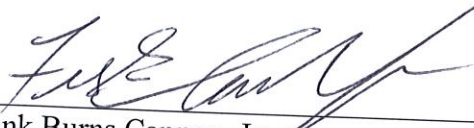
16 2. Respondents admit the jurisdiction of the Director of Insurance, State of Arizona, and
17 admit the foregoing Findings of Fact and consent to the entry of the foregoing Conclusions of Law and
18 Order.

19 3. Respondents are aware of their right to notice and a hearing at which they may be
20 represented by counsel, present evidence and examine witnesses. Respondents irrevocably waive their
21 right to such notice and hearing and to any court appeals relating to this Consent Order.

1 4. Respondents state that no promise of any kind or nature whatsoever, except as expressly
2 contained in this Consent Order, was made to them to induce them to enter into this Consent Order and
3 that they have entered into this Consent Order voluntarily.

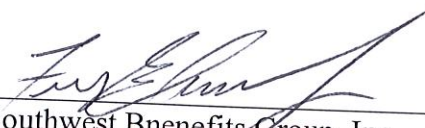
4 5. Respondents acknowledge that the acceptance of this Consent Order by the Director is
5 solely to settle this matter against them and does not preclude any other agency, officer, or subdivision
6 of this state from instituting civil or criminal proceedings as may be appropriate now or in the future.

7
8 3/6/2001
Date



Frank Burns Cannon, Jr.
License Number 646793

9
10 4/6/2001
Date



Southwest Bnefits Group, Inc.
License Number 3139

11
12
13 By Its President

14 COPIES of the foregoing mailed/delivered
15 this 12th day of April, 2001, to:

16 Frank Burns Cannon
17 Southwest Benefits Group, Inc,
18 2990 E. Northern Avenue, #C105
19 Phoenix, AZ 85032

20 Blue Cross and Blue Shield of AZ, Inc.
21 P.O. Box 13466
22 Phoenix, AZ 13466

Aetna Health & Life Insurance Company
151 Farmington Avenue, RW4A
Hartford, CT 06156

23 Fortis Insurance Company
24 P.O. Box 3050
Milwaukee, WE 53201-3011

American Republic Insurance Company
P.O. Box 1
Des Moines, IA 50301

Valley Forge Life Insurance Company
CNA Plaza
Chicago, IL 60685

Central Reserve Life Insurance Company
17800 Royalton Road, CRL Plaza
Strongsville, OH 44136

1	Cigna Life Insurance Company 900 Cottage Grove Road Hartford, CT 06152-2360	CNA Casualty of California CNA Plaza, Floor 21s Chicago, IL 60685
2		
3	Conseco Health Insurance Company 11815 North Pennsylvania Street Carmel, IN 46032	Employers Health Insurance Company 1100 Employers Boulevard Green Bay, WI 54344
4		
5	United HealthCare Insurance Company P.O. Box 150450 450 Columbus Boulevard Hartford, CT 06115-0450	FHP Health Care P.O. Box 52078, 410 N. 44 th Street Phoenix, AZ 85072-2078
6		
7	First Colony Life Insurance Company P.O. Box 1280 Lynchburg, VA 24505	HealthPartners Health Plans, Inc. 3141 North Third Avenue Phoenix, AZ 85013
8		
9	Principal Life Insurance Company 711 High Street Des Moines, IA 50392	Intergroup of Arizona, Inc. 930 North Finance Center Drive Tucson, AZ 85710-1362
10		
11	Delta Dental Plan of Arizona, Inc. P.O. Box 43000 Phoenix, AZ 85080-3000	John Alden Life Insurance Company P.O. Box 3050 Milwaukee, WI 53201
12		
13	Humana Health Plan, Inc. P.O. Box 740036 Louisville, KY 40201	Pacificare of Arizona, Inc. 410 North 44 th Street, 10 th Floor Phoenix, AZ 85008
14		
15	American Medical Security, Inc. 3100 AMS Boulevard P.O. Box 19032 Green Bay, WI 54307-9032	United Dental Care Insurance Company 13601 Preston Road, Suite 500 East Dallas, TX 75240
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17	Fortis Benefits Insurance Company P.O. Box 419052 Kansas City, MO 64141-6052	
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1 Sara M. Begley, Deputy Director
Gerrie L. Marks, Executive Assistant for Regulatory Affairs
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5 Phoenix, Arizona 85018

6 
7 Curvey Walters Burton

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