



First Quarter 2005

# Insurance Regulator

State of Arizona  
DEPARTMENT OF  
INSURANCE

Janet Napolitano  
Governor  
Christina Urias  
Director

## Proposed HCSO Oversight Rulemaking Filed

ADOI is pleased to announce that it recently filed proposed rules regarding Health Care Service Organizations Oversight with the Office of the Secretary of State. As many may recall, the Arizona legislature passed S.B. 1330 in 2000, effectively granting ADOI exclusive regulatory authority (previously shared with Arizona Department of Health Services (DHS)) over Health Care Service Organizations (HCSOs) effective July 1, 2001.

Accordingly, in 2001, the ADOI convened a rulemaking advisory group made up of stakeholders, including consumers, HCSOs, and providers from around AriOzona. The group held more than 20 meetings to discuss informal drafts of the rules. ADOI provided numerous opportunities for stakeholder comment and made many rule revisions in response to stakeholder input, so that the resultant rulemaking is a product of cooperation and participation of all concerned.

A.R.S. § 20-1054 (A)(2) provides for issuance of a certificate of authority to an HCSO if the director is satisfied that "The health care services organization [shall constitute] an appropriate mechanism to achieve an effective health care plan pursuant to this title and any rule that is adopted by the director." An adequate network is only one of several important components of an

appropriate mechanism to achieve an effective health care plan. These new rules address only network adequacy and ADOI will consider the other components in future rulemakings.

### The Department will hold oral proceedings in accordance with A.R.S. § 41-1023 as follows:

Monday, May 23, 2005, 11:00 a.m.  
Arizona State Office Building  
400 West Congress Street  
Room 158  
Tucson, AZ 85701

Wednesday, May 25, 2005, 6:00 p.m.  
Arizona Department of Insurance  
Third Floor Training Room  
2910 North 44th Street  
Phoenix, AZ 85018

Tuesday, May 24, 2005, 10:00 a.m.  
Arizona Department of Insurance  
Third Floor Training Room  
2910 North 44th Street  
Phoenix, AZ 85018

Thursday, May 26, 2005, 12:00 p.m..  
City of Flagstaff Main Library  
300 West Aspen Avenue  
Public meeting room  
Flagstaff, AZ 86001

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ADOI will accept written comments received or postmarked by 5:00 p.m. on Friday, June 3, 2005. For questions about the hearings or the formal rulemaking process, contact Margaret McClelland [mmcclelland@id.state.az.us](mailto:mmcclelland@id.state.az.us) or 602-912-8456.

The proposed rules are available on the ADOI's website:

[http://www.id.state.az.us/publications/HCSO\\_proposed\\_rulemaking\\_2005.pdf](http://www.id.state.az.us/publications/HCSO_proposed_rulemaking_2005.pdf)

### Mission Statement

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

## ADOI ACCEPTS ACH PAYMENTS FOR TAX AND FEES

The Department is pleased to announce that it is now able to receive payments for insurance premium taxes, annual statement filing fees and related penalties or interest by Automated Clearing House (ACH) delivery. Most insurance companies, as well as many insurance producer firms, are equipped to send ACH credit payments for their premium tax and surplus lines tax obligations and recognize the mutual benefits of this electronic payment option. In most cases, payers can better time their payments to coincide with payment due dates. The payer does not have to deal with handling a physical payment, which can be lost or which may not reach its intended destination. The Department benefits by not having to handle and safeguard the physical payment, which is automatically deposited into a special bank account.

Insurers are strongly encouraged to use the ACH payment option and will find the complete instructions in Form E-ACH. INSTRUCTION, posted at the top of our "All Tax Forms and Instructions" web page at <http://www.id.state.az.us/taxforms.html>. For further assistance, please contact Compliance Section Manager Kelly Stephens at (602) 912-8420 extension 4202 or [kstephens@id.state.az.us](mailto:kstephens@id.state.az.us). ■

**Over 90% of E-NRL  
AZ applications  
were processed  
within 24 hours!  
Read more about  
Licensing on page 6...**

## Compliance Update: CAREFULLY CONSIDER COMPARATIVE FAULT

The purpose of comparative fault, or comparative negligence laws, is to apportion fault so that each party involved in an accident is properly held responsible, or liable, for his or her own actions. Accident facts are often complicated and a determination of liability will necessarily involve some degree of personal judgment on the part of claims personnel making that determination. The fault assessment must be predicated on a reasonable investigation based on all available evidence, with appropriate weight given to objective evidence over subjective evidence.

Increased consumer complaints in recent months prompts ADOI to take this opportunity to remind insurers that random assessment of a small percentage of comparative fault is simply inappropriate in many cases. In particular, recent complaints to ADOI suggest a possible trend of insurers arbitrarily imposing 5-10-20% comparative fault, on the grounds that the claimant "should have been more observant, or "paid more attention," or "should have anticipated someone might run the red light." Insurers should objectively evaluate all the evidence, not approach an investigation with preconceived notions of fault, nor unreasonably assess a fractional percentage of fault based on vague or unsupported subjective considerations.

Insurers must conduct reasonable claims investigations *prior* to making a fault determination on each individual claim. What is "reasonable" will vary from claim to claim, depending on the particular circumstances and the statutes recognize that despite best efforts, there may be times when information is simply unavailable. Nonetheless, an insurer is required to make all reasonable efforts to obtain the necessary information before deciding comparative fault issues.

ADOI urges insurers to have their claims personnel review the Arizona Unfair Claims Settlement Practices Act (A.R.S. § 20-461) and related administrative rules (A.A.C. R20-6-801) and reinforce the obligation to effectuate prompt, fair and equitable claim settlements in every case. ■

# Legislative Report

Insurance-related bills enacted during the 2005 legislative session are briefly summarized below. Interested persons can view the bills in their entirety on-line and monitor the progress of any bill on the Arizona legislative website at [www.azleg.state.az.us](http://www.azleg.state.az.us). Any questions about ADOI legislative matters should be directed to Karlene Wenz at (602) 912-8456.

## **HB 2138 timely payment of insurance claims**

The bill clarifies the tolling periods for health plans' (1) adjudication of provider claims; (2) collection of necessary additional information for the adjudication or adjustment of provider claims; and, (3) payment of provider claims and any resulting interest payments. Additionally, when an insurer changes the address for submission of claims and grievances, the legislation requires insurers to accept claims and grievances at the prior address for 90 days after the change.

## **HB 2189 insurance producer license exam**

The legislation modifies the insurance producer license application and examination requirements and requires applicants to pass the exam within 120 days preceding the date the DOI Director receives the license application. The bill also extends the 120-day period for applicants called to active military service by the number of days of active service, not to exceed one year and limits the number of times an individual may take a license exam to 4 times in a

12-month period.

## **HB 2190 surplus lines brokers license**

This legislation further clarifies existing law regarding licensure requirements for surplus lines brokers and the procurement of surplus lines coverage. The bill also reduces the fee for a surplus lines broker license. A conference committee amended HB 2190 on April 20, 2005 to add effective date language.

## **HB 2192 fire insurance, exclusion of terrorism coverage**

This bill amends the Arizona standard fire policy to allow insurers to exclude "coverage for loss by fire or other perils insured against if the loss is caused directly or indirectly by terrorism . . ." It only applies to coverage of commercial properties.

## **HB 2600 captive insurers**

This bill makes a number of changes to the code governing captive insurers in Arizona, including removing the necessity of having the word "captive" in the name of the captive insurer and eliminating the requirement that captive insurers establish particular business relationships with Arizona professionals.

## **HB 2601 life care facilities; assets**

HB 2601 alters the ratio of assets to liabilities required of life care facilities in Arizona by eliminating the requirement that life care facilities meet specific ratios of assets to liabilities in accordance with the number of years the facility has been in operation. Under

HB 2601, life care facilities must at all times possess assets sufficient to fulfill the facilities' obligations pursuant to life care contracts, including any reserve fund escrow required by the Director of the Department of Insurance.

## **HB 2633 bankruptcy; life insurance**

The bill repeals the statute exempting life insurance and annuities from garnishment, attachment, execution, seizure or any legal process to pay a debt or liability, and eliminates the \$25,000 cap on the cash surrendered value of a life insurance policy that was exempt from creditors in bankruptcy cases. The bill also requires a debtor to own an annuity contract for at least two years and have named a specific beneficiary in order for the annuity to be exempt from court-ordered execution, attachment or sale.

## **SB 1036 medical malpractice procedural reforms**

SB 1036 imposes additional qualifications for expert witnesses in medical malpractice cases and makes a physician's expression of sympathy or apology to a patient or the patient's survivors inadmissible in any resultant medical malpractice case.

## **SB 1084 non-renewal of motor vehicle insurance**

The legislation allows for the non-renewal of an auto insurance policy, if the only basis for eligibility for the insured and the insured's family members is the insured's employment with the insurer. The employment must

## Regulator Profile: Cary Cook

The ADOI Employee of the Year is Cary Cook. Since arriving at the ADOI in 1991, he has held numerous positions, all with increasing responsibility. He started out in the Solvency Support Unit and was promoted to *Financial Examinations Coordinator* in 1996. In that capacity, Cary worked directly with insurers, independent contract examiners and the NAIC Examinations Tracking System to coordinate and schedule financial examinations.



In 2001, he took on a newly established position, *Insurer Licensing Manager* where his responsibilities include for managing and coordinating all foreign and domestic insurer license applications, and processing all insurer merger, acquisition, withdrawal and miscellaneous filings. Cary also helps our new Captive Insurance Division, providing invaluable assistance in its application process and

compliance reviews.

Since Cary took charge, the insurer license application process, has evolved significantly. The ADOI has fully implemented the NAIC's Uniform Certificate of Authority Application (UCAA) and has eliminated certain state specific requirements in favor of uniformity. Cary has worked diligently to reduce the timeframe

for issuance of an Arizona certificate of authority from over 125 days to less than 50.

Insurers frequently contact Cary's supervisors to pass along compliments about how helpful he was during their application process. Cary is always ready to patiently assist fellow employees and has an incredibly positive attitude.

Cary Cook is the epitome of good customer service! ☐

*(Legislative Report... Continued from page 3)*

be terminated, and the insurer must non-renew the policy within the twelve months following the employee's termination. Another provision allows auto insurers to transfer the policies of certain insureds to insurers under the same ownership or management, provided that the rates charged by the new insurer are the same as, or lower than, the original insurer.

### **SB 1251 elder care liability reform**

The bill modifies Arizona's Adult Protective Services Act to limit the amount of attorney fees awarded in elder abuse cases and requires the court to follow common law principles when awarding punitive damages, and notify the Department of Health Services of elder abuse settlements or judgments.

### **SB 1377 insurers; certificate of exemption**

SB 1377 adds certain non-profit organizations to the definition of the organizations granted certificates of

exemption from the authorized insurer requirement.

### **SB 1386 group life insurance premiums**

The legislation allows employee, credit union, labor union and trustee group life insurance policy premiums to be paid entirely by the insured persons.

### **SB 1416 insurance copayments, deductibles; options**

The bill permits health insurers to offer plans with "a choice of deductibles, coinsurance, co-payments, out-of-pocket and any other cost sharing levels

### **SB 1420 uninsured motorists**

This bill requires peace officers to impound the vehicle of a driver who is in an accident, does not have insurance and is driving on a suspended, revoked or canceled license. The officer may impound the vehicle of a driver who is driving without a license. The bill also increases the driving without insurance penalties and makes these fines mandatory rather than permissive. ☐

# Fraud Unit Report

## Remote Billing on Glass Claims

The Fraud Unit has noted increased glass claim referrals involving glass company billings from remote locations. While billing from a remote location can be an indicator of possible inflated billings, remote-billing practices, in and of themselves, are not fraudulent. In fact, it is not unusual for contracts between an insurer and a glass repair company to allow the glass company to perform services within a 175 mile radius from their facility and to bill *at a greater rate* for work completed a certain distance from their facility.

The success of a prosecution of fraudulent remote-billed glass claims often depends upon the contract provisions. When these contracts allow the glass repair company to bill for service miles away from the glass repair facility, the ability to establish criminal intent to defraud the insurer becomes more difficult.

The Fraud Unit urges insurers to review and analyze their glass repair facility contracts before submitting referrals to determine whether the contract permits remote billing. Nonetheless, the Fraud Unit urges your continued cooperation to send referrals if you suspect that a glass repair facility is not actually performing the work in the remote location, but is "routing" the bills via the remote location in order to collect the higher reimbursement rate allowable under their contract.

## **Case Highlight:**

On 4-28-05, Bruce Tyrone Riley listed as a Corporate Officer for *The Glass Guys II LLC* was arrested by officers of the ADOI Fraud Unit. Riley allegedly made a false insurance claim, posing as a vehicle owner, stating that Glass Guys had replaced a windshield on a 1999 Cadillac belonging to a Sun City man.

Riley is suspected of making several more fraudulent insurance claims where he may have collected well over \$100,000.00 from various insurance companies doing business in the west valley during the past three years.

Riley was booked into the county jail on felony charges of forgery, identity theft, and fraudulent schemes.

## New investigators

The ADOI welcomes Special Investigator **Tim Prawdzik** to the Fraud Unit. Tim comes to us with prior experience working for the Arizona Department of Corrections and fills one of three investigator positions the Unit hopes to fill this year. Tim started in March and is already working several investigations. In April, the Unit welcomed Special Investigator **Dean Erb**, a 24-year veteran of the Phoenix Police Department.

The third investigator position is still open for qualified applicants. Information about this position can be found at [www.azstatejobs.gov](http://www.azstatejobs.gov).

## **Buyer Beware! Health Information Forum**

**Free!**

**May 17 & 18 ~ 8:30 a.m. – 3:00 p.m.**

**Industrial Commission Auditorium ~ 800 W. Washington**

**Speakers: Billy Beaver**, Regional Director, U.S. Dept of Labor, **Christina Urias**, AZ Insurance Director, **Tony Rodgers**, AHCCCS Director

**Topics: MEWA's, phony insurance, State health programs, COBRA, HIPAA, health insurance appeals**

**For more information or to register, call or email:**

**602.912.8456 ~ [cburton@id.state.az.us](mailto:cburton@id.state.az.us)**

# Around ADOI

## Producer Licensing

### **Producer Web Page Improvements**

Check it out!

<http://www.id.state.az.us/producer.html>

Nearly everything an existing producer or applicant needs to know about getting or maintaining an Arizona producer license is on this webpage:

- Forms and instructions
- Up-to-date fee schedule
- Pre-license exam info
- Fingerprinting
- Continuing education
- Reporting requirements
- Office Hours and locations
- Summaries of recent law changes (HB 2189 and HB 2190)
- **Easy link to E-NRL** for non-resident applicants!

ADOI is prioritizing the processing of E-NRL applications and strongly encourages non-resident applicants to use the E-NRL system rather than submitting paper applications.

**Over 90% of E-NRL Arizona applications were processed within 24 hours!**

## Property & Casualty

### **June 1 Deadline for SL Requalification**

In order to remain on the Director's List of Qualified Unauthorized Insurers, the brokers sponsoring the insurers on the list must file certain documents with the ADOI prior to June 1 of each year. Brokers must complete and submit an *Affidavit of Surplus Lines Broker & Insurer* (SL Form R20-6-204 (ED 3/00) **for those insurers on the List who wish to continue their listing** (form is available on the ADOI's website at [http://www.id.state.az.us/insforms.html#section\\_two-b](http://www.id.state.az.us/insforms.html#section_two-b)). SL Forms 110 and 111 must be filed by the sponsoring broker for new insurers that wish to make an initial appearance on the List.

### **Surplus Lines Export List**

If after a hearing the Director finds that a particular insurance coverage or type, class or kind of coverage is not readily procurable from authorized insurers, the Director may (by order) designate such coverage or coverages be *recognized surplus lines* (until the Director's further order). Exhibit C in Docket Order 03A-144-INS is the current Surplus Lines Export List. This October 2003 Order is

also on the ADOI web site, [http://www.id.state.az.us/insforms.html#section\\_two-b](http://www.id.state.az.us/insforms.html#section_two-b). Anyone interested in amending the list should contact Mike Dommin at 602-912-8466 or via e-mail at [Mdommin@id.state.az.us](mailto:Mdommin@id.state.az.us).

## Consumer Affairs

### **Recently Revised Publications**

Now available from the ADOI are the **2005 editions** of the Auto Premium Comparison (Ed 1), the Homeowners Premium Comparison, and the Mobile Homeowner Premium Comparison.

**Coming soon!** Updated editions of the Personal Lines Complaint Ratio and the List of Long Term Insurance Carriers. ■

## **Insurance Regulator**

*Published by*

**Arizona Department  
of Insurance**

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[www.id.state.az.us](http://www.id.state.az.us)

Janet Napolitano, Governor  
Christina Urias, Director  
Erin H. Klug,  
Public Information Officer

# Regulatory Activity

## COMPANY ACTIONS

### NEW LICENSES ISSUED

#### Domestic Companies

	Company Name	NAIC #	Effective Date	Type
1.	CANYON INSURANCE SERVICES, INC.	12217	1/28/05	Disability Insurer
2.	PARAMOUNT CAPITAL INSURANCE CORPORATION	11845	2/18/05	Casualty Insurer

#### Foreign Companies

	Company Name	State of Domicile	NAIC #	Effective Date	Type
1.	ALLEGHENY CASUALTY COMPANY	PA	13285	2/25/05	Casualty Insurer
2.	ARCADIAN HEALTH PLAN, INC.	WA	12151	1/25/05	Health Care Services Organization
3.	EMPHEYSYS INSURANCE COMPANY	TX	88595	3/2/05	Life & Disability Insurer
4.	ENDURANCE REINSURANCE CORPORATION OF AMERICA	NY	11551	3/8/05	Property & Casualty Insurer
5.	EQUITY INSURANCE COMPANY	TX	28746	2/23/05	Property & Casualty Insurer
6.	FIRSTCOMP INSURANCE COMPANY	NE	27626	3/23/05	Casualty Insurer
7.	LIFE OF THE SOUTH INSURANCE COMPANY	GA	97691	3/22/05	Life & Disability Insurer
8.	NORTH CAROLINA MUTUAL LIFE INSURANCE COMPANY	NC	67032	3/28/05	Life & Disability Insurer
9.	PACIFIC NORTHWEST TITLE INSURANCE COMPANY, INC.	WA	50970	2/7/05	Title Insurer
10.	PRIMERO INSURANCE COMPANY	NV	11855	1/13/05	Property & Casualty Insurer
11.	PROVIDENCE PROPERTY & CASUALTY INSURANCE COMPANY	OK	28711	3/14/05	Property & Casualty Insurer
12.	TRAVCO INSURANCE COMPANY	CT	28188	2/23/05	Property & Casualty Insurer
13.	TRAVELERS HOME AND MARINE INSURANCE COMPANY, THE	CT	27998	2/23/05	Property & Casualty Insurer
14.	VICTORIA SPECIALTY INSURANCE COMPANY	OH	10777	2/14/05	Property & Casualty Insurer

# Regulatory Activity

## Risk Retention Groups Registered

Company Name	State of Domicile	NAIC #	Effective Date
1. ASSET PROTECTION PROGRAM RISK RETENTION GROUP, INC.	SC	12224	3/1/05

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

Company Name	State of Domicile	Effective Date
1. AMERICAN HOME SERVICES, INC.	AZ	1/20/05
2. WESTERN GENERAL DEALER SERVICES, INC.	CA	2/10/05

## Third Party Administrators (TPA)

Company Name	State of Domicile	Effective Date
1. SQM ADMINISTRATORS, INC.	DE	1/13/05
2. HERITAGE INSURANCE MANAGERS, INC. d/b/a HERITAGE STUDENT INSURANCE ADMINISTRATORS, INC. (FN)	TX	2/14/05
3. EMPLOYEE HEALTH INSURANCE MANAGEMENT, INC.	MI	3/8/05
4. WRIGHT & CO	Dc	3/30/05

## Utilization Review Agents

Company Name	State of Domicile	Effective Date
NO NEW ACTIVITY THIS QUARTER		

## CHANGE OF AUTHORITY

Company Name	State of Domicile	NAIC #	Effective Date	Change
1. CAPITOL INDEMNITY CORPORATION	WI	10472	2/28/05	Granted Disability
2. DELTA DENTAL PLAN OF ARIZONA, INC.	AZ	53597	1/28/05	Granted Optometric Service
3. ENDURANCE REINSURANCE CORPORATION OF AMERICA	NY	11551	3/8/05	Converted to Property & Casualty Insurer
4. FIDELITY INVESTMENTS LIFE INSURANCE COMPANY	UT	93696	2/25/05	Granted Variable Life
5. IMPERIAL CASUALTY AND INDEMNITY COMPANY	OK	11487	3/17/05	Granted Workers' Compensation

# Regulatory Activity

## NAME CHANGES

Old Name (to) New Name	State of Domicile	NAIC #	Effective Date
1. MANUFACTURERS LIFE INSURANCE COMPANY (U.S.A.), THE (to) JOHN HANCOCK LIFE INSURANCE COMPANY (U.S.A.)	MI	65838	1/1/05

## ACQUISITIONS/MERGERS/WITHDRAWALS

### Acquisitions of Arizona Companies

Company Name	NAIC #	Date Order Filed	Acquired By
1. SUPERIOR VISION INSURANCE, INC.	60188	2/7/05	ING GROEP N.V.

### Mergers involving Arizona Companies

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

### Withdrawals from Arizona

Company Name	State of Domicile	NAIC #	Date Order Filed
1. AMERICAN AND FOREIGN INSURANCE COMPANY	DE	24589	3/17/05
2. AMERICAN PROTECTION INSURANCE COMPANY	IL	18910	3/17/05
3. CONNECTICUT INDEMNITY COMPANY, THE	CT	24872	3/17/05
4. CPIC LIFE INSURANCE COMPANY	CA	61557	2/24/05
5. FIRE AND CASUALTY INSURANCE COMPANY OF CONNECTICUT, THE	CT	24880	3/17/05
6. GLOBE INDEMNITY COMPANY	DE	24600	3/17/05
7. GUARANTY NATIONAL INSURANCE COMPANY OF CONNECTICUT	CT	26948	3/17/05
8. LINCOLN DIRECT LIFE INSURANCE COMPANY	NE	65668	2/9/05
9. MEDICAL LIFE INSURANCE COMPANY	OH	86991	2/24/05
10. MISSION LIFE INSURANCE COMPANY OF AMERICA	TX	93726	2/24/05
11. PHOENIX ASSURANCE COMPANY OF NEW YORK	NH	35262	3/17/05
12. ROYAL INSURANCE COMPANY OF AMERICA	IL	26980	3/17/05

# Regulatory Activity

## Withdrawals continued...

13. SAFEGUARD INSURANCE COMPANY	CT	24694	3/17/05
14. SPECIALTY NATIONAL INSURANCE COMPANY	IL	20524	3/17/05
15. UNISUN INSURANCE COMPANY	SC	19534	3/17/05
16. ZIONS LIFE INSURANCE COMPANY	AZ	60470	3/30/05

## SUPERVISIONS/RECEIVERSHIPS

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

## FINANCIAL EXAM REPORTS

Company Name	NAIC #	Date Report Filed
1. C.L.V. LIFE INSURANCE COMPANY	88943	3/23/05
2. CENSTAT LIFE ASSURANCE COMPANY	86240	1/28/05
3. FOOTHILLS LIFE INSURANCE COMPANY	90034	1/28/05
4. WASHINGTON INTERNATIONAL INSURANCE COMPANY	32778	1/21/05

## MARKET CONDUCT EXAMINATIONS

	Company Name	Findings	State of Domicile	NAIC #	Date Filed	Civil Penalty	Restitution + Interest
1.	American Commerce Insurance Company	Failed to provide a Summary of Rights.	OH	19941	2/24/05	\$27,500	N/A
2.	Balboa Insurance Company	Using unfiled rates. Failure to include compliant fraud warning notice on claims forms. Improper claims processing.	CA	24813	1/14/05	\$7,500	\$5,978.84
3.	Benchmark Insurance Company	Improper claims processing. Failure to include compliant fraud warning notice on claims forms. Failure to return unearned premium.	KS	41394	1/28/05	\$24,000	\$1,085.44
4.	Century-National Insurance Company	Failure to include compliant fraud warning notice on claims forms.	CA	26905	3/31/05	\$0	N/A

# Regulatory Activity

## SUSPENSIONS/REINSTATEMENTS

Company Name	State of Domicile	NAIC #	Effective Date	Action
1. CATERPILLAR LIFE INSURANCE COMPANY	MO	11997	1/3/05	Suspension Vacated
2. IMPERIAL CASUALTY AND INDEMNITY COMPANY	OK	11487	3/17/05	Suspension Vacated

## OTHER DISCIPLINARY ACTIONS

Company Name	State of Domicile	NAIC #	Effective Date	Action
1. Lehman Insurance Company	AZ	40037	2/23/05	Consent Order \$15,000 Civil Penalty, plus other late filing penalties, and ordered to make required filings.

## PRODUCERS AND OTHER LICENSEES DISCIPLINED

Cause No. Name City - State	Allegation	Disposition
1. 04A-210 Matthew Nathan Rose El Mirage, AZ	Unfair trade practice; misrepresentations and false advertising; misrepresentation in the sale of insurance; false or deceptive advertising of insurance in the form of a letter; used disparaging comparisons or statements; failed to notify the director in writing within 30 days of any change in a residential or business address.	3/23/05 Consent Order License Suspended for 14 Days \$1,000 Civil Penalty
2. 04A-192 Arnold Davis Phoenix, AZ	Improperly withheld, misappropriated or converted any monies or properties received in the course of doing insurance business; used fraudulent, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state.	2/11/05 Consent Order License Suspended for 1 Year \$13,000.00 Restitution
3. 05A-021 Traci Rose Fornoff Chandler, AZ	Prior felony conviction in this state; provided incorrect, misleading, incomplete or materially untrue information in the license application; obtained or attempted to obtain a license through misrepresentation or fraud; used fraudulent, coercive or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere.	2/11/05 Consent Order License Revoked

# Regulatory Activity

## Producers and Licensees Disciplined, continued...

4.	05A-004 John Edward Dzubak Glendale, AZ	Obtained or attempted to obtain a license through misrepresentation or fraud; improperly withheld, misappropriated or converted any monies or properties received in the course of doing insurance business.	3/2/05 Consent Order License Suspended for 1 Month
5.	05A-006 Guadalupe Acosta Phoenix, AZ	Improperly withheld, misappropriated or converted any monies or properties received in the course of doing insurance business; used fraudulent, coercive or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere.	3/9/05 Order License Revoked
6.	05A-010 Cherie Anntoinett Robinson Norfolk, VA	Previous administrative action taken in home state of Virginia; failure to be currently licensed as a resident and in good standing in Virginia; had an insurance producer license, or its equivalent, denied, suspended or revoked in any other state, province, district or territory.	3/9/05 Order License Revoked
7.	05A-041 Luke Dale Gilbert, AZ	Disseminated before the public a circular acting as an advertisement containing statements with respect to the business of insurance which were deceptive or misleading; used an assumed business name without registering it with the Department of Insurance.	3/29/05 Consent Order \$1,000 Civil Penalty
8.	05A-042 Burnis Kent Finlinson; Brandon Kent Finlinson St. George, UT	Intentional misrepresentation of an actual or proposed insurance contract or application for insurance; used fraudulent, coercive or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state.	3/30/05 Consent Order Licenses Revoked \$8,002.10 Restitution
9.	05A-043 Erling Paul Lian Scottsdale, AZ	Prior felony conviction in this state.	3/31/05 Consent Order License Revoked

# Regulatory Activity

## RULES, BULLETINS, PRESS RELEASES

### Rules

Citation	Title	Action	Status
20 A.A.C. 19	Health Care Service Organizations Oversight	The Department filed a Notice of Proposed Rulemaking with the Office of the Secretary of State on 3/31/056	Oral proceedings will be held on May 23, 2005 in Tucson, May 24 and 25, 2005 in Phoenix, May 26, 2005 in Flagstaff. AIOI will accept written comments received by 5:00 p.m. on June 3, 2005 or postmarked by that date. The record will close at 5:00 p.m. on June 3, 2005. Details for oral proceedings can be found on ADOI website.
R20-6-2002	(Captive Insurers) Fees; Examination Costs	The Department terminated the previously proposed rulemaking and proposed a new Notice of Proposed rulemaking on 2/17/05. ADOI held an oral proceeding on the proposed rule on 4/11/05. No comment was received on the rulemaking.	ADOI expects the rules to be heard at the June 7, 2005 GRRC meeting.
R20-6-1702	Authority, Scopes, and Scheduling Examinations	A Notice of Proposed Rulemaking published on 3/25/05.	An oral proceeding will be held at ADOI on 4/26/05. ADOI will accept written comments until 4/29/05. The record will close on 4/29/05
Articles 4, 5, 6 & 19	Five-Year Review		ADOI is conducting the statutorily required review of these Articles. The review report should be heard at the 9/13/05 GRRC meeting.

### Regulatory Bulletins

Number	Title	Date Issued
05-02	Revision of Private Passenger Automobile Property Damage Threshold For Purposes Of A.R.S. § 20-1631(E)	Feb, 2, 2005
05-01	Long Term Care Insurance Regulation Effective Date; A.A.C. R20-6-1019(L)	Jan, 6, 2005

### Press Releases

Title	Date Issued
Insurance Company Ex-Employee Sentenced in \$142,000.00 Insurance Scam	April 26, 2005
Comparison Shopping for Medigap insurance Made Easier	February 23, 2005
Insurance Fraud Investigation Leads to Lake Bottom	Jan 20, 2005