



## FROM THE DIRECTOR. . .

Sadly, as a result of the heinous September 11 terrorist attacks on our people and our nation, the state insurance regulatory system has been presented with an opportunity to prove it is capable of managing the insurance repercussions of a national disaster. I am pleased to report that the state of our insurance regulatory system is strong.

Notwithstanding that its own Securities Valuation Office facility was destroyed in the attacks, the superb staff of the NAIC immediately mobilized to

begin to provide needed information and support to state regulators. Virtually



immediately, state regulators collectively developed and implemented plans to assess the solvency impact of the

disaster on the global insurance industry, identify legal, financial, policyholder, and claims issues, and identify insurers that may require special regulatory attention. The plenary membership of the NAIC has held weekly executive session teleconferences to coordinate our efforts, discuss developments and update our plans. Numerous states have offered and provided assistance to the New York Department in dealing with the myriad ramifications of the attacks on

*(Continued on page 2)*

## ADOI Reports Insurer Licensing Improvements

The ADOI has made significant progress modernizing and improving its insurer licensing program. First, in July 2000, the ADOI began accepting Uniform Certificate of Authority Application ("UCAA") filings for admission and certain redomestication applications. At the onset, the ADOI had lengthy lists of additional State Specific forms and information that were required to supplement a UCAA filing. The ADOI committed itself to eliminating unnecessary, inappropriate and redundant state specific requirements.

The ADOI is pleased to report

that, effective September 14, 2001, our State Specific requirements have been dramatically reduced and reformatted to improve the presentation of resource information retained for the benefit of certain applicants. In all, 27 State Specific forms or instructions have been eliminated. Further, a new chart providing guidelines for fingerprint card and biographical information requirements is expected to eliminate redundant submissions.

Under the direction of Assistant Director Steve

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### Mission Statement

"To faithfully execute state insurance laws in a manner that protects insurance consumers and encourages economic development."

## **ADOI Enters Into Regulatory Cooperation Agreements with State and Federal Financial Regulators**

During the past few months, the ADOI has entered into regulatory cooperation and information sharing agreements with three federal regulators: the Board of Governors of the Federal Reserve System ("FRB"), the Office of the Comptroller of the Currency ("OCC") and the Federal Deposit Insurance Corporation ("FDIC"). These agreements were entered pursuant to Section 307 of the Gramm-Leach-Bliley Act, which instructs regulators to coordinate supervision of companies that control both a depository institution and an insurance licensee. In April 2000, the ADOI entered into a similar agreement with the Office of Thrift Supervision ("OTS") under the general authority of applicable state and federal laws. All of the agreements are intended to promote cooperation, supervisory coordination and information sharing between each of the federal regulators and the ADOI.

Among other things, the agreements define the covered regulated entities, the scope of confidential information, each agency's respective responsibilities regarding the use of that information, and procedures for sharing

consumer complaint information. The most important effect of these agreements is the ability to share confidential information, that would otherwise have to be withheld, with other regulators.

In August, the ADOI also entered into a Regulatory Cooperation Agreement with the Arizona State Banking Department ("SBD") and the Securities Division of the Arizona Corporation Commission ("ACC"). The purpose of this Agreement is to promote cooperation, enforcement action coordination and information sharing between the three state agencies engaged in oversight of the state financial services industries. Each agency possesses financial, consumer complaint, enforcement and other information that may help the others to more effectively fulfill their missions. The Agreement was an outgrowth of the work by the Multi-Agency Coordinating Group established by ADOI Director Cohen, Superintendent Richard Houseworth (SBD), and Director Mark Sendrow (Securities Division – ACC) after the enactment of the Gramm Leach Bliley Act. ●

*From the Director  
(Continued from page 1)*

the New York insurance marketplace. NAIC President Sebelius ably testified before the House Committee on Financial Services to answer Congress' questions and assuage its concerns that the insurance industry is being properly overseen at this critical time. State insurance regulators decided to hold a summit meeting in Washington, DC in October to continue our collaboration with industry, federal regulators and Congress to address attack-related issues.

It is a bittersweet truth of the human spirit that the worst circumstances bring out our best. Our state insurance regulatory system is up to the challenge of seeing our nation's insurance industry, consumers and claimants through the aftermath of these terrible events. ●

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### ***Insurer Licensing Improvements (Continued from page 1)***

Ferguson, the Financial Affairs Division has made great strides in its effort to reduce the review timeframes for all admission and amendment applications. For the Fiscal Year ending June 30, 2001, the Division completed 67 new admission and new authority applications in an average of 82 days, compared to 49 applications completed in an average of 149 days for the prior Fiscal Year ending June 30, 2000. ●

## SERFF's UP!

As of October 1, 2001, the ADOI is accepting SERFF filings for life, annuity, health, property and casualty insurance filings. The System for Electronic Rate and Form Filing (SERFF) is a system designed by insurance regulators and industry representatives to provide efficiency through technology relating to the rate and form filing process. SERFF enables participating insurers to submit rate and form filings electronically to state reviewers and enables state reviewers to facilitate the management, analysis, disposition and storage of filings.

SERFF is an important part of the ADOI's product regulation reform initiative.

The SERFF database includes the Arizona filing submission requirements for each type of filing and for each line or sub-line of insurance, along with transmittal forms and checklists. A participating insurer electronically prepares and transmits to the ADOI the completed filing, including the completed transmittal forms and checklists.

Key benefits of participating in SERFF include:

- Improved accuracy and completeness of insurer filings from electronic access to state filing requirements and "completeness checks"
- Reduced filing preparation time by eliminating copying and delivery needs associated with paper filings
- Improved management of the filing process from on-line access, automated tracking and indexed retrieval of filing data
- Simplified filing process which uses uniform, standardized electronic transmittal forms
- Increased communication between regulators and insurers from the on-line relationship.

Information about SERFF, including requirements for industry participation, is available at [www.serffcentral.com/](http://www.serffcentral.com/). The ADOI's product regulation reform initiatives are discussed in greater detail in Regulatory Bulletin 2001-12, available on ADOI's web site, [www.state.az.us/id/](http://www.state.az.us/id/). ●

## Regulator Profile



**M**ary Butterfield is the Assistant Director in charge of the ADOI Consumer Affairs Division, which includes Consumer Services, Investigations, Market Conduct Examinations, Health Care Appeals and the ADOI's satellite office in Tucson.

Ms. Butterfield joined the ADOI in 1979 after 18 years in the insurance industry in Phoenix. She was the first female investigator at ADOI. After two years in Investigations, Mary was promoted to Life & Health Supervisor, becoming Assistant Director of the Life and Health Division in 1995. In June of 2000 Mary became Assistant Director of the Consumer Affairs Division.

Mary is currently the longest tenured ADOI employee.

A native of Phoenix, Mary has two grown children. She particularly enjoys attending plays directed or performed by her sons. ●

## Legislative Report

With the approval of the Governor's Office, the ADOI is considering the following bills for the 2002 legislative session. Of course, our assessment of the appropriateness of legislation includes discussions with stakeholders and impacted parties which will occur over the months leading up to the opening of the 2002 regular session. Our presentation of this information is intended as part of that discussion process and should not be regarded as a description of the final agenda.

**Budget recoupment.** This bill would increase the allowable fee ranges in A.R.S. § 20-167(A) so that the ADOI can continue to comply with A.R.S. § 20-167(F) which requires the ADOI to recoup between 95-110% of its appropriated budget through fees. If the ranges are not increased, the ADOI may soon be unable to recoup the required amount, which will result in a reimbursement deficiency to the state's General Fund.

This is a critical issue for the ADOI and the state's insurance consumers. The budget recoupment mechanism helps assure that the ADOI has adequate funding to provide needed consumer protection and regulatory services at the local level.

**Financial and Accounting Standards for Non-Profit Health Insurers and Prepaid Dental Plans.** This bill would require hospital, medical, dental and optometric service corporations (HMDOs), health care services organizations (HMOs), and prepaid dental

plans (PPD) to comply with financial and accounting standards already applicable to other health insurers. To ensure consistent financial reporting and a level playing field for all types of health insurers, this bill would include: (1) a requirement that HMDO, HMO, and PPD financial statements comply with statutory accounting practices; (2) establishment of reasonable minimum capital and surplus requirements for insurers that are exempt from risk-based capital requirements; and (3) a requirement that all insurers follow consistent standards for reinsurance transactions.

**Speed to Market.** ADOI has recently made significant improvements in the process for review and approval of insurers' rate and form filings to better enable insurers to expeditiously get their legitimate products to market and to conserve the ADOI's resources for meaningful consumer protection activities. The following statutory changes would enable the ADOI to fully implement its "speed to market" initiatives: (1) amend the law defining an "industrial insured" to conform to an administrative rate and form filing exemption for an "exempt commercial policyholder"; and (2) revise various statutory time frames for review of non-exempt rate and form filings, to implement a standard filing and review process and timeframe for all filings.

**Amend law defining Public Adjuster.** Current law defines a public adjuster as a person who "investigates and negotiates settlement of a

claim." Some persons have attempted to avoid licensure by asserting they either "investigate" or "negotiate", but not both. This bill would redefine the term "adjuster" to ensure that persons who negotiate settlement of claims on behalf of an insured are required to be appropriately licensed.

**Model Law Governing Credit Property Insurance Transactions.** Arizona has laws that regulate credit life insurance and credit disability insurance products and transactions. These laws provide important consumer protections by requiring, among other things, that benefits be reasonable in relation to premiums charged, that lenders make certain disclosures to debtors considering purchase of this insurance, and that insurers provide detailed loss experience reports.

Credit property insurance and credit unemployment insurance, other credit insurance products, are subject only to ordinary open competition regulation of rates and forms and do not have the same consumer safeguards.

The NAIC has recently developed a model law to regulate credit property insurance. The model contains consumer safeguards that are similar to those protections in the current laws governing credit life and credit disability insurance. The ADOI proposes to adopt the Credit Property Insurance Model Law, and to modify the model to also encompass credit unemployment insurance.

*(Continued on page 5)*

## Guaranty Funds Increase Investment Yields

Enhancing the yield on investments at a time when interest rates generally have been in decline is a difficult challenge. Fortunately, the Arizona Life and Disability Insurance Guaranty Fund and the Arizona Property and Casualty Insurance Guaranty Fund have enjoyed appreciable investment success since the Board's amended their investment policies and guidelines as of April 1, 2000.

Historically, the Funds, whose assets and investments are accounted for separately, relied on 30-day repurchase agreements as their sole investment tool. Pursuant to recommendations made by the Fund staff, each Board

adopted new investment guidelines late in 1999. Early in 2000, the Funds shifted their investment strategies to relatively short-term government securities. The results through July 31, 2001 have been impressive.

The Life and Disability Fund has earned \$108,900 more under the new approach than would have been earned had it continued to invest in repurchase agreements.

The Property and Casualty Fund's earnings under the new guidelines exceed the return it would have earned by \$132,600.

The additional investment earnings directly reduce the amounts which must be

raised through industry assessments.

Neither Fund exists for the purpose of earning a profit. However, the combined investment results for both funds—\$241,500 between April 1, 2000 and July 31, 2001—reflect the dedication of the Fund staff and the Boards in exercising prudent stewardship of the assets entrusted to the Funds. ●

*Insurance Regulator,  
is available on our  
web site:  
[www.state.az.us/id](http://www.state.az.us/id)*

### *Legislative Report (Continued from page 4)*

#### **Repeal the Small Employer Reinsurance Program (SERP).**

SERP was created in 1993 when Arizona adopted a series of reforms for the small group health insurance market. SERP was created to address concerns that guaranteed issue laws would result in a disproportionate concentration of high risk individuals in certain insurers. SERP was intended to act as a risk spreading mechanism by permitting insurers to reinsure lives with SERP. Insurers elect whether to participate in SERP. All participating insurers are assessed for the losses of the program and for any administrative costs.

SERP has proved to be an under-utilized and relatively costly program. Only 18 insurers out of 68 (26%) participate, with only 3 of those 18 insurers actually ceding lives to the program (18 individuals). The ADOI has difficulty finding persons to serve on the SERP Governing Board and in obtaining bids

for the administrative contract required to operate the

program. Because the benefits of SERP are outweighed by the costs and administrative burdens, the ADOI is proposing to repeal the program.

#### **Repeal Substance Abuse Exclusion**

Under current law, health insurers may exclude coverage for losses incurred because the insured was under the influence of drugs or alcohol. Because of this provision, hospitals and providers have a strong financial disincentive to screen patients for substance abuse problems. Without this screening, substance abuse problems are less likely to be diagnosed and treated.

The Department plans to amend A.R.S. § 20-1368 to eliminate this permitted exclusion, in accordance with recent amendments to the NAIC model on which this statute is based. ●

## **Fraud Unit Report**

### ***Unit Adds Proactive Investigative Team***

To this point, Fraud Unit investigative activity has generally been in direct reaction to fraud referrals received from the industry. Now, as a result of the peace officer authority granted to its investigators in the 2001 legislative session, the Unit is prepared to make greater use of *proactive* investigative techniques. In particular, the Unit will make greater use of undercover investigations in complex cases involving repeat offenders, insurance mills and other organized groups. The Unit will analyze referrals to identify *related* cases and combine them through special assignment for simultaneous investigation by a "proactive investigation team".

### ***Fraud Awareness***

The Fraud Unit continues its efforts to educate Arizonans about the importance of fighting insurance fraud. On October 20 and 21, from 10:00 a.m. until 10:00 p. m., members of the Fraud Unit will join law enforcement representatives from around the state to participate in the Public Safety Days at the Arizona State Fair. McGruff® will be there along with other crime fighting characters. Free gifts and informational pamphlets will be available from all agencies involved. D. A.R.E. custom cars, Motorcycles and other Police and Fire Department equipment will be on display. Join the fun at the south end of the fairgrounds by the Mineral Building. ●

## **Product Regulation Reform Update**

The ADOI continues to make progress in modernizing its regulation of product related filings:

**August 1:** Open meeting held at ADOI for input on adopting transmittal forms, Review Standard Checklists, process for filing, review and approval/ disapproval of rate and form filings and SERFF.

**September 1:** ADOI began accepting SERFF filings for *all* life filings and for 24 major property and casualty lines and 104 sublines/subcategories of insurance.

**September 21:** Director issues Regulatory Bulletin 2001-12, "Implementation of Product Regulation Reform."

**October 1:** ADOI began accepting SERFF filings for annuities, long term care insurance, Medicare supplement insurance, credit life and credit disability insurance and individual disability (health) insurance.

**October 3:** Hearings for Docket Nos. 01A-215-INS (Property and Casualty Rate and Form Filing Exemptions; Commercial Non-Cancellation Restriction Exemptions; Determination of Markets With Insufficient Price Competition; Recognized Surplus Lines) and 01A-216-INS (Life & Disability Form Filing Exemptions).

**November 1:** Product filing submissions must be accompanied by appropriate transmittal form and review standard checklists. The standardized process and timeframes for filing and review of product filings as set forth in the 9/21 bulletin will be implemented.

**Early November** – Orders on the October 3 hearings will be issued.

For additional details, visit the ADOI web site at [www.state.az.us/id](http://www.state.az.us/id).



## **ADOI Issues 2000/2001 Annual Report**



The ADOI 2000/2001 Annual Report will be available by mid-October. The report provides information about the Arizona insurance industry for calendar year 2000, and about the activities and accomplishments of the ADOI for state fiscal year 2001 (ending June 30, 2001). The report has been redesigned over the last couple of years to update the look and contents. Among other helpful features, the report contains highlights of ADOI programs, alphabetical listings and calendar year end financial data of insurers authorized in Arizona, and lists of the Top 25 premium writers in the major lines of business.

For cost information and to order a copy, call (602) 912-8400. Or, visit our web site ([www.state.az.us/id](http://www.state.az.us/id)) to view contents.

# Around ADOI

## Guaranty Funds

### **Guaranty Funds Name New Executive Director**

Mike Surguine will take over as the Guaranty Funds' Executive Director after Jack King's retirement on October 5, 2001. Prior to this appointment, Mike served as the Insolvency Counsel for the NAIC for nearly ten years. In that capacity, Mike worked closely with guaranty funds and receivership personnel in numerous state insurance departments. Prior to his tenure with the NAIC, Mike served as the Deputy Receiver and Guaranty Fund Administrator for the Arkansas Department of Insurance.

### **Board Meetings**

The Property and Casualty Insurance Guaranty Fund Board held its Annual meeting on September 11, at which time officers for the ensuing year were elected. H. Whitfield Crail, Jr., a member of the Board representing the public, was elected as Chair. Thomas F. Hartley, Jr., of Marsh and McLennan, was elected as Vice-Chair, and Laura Johnson Burke, of

State Farm Insurance Companies was elected Secretary/Treasurer.

The Life and Disability Insurance Guaranty Fund Board will hold its Annual meeting on Monday, November 5, 2001, at 1:00 p. m., in the 2<sup>nd</sup> Floor Conference room of the DOI. All Board meetings are open to the public.

## Licensing

### **New Producer Licensing Laws**

On October 1, 2001, SB 1366, Arizona's new producer licensing law went into effect. The law is based on the Producer Licensing Model Act, and meets the uniformity and reciprocity standards established by the Gramm Leach Bliley Act. In anticipation, the Department revised its new and renewal license application forms and instructions and made fillable Adobe Acrobat versions of these forms available from the Department's "forms" page ([www.state.az.us/id/forms](http://www.state.az.us/id/forms)). In addition, the pre-license testing vendor has modified its examinations and exam outlines to reflect laws changes.

Additional details about the licensing law changes can be found on ADOI's web site in Regulatory Bulletins Nos. 2001-03 and 2001-14. For further details, individuals are encouraged to visit the Licensing Section web page ([www.state.az.us/id/licensing](http://www.state.az.us/id/licensing)), or call the ADOI Insurance Licensing Hotline (602.912.8470, or 1.877.660.0964 if calling long distance within Arizona).

### **New Administrator Hired**

Rebecca "Becky" Sanchez is the new ADOI Producer Licensing Administrator. Becky joins the ADOI after more than 10 years in the Life and Health industry, serving in capacities, ranging from Account Executive and Medicare Coordinator, to Marketing Director. Most recently, Becky was the Director of Government Relations for a dental insurer. She has also served in various insurer and producer associations, including HIAA, the Southern Arizona Association of Health Underwriters, and the National Association of Insurance and Financial Advisors - Tucson.

In light of the enactment of SB1366, Becky is joining the ADOI at a critical and

exciting time. She will be instrumental in implementing the new producer licensing law, while she continues the process of improving customer service in the ADOI Licensing Section.

## Life & Health

### ***Medigap Premium Survey***

Medicare Supplement insurers should be on the look out for a mandatory survey from the ADOI. On September 12, 2001 ADOI issued Regulatory Bulletin 2001-13 requiring Medicare Supplement insurers to respond to a premium comparison survey by November 30th. The data collected will be used to develop a Medicare Supplement Premium Comparison guide to be published in early 2002. The newest addition to ADOI's growing list of shoppers guides, this new Premium Comparison will further enhance consumers shopping power.

### ***New Prepaid Dental Program Manager***

Linda Beguin, DDS, joined ADOI on July 1 as the Prepaid Dental Program Manager, in charge of new ADOI program for regulatory oversight of prepaid dental plans. Her position was transferred to

ADOI from the Department of Health Services by SB1172 enacted in 2000. Dr. Beguin is responsible for developing and enforcing standards for effective prepaid dental service delivery. She has already played a key role in drafting ADOI's proposed prepaid dental rules. Prior to joining ADOI, Dr. Beguin served for two years as the Dental Quality Improvement Manager at the Department of Health Services. Dr. Beguin practiced dentistry in Phoenix for 22 years.

## Financial Affairs

### ***New Chief Analyst Hired***

Kurt Regner is the ADOI's new Chief Financial Analyst. Prior to this appointment, Kurt served for over 13 years as a contract financial examiner/analyst for ADOI. Kurt has immense knowledge of the Holding Company Act and reinsurance transactions, has analyzed hundreds of mergers and acquisitions, and has significant experience monitoring the Arizona life and disability reinsurer industry. Kurt is well versed in ADOI financial surveillance procedures as well as NAIC accreditation standards. With his balanced and professional approach to

regulation, and his positive, affable attitude, Kurt was a natural choice to lead ADOI's financial surveillance team. ●

## ADOI Employment Opportunities

### ***Captive Insurance Administrator***

ADOI is recruiting for a Captive Insurance Administrator to establish a captive insurance program under new legislation that will take effect 7/1/02. The Captive Insurance Administrator's responsibilities will include promoting and overseeing the formation and maintenance of financially and operationally sound captive insurance companies in Arizona and overseeing the regulation of other alternative risk financing mechanisms, including specialty insurers, reinsurers, risk retention groups.

Interested candidates should furnish a résumé and cover letter to Sara Begley, Deputy Director Arizona Department of Insurance 2910 North 44th Street, Second Floor Phoenix, Arizona 85018-7256.



## COMPANY ACTIONS

### NEW LICENSES ISSUED

#### Domestic Insurers

Company Name	NAIC #	Effective Date	Type
1. FIRST PULASKI REINSURANCE COMPANY	N/A	9/4/01	Unaffiliated Credit Life & Disability Reinsurer

#### Foreign Insurers

Company Name	State of Domicile	NAIC #	Effective Date	Type
1. AMERICAN PHYSICIANS ASSURANCE CORPORATION	MI	33006	9/24/01	Property & Casualty
2. AMERICAN SURETY AND CASUALTY COMPANY	FL	15130	7/10/01	Property & Casualty
3. LANDCAR CASUALTY COMPANY	UT	37109	8/30/01	Casualty
4. MUTUAL OF ENUMCLAW INSURANCE COMPANY	WA	14761	8/14/01	Property & Casualty
5. PREMIER ACCESS INSURANCE COMPANY	CA	60237	9/10/01	Disability
6. UNITED NATIONAL SPECIALTY INSURANCE COMPANY	WI	41335	7/24/01	Property & Casualty

#### Risk Retention Groups Registered

Company Name	State of Domicile	NAIC #	Effective Date
1. FIRST AUTOMOTIVE INSURANCE RISK RETENTION GROUP, INC.	HI	10619	7/18/01
2. GOLDEN INSURANCE COMPANY, A RISK RETENTION GROUP	NV	11145	8/22/01
3. ST. CHARLES INSURANCE COMPANY RISK RETENTION GROUP	SC	11114	9/5/01

#### Service Company Permits (A.R.S. 20-1095, et seq.)

Company Name	State of Domicile	Effective Date
1. PRIZM ADMINISTRATIVE SOLUTIONS, INC.	CO	8/13/01
2. WARRANTY SUPPORT SERVICES, INC.	NY	9/7/01
3. WESTERN SERVICE CONTRACT CORP.	CA	7/11/01

#### Third Party Administrators (TPA)

Company Name	State of Domicile	Effective Date
1. EMPLOYEE BENEFIT CLAIMS OF WISCONSIN, INC.	WI	8/15/01
2. MEDSOLUTIONS OF THE SOUTHWEST, INC.	TN	9/5/01
3. THE EPOCH GROUP, LLC	KS	7/27/01
4. REWARDS PLUS OF AMERICA INSURANCE AGENCY, INC	MD	7/16/01

#### Utilization Review Agents

Company Name	State of Domicile	Effective Date
1. AMERICAN DENTAL EXAMINERS	NY	8/9/01

**CHANGE OF AUTHORITY**

	Company Name	State of Domicile	NAIC #	Effective Date	Change
1.	AMERICAN SKANDIA LIFE INSURANCE CORPORATION	CT	86630	8/8/01	Granted Variable Life
2.	SBLI USA FINANCIAL SERVICES LIFE INSURANCE COMPANY, INC.	AZ	60183	9/4/01	Granted Disability
3.	SPECTRUM LIFE INSURANCE COMPANY	AZ	89931	9/10/01	Converted To Unaffiliated Credit Life & Disability Reinsurer
4.	TIAA-CREF LIFE INSURANCE COMPANY	NY	60142	9/10/01	Granted Variable Life

**NAME CHANGES**

	Old Name (to) New Name	State of Domicile	NAIC #	Effective Date
1.	MINNESOTA FIRE AND CASUALTY COMPANY (to) HARLEYSVILLE INSURANCE COMPANY	MN	23582	7/1/01
2.	UNITED HERITAGE MUTUAL LIFE INSURANCE COMPANY (to) UNITED HERITAGE LIFE INSURANCE COMPANY	ID	63983	8/28/01

**ARIZONA REDOMESTICATIONS**

Company Name	NAIC #	Effective Date	State of Domicile From	To
NO NEW ACTIVITY THIS QUARTER				

**ACQUISITIONS/MERGERS/WITHDRAWALS****Acquisitions of Arizona Companies**

Company Name	NAIC #	Date Order Filed	Acquired By
1. FULCRUM INSURANCE COMPANY	20559	7/25/01	Scor
2. USLIFE CREDIT LIFE INSURANCE COMPANY	97438	8/10/01	American International Group, Inc.

**Mergers involving Arizona Companies**

Company Name Merged Into	State of Domicile	NAIC #	Date Order Filed
NO NEW ACTIVITY THIS QUARTER			

**Withdrawals from Arizona**

Company Name	State of Domicile	NAIC #	Date Order Filed
1. ACE CAPITAL MORTGAGE REINSURANCE COMPANY	NY	10021	8/28/01
2. CONTINENTAL LIFE INSURANCE COMPANY	TX	62472	8/28/01
3. FIDELITY GENERAL LIFE INSURANCE COMPANY	PA	72648	8/28/01
4. FORTUNE LIFE INSURANCE COMPANY	AZ	79189	7/11/01
5. GUIDEONE AMERICA LIFE INSURANCE COMPANY	AZ	93220	9/18/01
6. OLD REPUBLIC STANDARD INSURANCE COMPANY	AZ	29092	9/11/01
7. PAULA ASSURANCE COMPANY	CA	74098	7/19/01
8. PIERCE NATIONAL LIFE INSURANCE COMPANY	CA	67822	8/29/01
9. RELIANCE UNIVERSAL INSURANCE COMPANY	CA	44482	7/13/01

10.	ROARING FORK LIFE INSURANCE COMPANY	AZ	N/A	7/12/01
11.	ROSEMURGY LIFE INSURANCE COMPANY	AZ	N/A	7/12/01

## SUSPENSIONS/REINSTATEMENTS

	Company Name	State of Domicile	NAIC #	Effective Date	Action
1.	PENN TREATY NETWORK AMERICA INSURANCE COMPANY	PA	63282	9/13/01	Suspended
2.	PHICO INSURANCE COMPANY	PA	35718	9/26/01	Suspended

## SUPERVISIONS/RECEIVERSHIPS

	Company Name	State of Domicile	NAIC #	Effective Date	Action Taken
NO NEW ACTIVITY THIS QUARTER					

## FINANCIAL EXAM REPORTS

	Company Name	NAIC #	Date Report Filed
1.	ARIZONA COUNTIES INSURANCE POOL	N/A	9/18/01
2.	ARIZONA COUNTIES WORKERS' COMPENSATION POOL	N/A	9/18/01
3.	ARIZONA MUNICIPAL WORKERS' COMPENSATION POOL	N/A	9/18/01
4.	BREMER LIFE INSURANCE COMPANY	81221	8/21/01
5.	FUTURAL LIFE INSURANCE COMPANY	78549	8/21/01
6.	NATIONAL CITY LIFE INSURANCE COMPANY	85073	8/21/01
7.	PACIFICARE OF ARIZONA, INC.	95617	8/3/01
8.	PREMIER CHOICE DENTAL, INC.	95224	8/8/01
9.	PRIVATE MEDICAL-CARE OF ARIZONA, INC.	95366	9/27/01
10.	WESTWARD LIFE INSURANCE COMPANY	78301	8/21/01

## MARKET CONDUCT EXAM REPORTS/ORDERS

	Company Name	State of Domicile	NAIC #	Date Filed	Civil Penalty	Restitution + Interest
1.	AMERICAN REPUBLIC INSURANCE COMPANY Use of unfiled forms. Improper claims processing. Failure to provide a Summary of Rights. Improper replacement procedures.	IA	60836	8/17/01	\$22,500	\$22,576.30
2.	CELTIC INSURANCE COMPANY Use of unfiled forms. Violations of a previous consent order. Improper claims processing.	IL	80799	7/31/01	\$20,000	\$580.89
3.	CONSECO LIFE INSURANCE COMPANY Disclosing privileged information to agents for solicitation purposes. Failure to provide compliant Summary of Rights. Improper replacement procedures.	IN	65900	8/31/01	\$17,500	\$0
4.	CONTINENTAL ASSURANCE COMPANY Use of non-compliant and unfiled forms. Improper claims processing. Use of non-compliant TPA contract.	IL	62413	9/13/01	\$22,000	TBD

5.	CONTINENTAL CASUALTY COMPANY Use of non-compliant and unfiled forms. Improper claims processing. Use of non-compliant TPA contract.	IL	20443	9/13/01	\$22,000	\$3,283.17
6.	DELTA DENTAL PLAN OF ARIZONA, INC. Improper claims processing.	AZ	53597	9/12/01	\$60,000	\$0
7.	METROPOLITAN GENERAL INSURANCE COMPANY	RI	39950	9/27/01	\$0	\$430.11
8.	METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	RI	26298	9/27/01	\$0	\$125.40
9.	PACIFIC LIFE & ANNUITY COMPANY Failure to distribute health care appeals packets. Failure to file advertising materials. Failure to provide a Summary of Rights. Improper claims processing. Improper processing of health care appeals.	AZ	97268	9/27/01	\$38,000	\$51.74
10.	PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY Failure to provide Summary of Rights. Improper claims processing.	TX	67784	7/3/01	\$6,000	\$262.50
11.	SUPERIOR INSURANCE COMPANY Use of unfiled rates to determine premiums. Failure to provide a Summary of Rights. Improper claims processing. Failure to produce files.	FL	12220	8/17/01	\$26,000	\$15,345.52
12.	TRAVELERS INSURANCE COMPANY Use of non-compliant and/or unfiled forms and advertising materials. Failure to provide a Summary of Rights. Improper replacement procedures.	CT	87726	7/3/01	\$20,000	\$0
13.	UNITED HEALTHCARE INSURANCE COMPANY	CT	79413	9/26/01	\$0	\$0
14.	UNITED OF OMAHA LIFE INSURANCE COMPANY Failure to provide a Summary of Rights. Improper claim processing. Improper replacement procedures. Denied health coverage to eligible employees.	NE	69868	8/20/01	\$18,000	\$2,608.48

### OTHER DISCIPLINARY ACTIONS

Company Name NAIC #	Allegation	Disposition
1. Cigna Healthcare of Arizona, Inc. #95125	Failure to comply with the provisions of the Health Care Appeals law with such frequency as to indicate a general business practice.	9/12/01 Consent Order \$5,000 Civil Penalty

### PRODUCERS AND OTHER LICENSEES DISCIPLINED

Cause No. Name City - State	Allegation	Disposition
1. 01A-156 Misty Dawn Murphy Payson, AZ	Misappropriation, conversion or illegal withholding of monies belonging to policyholders, insurers, beneficiaries or others received in or during the conduct of business.	7/19/01 Order License Revoked \$2,500 Civil Penalty
2. 01A-157 Christopher James Huzdovich Gilbert, AZ	Failure to maintain a bond and failure to maintain a place of business within this state.	7/19/01 Order License Revoked
3. 01A-184 Martha Ochoa Tempe, AZ	Acting as and holding herself out to be an adjuster without being licensed.	7/19/01 Order of Cease & Desist
4. 01A-185 Secured Emergency Transport, Inc. Prescott, AZ	Conducted unauthorized transaction of insurance in this state.	7/19/01 Order of Cease & Desist

5.	01A-188 Bonnie Susan Rogers Winslow, AZ	Conducted affairs under her license that showed her to be incompetent or a source of injury and loss to, or repeated complaint by, the public or any insurer.	7/19/01 Consent Order \$250 Civil Penalty
6.	01A-189 Monte J. Bauer Phoenix, AZ	Failure to maintain records that pertain to transactions under the license and to keep records open and available to the inspection of the Director; conducted affairs under the license showing licensee to be incompetent or a source of injury and loss to, or repeated complaint by, the public or any insurer.	7/23/01 Consent Order License Revoked
7.	01A-195 Nathan Scott Dowell Apache Junction, AZ	Misappropriation, conversion or illegal withholding of monies belonging to policyholders, insurers, beneficiaries or others received in or during the conduct of business under the license or through its use.	8/9/01 Consent Order License Revoked
8.	01A-204 David Alan Berenter Phoenix, AZ	Acting as and holding himself out to be an adjuster without being licensed.	8/21/01 Cease & Desist Order
9.	01A-198 Evan Dahl Edwards and Estate Planning Services, L.L.C. Phoenix, AZ	Sharing of commission or other compensation received on account of transactions under the license with any person who is not also licensed.	8/17/01 Consent Order \$2,000 Civil Penalty
10.	01A-153 William David Kowal Phoenix, AZ	Misrepresentation to a policyholder for the purpose of inducing or tending to induce policyholder to lapse, forfeit, surrender, retain or convert any insurance policy.	9/18/01 Order \$500 Civil Penalty
11.	01A-218 Kurt Woodburn Mesa, AZ	Misappropriation, conversion or illegal withholding of monies belonging to policyholders or others and received in or during the conduct of business under the license or through its use.	9/19/01 Order Summarily Suspending License and Notice of Hearing

## RULES ACTIVITY

Citation	Title	Action	Status
1. R20-6-1801 through R20-6-1816 - New	Prepaid Dental Plan Organizations	Notice of Final Rulemaking filed with GRRC 9/21/01	Final rulemaking expected to be heard at the November 6, 2001 GRRC meeting
2. R20-6-218 – Repeal	Exemption for Life and Disability Forms	Notice of Final Rulemaking filed with GRRC 9/21/01	Final rulemaking expected to be heard at the November 6, 2001 GRRC meeting

## REGULATORY BULLETINS ISSUED

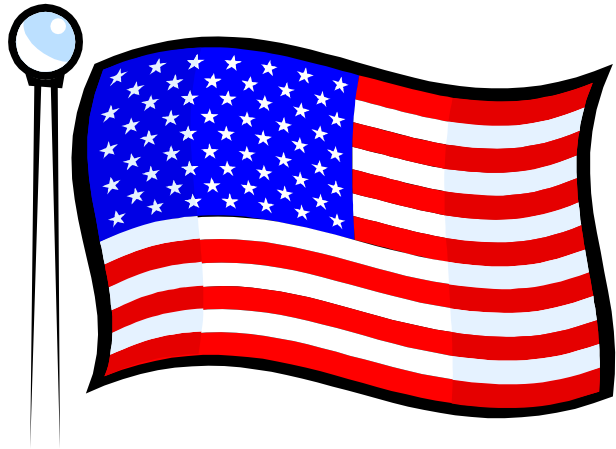
Number	Title	Date Issued
1. 2001-9	Health Insurance Mass Facsimile Advertising	7/20/01
2. 2001-10	Health Care Appeals Procedures for External Independent Review	7/24/01
3. 2001-11	Information Privacy Issues	8/31/01
4. 2001-12	Implementation of Product Regulation Reform	9/21/01
5. 2001-13	Medicare Supplement Premium Comparison Survey and Compliance with Benefits Improvement and Protection Act (BIPA)	9/12/01
6. 2001-14	Implementation of New Insurance Producer Licensing Laws (Senate Bill 1366)	9/26/01



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