

Second Quarter 2006

## ADOI Mission Statement



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

## Inside this issue:

NCCI Refunds	2
Flood Insurance	2
Compliance Update: Monitoring Consent Orders	3
Timely Pay Laws	3
Fraud Report	4
Regulator Profile	4
Legislative Report	5
AZ Captive Program	5
AZ P&C Markets	6
Regulatory Actions	7

# Insurance Regulator

State of Arizona  
DEPARTMENT OF  
INSURANCE

Janet Napolitano  
Governor  
Christina Urias  
Director

## From the Director...Title Insurance

Arizona has joined several states in investigating allegations of improper practices in the sale of title insurance across the country. Arizona participated in some multi-state settlements and negotiated separate settlements in others. Part of ADOI's separate settlement with the LandAmerica title companies required Land America to fund a consumer education program in Arizona.

Our investigation revealed a need to educate consumers on their rights when it comes to purchasing title insurance. Many consumers are simply not aware that they have the right to choose their own title insurer in a home purchase transaction. Although real estate professionals may recommend a particular title insurer, they may not dictate which title insurer or title agency home buyers must use. We also wanted consumers to know about the benefits of comparison shopping, since rates, services, costs, and fees, vary between the various title insurers doing business in Arizona.

The LandAmerica settlement provided the funding for ADOI's new title insurance brochure entitled, "*Answers to Your Questions about Title Insurance*". The brochure provides a basic consumer friendly explanation of the purpose of title insurance and is available to consumers, title agencies and real estate professionals who

would like to distribute the publication to their clients (contact Erin Klug to request a supply of brochures, [eklug@id.state.az.us](mailto:eklug@id.state.az.us)).

To further educate consumers and encourage informed comparison shopping, ADOI developed a Title Insurance Resources webpage, located at <http://www.id.state.az.us/consumerautohome.html#titleresource> which includes:

- A Message to Home Buyers
- The new brochure
- A list of licensed Arizona title insurers
- Tips for shopping for title insurance
- Search features to verify licensure of title insurers and agents in Arizona
- Links to other title related resources

In addition to the new title insurance brochure, the consumer education program includes the publication of *A Message to Home Buyers* in various Arizona newspapers throughout the coming year. The Director is available to speak to groups interested in learning more about title insurance and the importance of comparison shopping. Please contact Erin Klug, [eklug@id.state.az.us](mailto:eklug@id.state.az.us), to arrange for the Director to speak to your group or association on this important topic.

## Premium Refunds to Arizona Workers' Compensation Policyholders

In 2005, the National Council on Compensation Insurance, Inc ("NCCI"), the Rating Organization that files workers compensation rates under Arizona's rating system, identified a problem regarding NCCI's collection of payroll statistics for 21 different classification codes for rates filed in 2002, 2003, and 2004. Specifically, NCCI understated the payrolls used to establish classification rates and rating values in the NCCI's October 1, 2002, 2003, and 2004 filings with the ADOI. Upon discovery of the errors, NCCI filed revised 2002, 2003, and 2004 rates for these 21 classification codes.

Accordingly, the ADOI instructed all insurers that had Arizona policies in effect with these classification codes for those policy years, to calculate the difference between what the insurer should have charged the policyholder under the revised classification rates and what the insurer actually charged the policyholder. Further, the ADOI instructed those insurers to refund the difference to the policyholder and provide supporting verification of the refunds to the ADOI by a specific date.

ADOI is pleased to report that all insurers that had Arizona workers compensation policies in effect that were impacted by these errors have provided the Department with the required supporting refund documentation evidencing a total of \$318,600 in refunds to Arizona workers' compensation policyholders.

## Flood Insurance

As we have seen, yet again, Arizonans are not immune to flood damages. Both consumers and insurance producers should remember that homeowners insurance policies do not cover flood damage, but Flood Insurance is available through the National Flood Insurance Program (NFIP). Recent NFIP figures indicate more Arizonans are benefiting from the purchase of flood insurance:

Flood policies take 30 days from application to become effective.

	<u>May 2004</u>	<u>June 30, 2006</u>
AZ flood policies	28,101	33,067*
AZ paid flood claims	74	162

Consumers and agents can learn more about flood insurance and flood scenarios at [www.floodsmart.gov](http://www.floodsmart.gov) and <http://www.floodsmart.gov/floodsmart/static/riskscenario/riskscenario.jsp>. Agents will find this Flood Insurance website especially useful as it contains customer postcards and pamphlets, a Flood Insurance Manual, a Claims Handbook, Summaries of Coverage, and much more. Interested producers can also take flood insurance Continuing Education classes, on-line or in a classroom, with the following CE providers:

Insurance Training & Education Center (Subs. of IIAB of AZ)  
Phoenix, AZ

602.956.1851 ~ [www.ijaba.net](http://www.ijaba.net)

Classroom: **National Flood Ins Program - Agent Training Workshop (3 credits)**

National Flood Services, Inc., Kalispell, MT

406.756.8656

Classroom: **Flood Insurance ~ National Flood Insurance Program (4 credits)**

Sandi Kruike Insurance Training, Bonita, CA

800.517.7500 ~ [www.kruike.com](http://www.kruike.com)

Self-study: **Flood Insurance and Risk Management (6 credits)**

The National Alliance, Austin, TX

800.633.2165 ~ [www.thenationalalliance.com](http://www.thenationalalliance.com)

Self-study: **Insuring Commercial Flood Exposures (4 credits)**

WebCE, LP, LLLP, Richardson, TX

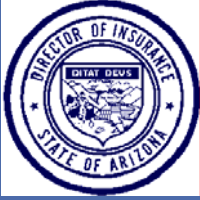
800.488.9308 ~ [www.webce.com](http://www.webce.com)

Self-study: **IRMI on Flood Insurance (2 credits)**

### **NOTE to Continuing Education providers:**

If you want to offer flood insurance training courses, contact NFIP at (202) 646-7097.

\*Totaling \$15.7M in premiums, providing \$6.3B in coverage.



STATE OF ARIZONA

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## Compliance Update: Consent Order Monitoring

On May 22, 2006 Insurance Director Christina Urias signed Consent Orders to conclude ADOI's second Timely Pay examinations of Health Net of Arizona, Inc. and Health Net Life Insurance Company. ADOI's second examination found that each company had only partially complied with a 2003 Consent Order in which the companies agreed to correct claims and grievance violations found in a prior examination. ADOI found that Health Net failed to complete two out of four corrective action plans on time. "We realize that insurers' operating systems are very complicated." Director Urias said. "Nonetheless, Health Net agreed in the 2003 Consent Orders to deal with the complications and make those changes on a timely basis and they failed to do so."

The May 22, 2006 Health Net Consent Orders marked the second time in just over two months that ADOI took enforcement action against an HCSO for violating a previous Consent Order. On March 9, 2006, the Director signed a Consent Order for United HealthCare of Arizona, Inc, under which United paid a civil penalty of \$243,250 based, in part, on findings that United had violated a 2002 Consent Order to correct violations in its member health care appeals process.

The Consent Orders set forth agreement from each Health Net company for ADOI to closely monitor performance for current compliance and each company paid a \$2,000 civil penalty for violation of Arizona's insurance laws. Director Urias explained that the small fines against Health Net resulted from the narrow focus of the target examinations and the restrictive penalty provisions in Arizona's insurance laws. "A fine this size is not likely to change an insurer's behavior, but realizing the Department's commitment to oversight, monitoring and making sure insurers actually correct violations may do the trick" she said.

### Changes to Arizona's Timely Payment and Grievance Law

ADOI recently updated its Timely Pay and Grievance (TP&G) pamphlet, which summarizes the TP&G law and explains the scope of assistance ADOI can provide to health care providers. The updated pamphlet incorporates the 2005 HB2138 legislative changes. [See \[http://www.id.state.az.us/publications/Timely\\\_Pay-and\\\_Greiv\\\_5-06.pdf\]\(http://www.id.state.az.us/publications/Timely\_Pay-and\_Greiv\_5-06.pdf\)](http://www.id.state.az.us/publications/Timely_Pay-and_Greiv_5-06.pdf). HB21138 added definitions and clarified claims processing, grievance systems and payment adjustment requirements. For more information about ADOI TP&G administration and enforcement, please see Regulatory Bulletin 2006-02 (<http://www.id.state.az.us/bulletin/2006-02.pdf>).

## Regulator Profile: KELLY STEPHENS



**Kelly Stephens**, the Compliance Section Manager in the Financial Affairs Division, just celebrated her 20<sup>th</sup> year with the Department in May, 2006. Prior to joining the ADOI in 1986, Kelly served in the Unemployment Insurance Tax Division of the Arizona Department of Economic Security for 5 years, so Kelly will celebrate her 25<sup>th</sup> anniversary as a State employee next month.

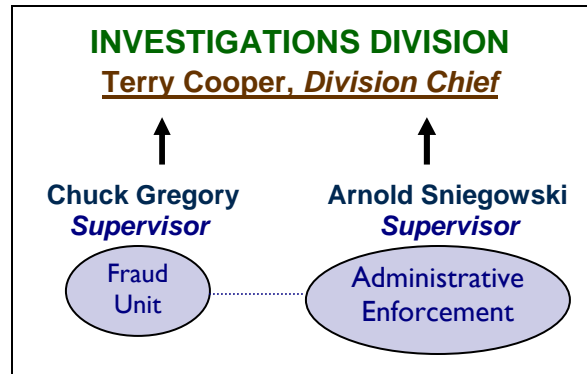
Kelly started at ADOI as a State Examiner II, responsible for enforcing premium tax, financial statement and other statutory filing requirements. Her strong work ethic, abilities and leadership skills led to successive promotions within the ADOI Financial Affairs Division. She has served as Compliance Section Manager since 1995 and also served briefly as Acting Assistant Director of the Division in 2000. Kelly manages all activities of the Tax, Solvency Support, Trust Deposits and Records Units of the Compliance Section. She has a broad range of knowledge of Division operations and the agency overall. Her assistance and participation in

production of ADOI Annual Reports, interaction with other state agencies such as the Industrial Commission, Arizona Auto Theft Authority, and the Departments of Transportation, Revenue and Commerce is first rate. On a personal level, ADOI employees appreciate and enjoy working with her. In fact, at last year's Employee Appreciation Event, she received the inaugural "Charles R. Cohen Lifetime Achievement Award" for her outstanding contributions to ADOI.

## Fraud Report

### Reorganization

The Fraud Unit and the ADOI section formally known as *Investigations* have joined forces! Previously, ADOI Market Oversight Division staff performed all non-insurance fraud investigations, but now, ADOI moved the investigations team to the Fraud Unit and formed the newly named **Investigations Division**. ADOI will continue to fund, investigate and submit criminal insurance fraud cases for prosecution as always, and the same personnel previously handling administrative investigations will continue to do so as the **Administrative Enforcement Section** (AES) arm of the **Investigations Division**. For questions, fraud referrals, or assistance from the **Investigations Division**, please call (602) 912-8418 or email at: [investigations@id.state.az.us](mailto:investigations@id.state.az.us).



### Employee News

On July 17, 2006 the Fraud Unit welcomed a new Special Agent, Doug Cash, a retired Mesa police officer who also has experience as a fraud investigator for Chase Bank. The Fraud Unit will be welcoming two more new investigators in the coming months.



## Arizona...a Captiv-aiding State

Since the July, 2002 effective date of Arizona's captive insurance law, Arizona has grown into one of the top Captive Insurance domiciles in the US, with a well-respected reputation for professionalism and responsiveness. To date, Arizona has issued almost 70 captive insurance licenses, an achievement yielding dividends in jobs and revenue for the state.

This past fiscal year, captive insurers paid over \$300,000 in fee revenues to the State of

Arizona and many of the national captive management companies have hired additional staff to handle their growing Arizona business. Tourism and the service sectors benefit from the requirement that captive insurers hold at least one board of directors meeting per year in Arizona. Many of those directors bring their families and stay a few extra days to enjoy the sights and hospitality in Arizona.

Since 2002, the Arizona Captive Insurance

Association (ACIA) has grown from about a dozen captive managers, actuaries, accountants and bankers to approximately 150 current members. ACIA hosts an annual conference and this year's well received conference, held over a three day period at the Arizona Biltmore, attracted nearly 170 participants. ADOI supports the continued growth and development of a quality captive insurance industry in Arizona.

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## Legislative Report

Arizona's Forty-seventh Legislature, Second Regular Session, adjourned *sine die* on, June 22, 2006. The general effective date of enacted legislation is September 21, 2006, unless the bill contained an emergency clause, or a delayed or retroactive effective date.

A summary of newly enacted legislation affecting the Department, its licensees, and insurance consumers is available on the ADOI's website in *Regulatory Bulletin 2006-5*, which generally describes the substantive content, but does not capture all details or necessarily cover all bills that may be of interest to a particular reader. The Department may follow this bulletin with other, more detailed bulletins related to implementation of the legislation. Please

address questions about this bulletin to Karlene Wenz, Executive Assistant for Policy Affairs, at (602) 364-3471, or [kwenz@id.state.az.us](mailto:kwenz@id.state.az.us).

A note about **HB 2177** which establishes a health insurance premium subsidy program for certain low-income individuals and small businesses, as well as a premium tax credit for health insurers that participate in the program. Enacted in the 2006 session of the Arizona legislature, the bill will be effective on September 21, 2006. The **Department of Revenue** will administer the program. Application forms and instructions for participants and insurers will be available on the Department of Revenue website, [www.azdor.gov](http://www.azdor.gov), beginning September 1, 2006.

## ADOI P&C MARKET MONITORING

In compliance with previous Auditor General's recommendations, the Property & Casualty Division ("P&C") completed its 2006 Market Monitoring Reports on the following lines of business: Personal Automobile, Homeowners, Commercial Automobile, Other Liability Sublines (Lawyers Professional Liability, Directors & Officers, and Architects & Engineers), Surety, Businessowners (Commercial Multiperil Subline), Medical Malpractice ("MM"), and Nursing Home Liability ("NHL").

These Reports enable the ADOI to:

- Evaluate coverage availability and affordability in the various markets and determine if price competition exists in accordance with A.R.S. § 20-383.
- Compile insurers' perceptions of the market.
- Assist in identification and possible addition of lines or classes of insurance to the Surplus Lines Export List.
- Provide insight on potential rate and form filing exemptions.

- Identify conditions that may cause market disruptions.

The P&C studies found that for most lines of business, but not all:

- Markets are concentrated in the Top 25 insurers.
- Rate differentials exist.
- Market entry and exit is relatively easy.
- Most markets are in the soft underwriting stage of the underwriting cycle.
- Insurers perceive that rates impact solvency.
- Pricing is important in the market.
- Reinsurance availability is less problematic.
- Insurers will not change their underwriting stance in 2006.

Most markets are experiencing the soft underwriting cycle, but the MM and NHL markets continue under stress, although the MM market is just beginning to show signs of stabilization as the following table illustrates.

Medical Malpractice	Nursing Home Liability
Only one insurer in 2005 wrote new business in all <i>Physician &amp; Surgeon</i> ("PS") specialties. Another insurer re-entered the PS market and will entertain all specialties in 2006.	Only one admitted insurer, under extremely limited conditions, is willing to write new NHL.
The overall average PS rate increase for the last 18 months was +4.2% compared to +23.5% for the prior 18 month period.	Competition is non-existent in the admitted market, as insurers are exiting the market and none is entering.
The number of PS market exits stabilized, as the majority of the insurers that exited the market in 2001 are no longer insurers with PS written premiums in 2005.	Insurers report reinsurance as limited, too costly, or simply not available.
The Hospital Professional ("HP") market became more constricted, as the 2005 market leader is exiting the market in 2006.	Admitted insurers indicate they are unlikely to explore re-entering the NHL market in the near future.
	Loss severity appears to be the primary factor influencing the market constraints; however, limited credible statistical data remains in the admitted market due to exits.
	Arizona's problems mirror the national problems in the NHL market.

The Department will continue to closely monitor these markets and potential legislative action in Arizona and across the nation.

# Regulatory Activity

## COMPANY ACTIONS

### NEW LICENSES ISSUED

#### Domestic Companies

Company Name	NAIC #	Effective Date	Type
1. ARIZONA MARINE AND GENERAL INSURANCE COMPANY	12294	5/23/06	Property & Casualty Insurer
2. DIVERSIFIED INSURANCE COMPANY	N/A	6/5/06	Captive Insurer
3. GNY CUSTOM INSURANCE COMPANY	10814	6/5/06	Property & Casualty Insurer
4. MOHAVE TRANSPORTATION INSURANCE COMPANY	N/A	6/13/06	Captive Insurer
5. STERLING INSURANCE GROUP, INC.	N/A	4/18/06	Captive Insurer

#### Foreign Companies

Company Name	State of Domicile	NAIC #	Effective Date	Type
1. LCS-WESTMINSTER PARTNERSHIP IV LLP (dba) EL PASEO	IA	N/A	5/30/06	Life Care Provider (Provisional Permit)
2. UNITED GUARANTY COMMERCIAL INSURANCE COMPANY OF NORTH CAROLINA	NC	16659	5/25/06	Casualty Insurer

#### Risk Retention Groups Registered

Company Name	State of Domicile	NAIC #	Effective Date
1. AMERICAN EXCESS INSURANCE EXCHANGE, RISK RETENTION GROUP	VT	10903	5/23/06
2. HOME BUILDERS NATIONAL INDEMNITY RISK RETENTION GROUP	NV	12542	5/4/06

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

Company Name	State of Domicile	Effective Date
1. AMT SERVICE CORP.	DE	4/26/06
2. SONSIO INTERNATIONAL, INC.	CO	4/6/06

#### Third Party Administrators (TPA)

Company Name	State of Domicile	Effective Date
1. DELTA DENTAL OF RHODE ISLAND DBA ALTUS BENEFIT ADMINISTRATORS	RI	4/11/06
2. EDS ADMINISTRATIVE SERVICES, LLC	DE	5/10/06

3. TALL TREE ADMINISTRATORS, LLC	UT	5/04/06
4. HEALTH NETWORK AMERICA, INC.	DE	6/14/06

### Utilization Review Agents

Company Name	State of Domicile	Effective Date
NO ACTIVITY		

## CHANGE OF AUTHORITY

Company Name	State of Domicile	NAIC #	Effective Date	Change
1. HUNTINGTON CAPTIVE INSURANCE COMPANY	AZ	N/A	4/18/06	Converted from Life & Disability Reinsurer to Captive Insurer
2. SOUTHERN INSURANCE COMPANY	TX	19216	5/10/06	Granted Surety & Workers' Compensation
3. WORK FIRST CASUALTY COMPANY	MD	31232	6/5/06	Granted Workers' Compensation & Terminated Casualty Insurance Limitation

## NAME CHANGES

Old Name (to) New Name	State of Domicile	NAIC #	Effective Date
1. HIGHMARK LIFE INSURANCE COMPANY (to) HM LIFE INSURANCE COMPANY	PA	93440	4/1/06
2. HUNTINGTON CREDIT REINSURANCE COMPANY (to) HUNTINGTON CAPTIVE INSURANCE COMPANY	AZ	N/A	4/18/06
3. SCAN HEALTH PLAN ARIZONA, INC. (to) SCAN HEALTH PLAN ARIZONA	AZ	12279	4/6/06

## ARIZONA REDOMESTICATIONS

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

## ACQUISITIONS/MERGERS/WITHDRAWALS

### Acquisitions of Arizona Companies

Company Name	NAIC #	Date Order Filed	Acquired By
1. PRIVATE MEDICAL-CARE OF ARIZONA, INC.	95366	4/6/06	PRIVATE MEDICAL-CARE, INC.



2. PREMIER CHOICE DENTAL, INC.	95224	6/26/06	PREMIER DENTAL HOLDINGS, INC.
3. ADVANCE INSURANCE COMPANY	83445	6/20/06	WELLCARE MANAGEMENT GROUP, INC.

### 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. LINCOLNWAY LIFE INSURANCE COMPANY	AZ	N/A	4/11/06
2. PARAGON LIFE INSURANCE COMPANY	MO	93564	6/20/06

### 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. ADMIRAL LIFE INSURANCE COMPANY OF AMERICA	71390	06/20/06
2. AMERICAN SAVINGS LIFE INSURANCE COMPANY	91910	06/22/06
3. ARIZONA HOME INSURANCE COMPANY	38490	06/26/06
4. ARIZONA NATIONAL LIFE INSURANCE COMPANY	60018	04/24/06
5. ARIZONA STATE COMPENSATION FUND	36714	06/22/06
6. BANC ONE LIFE REINSURANCE COMPANY	77534	06/26/06
7. BREMER LIFE INSURANCE COMPANY	81221	06/27/06
8. CANYON STATE LIFE INSURANCE COMPANY	72958	04/04/06
9. CONCORD LIFE INSURANCE COMPANY	73482	06/19/06
10. FUTURAL LIFE INSURANCE COMPANY	78549	05/24/06
11. GEORGIA PEOPLES LIFE INSURANCE COMPANY	87289	04/04/06
12. GUARANTEE SECURITY LIFE INSURANCE COMPANY OF ARIZONA	83232	04/04/06
13. HUNTINGTON NATIONAL LIFE INSURANCE COMPANY, THE	92150	06/15/06
14. NAUTILUS INSURANCE COMPANY	17370	06/22/06
15. NEWPORT INSURANCE COMPANY	24848	04/04/06

16. OLD UNITED LIFE INSURANCE COMPANY	76007	05/01/06
17. PENN-OHIO LIFE INSURANCE COMPANY	94935	06/19/06
18. RAINIER INSURANCE COMPANY	43915	06/20/06
19. SCOTT LIFE INSURANCE COMPANY	76961	06/19/06
20. SEB TRYGG LIFE (USA) ASSURANCE COMPANY LIMITED, THE	89071	06/15/06
21. SOUTHERN GENERAL UNDERWRITERS INSURANCE COMPANY	37311	06/20/06
22. SUNTRUST INSURANCE COMPANY	85995	06/19/06
23. SUPERIOR VISION INSURANCE, INC.	60188	04/26/06
24. TENNESSEE LIFE INSURANCE COMPANY	85502	04/04/06
25. TRANSAM ASSURANCE COMPANY	71986	05/24/06
26. TWIN LIFE INSURANCE COMPANY	80209	06/27/06

## MARKET CONDUCT EXAMINATIONS

Company Name Findings	State of Domicile	NAIC #	Date Filed	Civil Penalty	Restitution + Interest
Civil Service Employees Insurance Company					
1. Company failed to provide the minimum 7 day grace period for policies cancelled for non-payment of premium.	CA	10693	4/25/06	\$12,500.00	N/A
CSE Safeguard Insurance Company					
2. Company failed to provide the minimum 7 day grace period for policies cancelled for non-payment of premium.	CA	18953	4/27/06	\$12,500.00	N/A
Bankers Life and Casualty Company					
3. Company failed to implement procedures to ensure that required rating disclosures are provided to policyholders at the time of application. Company failed to establish standards for the reasonable determination if LTC coverage appropriate for applicant.	IL	61263	5/2/06	\$15,000.00	N/A
Titan Insurance Company					
6. Company failed to provide the minimum 7 day grace period for policies cancelled for non-payment of premium.	MI	36269	6/2/06	\$40,000.00	N/A
Pacificare Life Assurance Company					
7. Improperly limited benefits payable for spinal treatment services in violation of A.R.S. § 20-461(A)(17) and (B).	CO	84506	6/21/06	\$25,000.00	N/A

## SUSPENSIONS/REINSTATEMENTS

Company Name	State of Domicile	NAIC #	Effective Date	Action
1. CNP INSURANCE COMPANY	AZ	27938	4/3/06	Suspended

## OTHER DISCIPLINARY ACTIONS

Company Name	State of Domicile	NAIC #	Effective Date	Findings	Action
1. PRIME INSURANCE SYNDICATE, INC., DBA PRIME INSURANCE SYNDICATE	N/A	N/A	4/18/06	Unauthorized transaction of insurance	Consent Order No. 06A-022
2. INTERNATIONAL FIDELITY INSURANCE COMPANY	NJ	11592	4/20/06	Failed to pay a court ordered judgment	Consent Order No. 06A-061 \$1,000 Civil Penalty

## OTHER REGULATORY ACTIONS

Company Name	State of Domicile	NAIC #	Effective Date	Action
1. REPUBLIC WESTERN INSURANCE COMPANY	AZ	31089	6/2/06	Corrective Order Vacated

## PRODUCERS AND OTHER LICENSEES DISCIPLINED

Cause No. Name City – State	Allegation	Disposition
1. 06A-005 Dale Lewis Cash	Failed to provide certification of licensure from the new resident state within 30 days of becoming licensed in the new home state; failed to inform the Department in writing within 30 days of any change in the licensee's residential or business address.	4/11/06 Order License Revoked
2. 06A-025 Brett Jeffrey Messerschmidt	Failed to submit full set of fingerprints to the Department; provided incomplete information in the license application.	4/11/06 Consent Order \$100.00 Civil Penalty
3. 06A-028 Marie Claire Gladstein	Failed to submit full set of fingerprints to the Department; provided incomplete information in the license application	4/10/06 Consent Order \$100.00 Civil Penalty
4. 06A-062 Mark Alan Reeves	Felony conviction.	4/20/06 Consent Order License Revoked

5. 06A-065 Jennifer Trinh Vo Glendale, AZ	Failed to submit full set of fingerprints to the Department; provided incomplete information in the license application.	4/25/06 Consent Order License Revoked
6. 06A-026 Ellen D. Carlson Surprise, AZ	Failure to submit full set of fingerprints to the Department; provided incomplete information in the license application.	4/28/06 Order License Revoked
7. 06A-027 David Samuel Garcia Phoenix, AZ	Failed to submit full set of fingerprints to the Department; provided incomplete information in the license application.	4/28/06 Order License Revoked
8. 06A-024 Andrea Lu Shubin Phoenix, AZ	Failed to submit full set of fingerprints to the Department; provided incomplete information in the license application.	5/1/06 Order License Revoked
9. 06A-068 Joseph Martin Casados, dba, Northern Arizona Bail Bonds Flagstaff, AZ	Failed to hold collateral in a fiduciary capacity separate and apart from any other funds, assets or property; demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this State; failure to maintain a proper daily bond register; failure to deliver properly executed receipts.	5/2/06 Consent Order License Revoked
10. 06A-055 Richard Morton Godfrey Waycross, GA	Failed to provide certification of licensure from the new resident state within 30 days of becoming licensed in the new home state; failed to inform the Department in writing within 30 days of any change in the licensee's residential or business address.	5/2/06 Consent Order Surrender of Non-Resident Insurance Producer's License \$100.00 Civil Penalty
11. 06A-047 Martin L. Shupla Houston, TX	Failed to provide certification of licensure from the new resident state within 30 days of becoming licensed in the new home state; failed to inform the Department in writing within 30 days of any change in the licensee's residential or business address.	5/2/06 Consent Order Surrender of Non-Resident Insurance Producer's License \$100 Civil Penalty
12. 06A-070 Michael Richard Mazzella, Sr. Scottsdale, AZ	Shared commission with a non-licensed person.	5/3/06 Consent Order \$1,000 Civil Penalty
13. 06A-052 Crystal Joy Lee San Antonio, TX	Failed to provide certification of licensure from the new resident state within 30 days of becoming licensed in the new home state; failed to inform the Department in writing within 30 days of any change in the licensee's residential or business address.	5/16/06 Consent Order \$100 Civil Penalty License Revoked
14. 06A-076 RBL, Inc., DBA for Select Auto Insurance Glendale, AZ	Transacted Mexican Surplus Lines business with a license.	5/19/06 Consent Order Cease and Desist \$1,000 Civil Penalty
15. 06A-049 Robin Michelle Sweat Kingman, AZ	Failed to provide certification of licensure from the new resident state within 30 days of becoming licensed in the new home state; failed to inform the Department in writing within 30 days of any change in the licensee's residential or business address.	6/1/06 Consent Order \$100.00 Civil Penalty

16. 06A-094 Melissa D. Morris Safford, AZ	Misrepresented terms of an actual or proposed insurance contract or application; admitted committing unfair trade practice or fraud; misappropriated funds; used fraudulent, coercive or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere.	6/13/06 Consent Order License Revoked
17. 05A-158 Xpress Protection Insurance Services, Murphy & Associates Insurance Services, Inc., David W. Murphy, Colleen W. Murhpy, and Nicholas J. Murphy Scottsdale, AZ	Misrepresented terms of an actual or proposed insurance contract; misappropriated funds; used fraudulent, coercive or dishonest practices, untrustworthiness or financial irresponsibility in the conduct of business; knowingly prepared an application for insurance that contained untrue statement of material fact.	6/13/06 Order All Licenses Revoked \$12,000 Civil Penalty

## RULES, BULLETINS, PRESS RELEASES

### Rules

Citation	Title	Action	Status
Article 2	Transaction of Insurance	Notice of Proposed Rulemaking Docket Opening filed with Secretary of State 7/28/06	Oral proceeding to be held at ADOI 9/26/06. Record closes 9/29/06
Articles 1, 2 and 3		Five-Year Review Statutorily required review of these Articles	Will be filed with GRRC by 9/29/06
Articles 18 & 20		Five-Year Review Statutorily required review of these Articles	The report was approved at the 8/1/06 GRRC meeting.

### Regulatory Bulletins

Number	Title	Date Issued
NO ACTIVITY THIS QUARTER		

### Press Releases

Title	Date Issued
New Title Insurance Resources Available from the Arizona Department of Insurance	Jun, 29 2006