

Fourth Quarter 2004

# Insurance Regulator

State of Arizona  
DEPARTMENT OF  
INSURANCE

Janet Napolitano  
Governor  
Christina Urias  
Director

## From the Director...

### ADOI Joins NAIC Producer Compensation Investigation

In response to the recent scandal involving Marsh, Inc. and alleged improprieties involving broker/producer compensation arrangements, on December 29, 2004, the NAIC adopted an amendment to the Producer Licensing Model Act to require brokers/producers to disclose their compensation arrangements to ensure that their consumer clients have the information necessary to make informed decisions on their purchase of insurance products.

This action by the NAIC Executive Task Force on Broker Activities is only one part of a three-part action plan outlined in a recent NAIC News Release that also includes "creating more transparency for insurance consumers through better disclosure of broker compensation arrangements; continuing to help state regulators coordinate efforts to address improper conduct by

brokers and insurers through investigation and collection of relevant information; and the implementation of a new on-line fraud reporting system."

Section A of the NAIC model legislation specifies certain exceptions, but, generally requires the broker/producer to make appropriate disclosures of any compensation received in a transaction involving the placement of insurance. Currently, the Task Force is giving further consideration to the development of additional (Section B) requirements, such as recognition of a fiduciary responsibility of producers, disclosure of all quotes received by a broker, and disclosures relating to agent-owned reinsurance arrangements.

As part of this ongoing investigation into alleged improper broker activities, the Arizona Department of Insurance (ADOI) joined with other states to investigate the

activities of certain of their domestic insurers and producers. On December 23, 2004 the Director sent NAIC recommended model inquiry letters to 25 Arizona domestic commercial property and casualty insurers and 16 Arizona producers posing a number of questions and requests for documents and information. At this point, ADOI is reviewing the initial responses to determine the necessity for further investigation or examination of specific insurers, producers, or other lines of business. ADOI appreciates your cooperation in its efforts to assure that no such improper broker/producer activities occur in Arizona.

Please direct questions to Paul J. Hogan, Market Oversight Division Administrator at 602-912-8442 or by email at [phogan@id.state.az.us](mailto:phogan@id.state.az.us).

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### Mission Statement

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

## Regulator Profile: *Karlene Wenz*

The ADOL is proud to introduce its new *Executive Assistant for Policy Affairs*, Karlene Wenz. She comes to us from Illinois where she was Director of Government Relations for Northwestern University and Northwestern Memorial Hospital between 1999 and 2004. Prior to that, Karlene was a Legislative Analyst for the American Academy of Pediatrics.

Karlene is working on her Masters in Public Service Management and received her Bachelors degree in Public Administration and French from the Miami University, Oxford, Ohio in 1992.

An avid golfer, Karlene was pleased to relocate to Arizona where she's apt to have many more days of good golfing weather.



## Market Analysis Surveys

The annual **Market Conduct Surveys and Census** forms are due **March 1, 2005**.

In an effort to improve efficiencies and reduce costs, you can access and download the **five surveys** from the Department web site (in Excel 97 format), [http://www.id.state.az.us/insforms.html#section\\_two-c](http://www.id.state.az.us/insforms.html#section_two-c):

- \* Personal Lines Policies In Force Survey 2004
- \* Motor Vehicle Non-Renewal Report 2004
- \* P & C Insurers with Disability Lines Survey Report 2004
- \* L & D Policyholder and Certificate Census Report 2004, *and*
- \* Managed Care Member Enrollment Survey 2004

Please complete these surveys and mail to:

Janet A Gameros  
Arizona Dept of Insurance  
Market Oversight Division  
2910 N 44<sup>th</sup> Street, Suite 210  
Phoenix, AZ 85018

Or, you can fax them to 602-912-8469, or email them to [marketconduct@id.state.az.us](mailto:marketconduct@id.state.az.us).

Please send questions about the survey to [marketconduct@id.state.az.us](mailto:marketconduct@id.state.az.us) or call Janet Gameros at 602-912-8442. ☐

# ARIZONA ACCEPTS NON-RESIDENT LICENSE APPLICATIONS *ELECTRONICALLY!*

An insurance producer who is licensed as a resident outside Arizona may now apply for an Arizona non-resident license online, quickly and easily, through the Electronic Non-Resident Licensing (E-NRL) process. From the National Insurance Producer Registry (NIPR) Internet web site ([www.licenseregistry.com](http://www.licenseregistry.com)), most insurance producers can either:

- complete an on-line NRL application from the NIPR web site, or
- submit an electronic application using one of the authorized business partners.

The screenshot shows the NIPR website interface. At the top, the NIPR logo is displayed with the tagline "Accelerating the Producer Licensing Process". Below the logo is a navigation bar with links: Home | About NIPR | NAIC | State Web Sites | Products & Services | Newsroom | FAQs | Contact Us. A search bar is located on the left side. The main content area is titled "Accelerating Producer Licensing and Registration for the Insurance Industry!". Underneath, there is a section for "Non-Resident Licensing" with several links: "Electronic Non-Resident Licensing" (highlighted with a purple box), "On-Line NRL Application", "States Accepting Electronic NRL", "Authorized Business Partners - Offering Electronic NRL" (highlighted with an orange box), "Resident State Guide", "State - Specific Rule for Electronic NRL", "Paper Non-Resident Licensing", "Uniform Non-Resident Licensing and Licensing Reciprocity", and "State Matrix of Business Rules" (highlighted with a blue box). A sidebar on the right contains "What's New at the NIPR" and "Minutes from the NAIC Summer National Meeting".

*Electronic nonresident license applications cannot be used in all circumstances. Information provided from Arizona's page within the State Matrix of Business Rules provides some of the circumstances in which applications must be submitted by paper.*

# ADOI P&C Market Monitoring

In compliance with the Auditor General's recommendations, the Property & Casualty Division annually monitors the insurance market and recently completed its 2004 market monitoring reports on Personal Automobile, Homeowners, Medical Malpractice, Commercial Automobile, Surety, Businessowners (Commercial Multiperil Subline), Other Liability Sublines (Lawyers Professional, Directors & Officers, Architects & Engineers), Construction Defects, Nursing Home Liability. Essentially, the P & C Division's analyses and reports: (1) evaluate whether coverage is available at an affordable price in the various markets; (2) determine whether a reasonable degree of price competition exists per A.R.S. § 20-383; (3) obtain insurers' perceptions of the market; (4) identify lines or classes of insurance appropriate for the Surplus Lines Export List; (5) identify potential filing exemptions on forms and rates; and, (6) learn whether market disruptions and/or distortions exist that may cause:

- Insurers to exit or fail to enter the market;
- A single insurer to acquire price control; and/or
- Insurers to reunderwrite, nonrenew or cancel existing business.

Generally, as to most lines, the P & C Division found that 2004 rate differentials exist and market

entry and exit is relatively easy. Although reinsurance remains problematic in some lines, the Hard Market is somewhat softening in Commercial Automobile, Businessowners, and the Other Liability sublines. A degree of competition exists and insurance in most lines is available and reasonably affordable. While many insurers are maintaining a latent posture and could enter the market at any time, others are actively engaged, although the number of insurers engaged varies by line and competitor market shares significantly change as insurers enter or exit the market. Insurers, overall, perceive that rates impact solvency, that underwriting cycles affect most lines surveyed and pricing is very important in the market.

While some markets are softening, others remain stressed. The nursing home liability, the physicians and surgeons medical malpractice liability, and the construction defects markets remain the most troubled. Unfortunately, problems affecting these markets are national in scope, and clear solutions are unlikely. The Department will continue to closely monitor these markets and potential legislative action in Arizona and across the nation, both on the state and federal levels.

## *Market Summaries:*

### **Nursing Home Liability (NHL)**


- Three admitted insurers, under extremely limited conditions, are willing to write NHL.
- Competition is extremely limited in the admitted market.
- Most insurers that possess the authority to write NHL are choosing not to write it.
- Reinsurance is too limited or too costly or simply not available.
- The primary reason for insurers' market exit or non-entry is NHL's historic nonprofitability.
- Arizona's problems mirror those of the nation.
- It is unlikely that a significant number of admitted insurers will soon enter the NHL market.
- Loss severity appears to be in-

creasing, but little credible statistical data remains in the admitted market due to exits.

### **Medical Malpractice (Physicians and Surgeons)**

- Continued insurer exits are further constricting the market.
- The overall average rate increase, last 18 months, was +34.3%.
- Some insurers tentatively enter the market, but presence lends no stability and they do not remain for any significant period.
- One insurer remains that will write all specialties and all classes as new business in the PS market; 14 reported having written some premium in 2003.

### **Construction Defects (CD)**

- Most information is anecdotal because insurers do not report information on CD separately.
- Most CD is written by market mechanisms other than the admitted market.
- Four admitted insurers write some CD, but only as part of general liability or package policy.
- Statistics are almost nonexistent. Information from insurers may not be reliable or complete as insurers may not keep independent track of CD data (e.g., one writer does not track CD, does not keep independent records on it, and cannot provide us with basic data such as its writings and loss information on the subline). 

## Arizona: No More Captivating Place On Earth

Since initiating its program in July of 2002, Arizona's Captive Insurance Program is growing rapidly with the licensing of 25 new captives in 2004. At year-end, it claimed 39 active programs with \$145 million in capitalization and more than \$250 million in gross written premium.

Single Parent/Pure captives dominate with 62% of the total, but Risk Retention Groups account for almost all of the rest with 33%. Medical practitioners, including physician groups, hospitals and nursing homes have formed 44% of the active programs and, therefore, Professional Liability and General Liability comprise the most common coverages afforded under the program.

Some advantages of forming a captive in Arizona include:

- ◆ No premium taxes.
  - ◆ Reasonable capitalization requirements.
  - ◆ An empowering, dynamic and competitive captive insurance law allowing virtually any type of profit or non-profit entity to form single parent, group, agency owned, risk retention group, protected/segregated cell captives. Reciprocals are welcome as well.
  - ◆ A supportive governor, legislature, and Director of Insurance, recognizing captives as viable alternatives to the commercial insurance marketplace.
  - ◆ One of the most respected, accessible regulatory environments in the country, responsible for the oversight of more premium volume than any other major captive domicile, i.e. VT, SC, DC, HI.
- ◆ Easy and inexpensive air travel and a full array of hotels, resorts & restaurants for every taste and budget.
  - ◆ World class golf for players and spectators.
  - ◆ "Year-round" Professional Baseball with Cactus League and Diamondbacks.
  - ◆ The NFL Cardinals, the NBA Suns, WNBA Mercury, the NHL Coyotes, AFL Rattlers, AZ Thunder soccer as well as Arizona State and University of Arizona sports.
  - ◆ NASCAR and Professional Rodeo.
  - ◆ The Grand Canyon, Sedona, Verde Canyon, and the beautiful Sonoran Desert.
  - ◆ Symphony, ballet, opera, theater, exclusive shopping and unparalleled Western Art.
  - ◆ More than 300 sunny days per year to hike, bike, swim, and enjoy! ■

### Insurance Regulator

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# Fraud Unit Report

## **Monthly AASIU Meetings**

The ADOI Fraud Unit continues to hold monthly information gathering meetings at the conclusion of the AASIU meetings and encourages members of the industry to attend and participate. You may find that others are experiencing similar problems with the same types of fraud and/or the same people and, working together, SIU and Fraud Unit investigators can more successfully combat insurance fraud in our state.

The Fraud Unit distributes an email notice about the time and location of its monthly meetings. If you are not currently receiving this notification, please contact the Fraud Unit at (602) 912-8418 to add your name to the mailing list.

## **Personnel Changes**

At least two Fraud Unit investigators may retire in 2005. Special Investigator Anna Garcia left the Department in December and the Fraud Unit is currently seeking AZPOST certified, Spanish speaking applicants. Please refer any questions regarding Ms. Garcia's pending cases to Investigations Supervisor, Chuck Gregory.

## **Fraud Referrals**

All referrals to the Fraud Unit should include *"the victim company NAIC number, a brief synopsis of the incident, the dollar amount of the claim and if it has been paid or not"*. The Fraud Unit uses this information to determine whether to assign the referral for investigation. A continuing reminder: the law requires insurers to refer cases to the Fraud Unit when they **suspect** *"...a fraudulent claim has been or is being made"* (A.R.S. § 20-466(G)).

### **FRAUD UNIT STATISTICS CY 2004**

TOTAL REFERRALS	2014
TOTAL CRIMINAL CASES OPENED	345
TOTAL NUMBER OF CASES TO AG'S	161
NUMBER OF INDICTMENTS	97
NUMBER OF CONVICTIONS	75
TOTAL RESTITUTION	\$871,140.24
TOTAL FINES	\$28,610.00
RECOVERED PROPERTY \$AMOUNT	\$59,221.29
AMOUNT SAVED INS. COMPANIES	1,923,093.20
TOTAL RETURNED CASES	16
TOTAL CRIMINAL CASES CLOSED	491

\* Referral did not fit guidelines for further investigation, or referring party failed to provide required documentation.

# Regulatory Activity

## COMPANY ACTIONS

### NEW LICENSES ISSUED

#### Domestic Companies

	Company Name	NAIC #	Effective Date	Type
1.	ADVANCED PHYSICIANS INSURANCE RISK RETENTION GROUP, INC.	12166	10/1/04	Risk Retention Group
2.	CALIFORNIA MEDICAL GROUP INSURANCE COMPANY, RISK RETENTION GROUP	12180	11/17/04	Risk Retention Group
3.	CAST CAPTIVE INSURANCE COMPANY	N/A	10/1/04	Pure Captive
4.	CHARITABLE SERVICE PROVIDERS RISK RETENTION GROUP	12167	11/1/04	Risk Retention Group
5.	HEALTHCARE CAPTIVE INSURANCE COMPANY	N/A	11/23/04	Pure Captive
6.	MEDICAL MANAGEMENT CAPTIVE INSURANCE COMPANY	N/A	12/15/04	Pure Captive
7.	MSIIL CAPTIVE INSURANCE COMPANY	N/A	12/22/04	Pure Captive
8.	ORANGE COUNTY MEDICAL RECIPROCAL INSURANCE COMPANY, A RISK RETENTION GROUP	12183	10/18/04	Risk Retention Group
9.	RESTORATION RISK RETENTION GROUP, INC.	12209	12/28/04	Risk Retention Group
10.	ROSKAMP/SUN HEALTH COLONNADE, LLP (Facility) THE COLONNADE	N/A	12/14/04	Life Care Provider Provisional Permit
11.	SAGUARO NATIONAL CAPTIVE INSURANCE COMPANY	N/A	12/17/04	Pure Captive

#### Foreign Companies

	Company Name	State of Domicile	NAIC #	Effective Date	Type
1.	AMERICAN MEDICAL AND LIFE INSURANCE COMPANY	NY	81418	11/3/04	Life & Disability Insurer
2.	CHURCH LIFE INSURANCE CORPORATION	NY	61875	11/19/04	Life & Disability Insurer
3.	COFACE NORTH AMERICA INSURANCE COMPANY	MA	31887	12/9/04	Casualty Insurer
4.	EASTERN ATLANTIC INSURANCE COMPANY	PA	28649	11/29/04	Property & Casualty Insurer
5.	GARRISON PROPERTY AND CASUALTY INSURANCE COMPANY	TX	21253	10/12/04	Property & Casualty Insurer
6.	GEOVERA INSURANCE COMPANY	MD	10799	12/15/04	Property & Casualty Insurer
7.	INDEPENDENCE AMERICAN INSURANCE COMPANY	DE	26581	11/3/04	Property & Casualty Insurer
8.	INFINITY NATIONAL INSURANCE COMPANY	IN	10068	10/12/04	Property & Casualty Insurer

# Regulatory Activity

9.	INSTIL HEALTH INSURANCE COMPANY	SC	12168	12/28/04	Disability Insurer
10.	NORTH POINTE INSURANCE COMPANY	MI	27740	11/3/04	Property & Casualty Insurer
11.	SEQUOIA INSURANCE COMPANY	CA	22985	10/4/04	Property & Casualty Insurer

## Risk Retention Groups Registered

	Company Name	State of Domicile	NAIC #	Effective Date
1.	AMERIGUARD RISK RETENTION GROUP, INC.	VT	12171	11/15/04
2.	CLAIM PROFESSIONALS LIABILITY INSURANCE COMPANY (A RISK RETENTION GROUP)	VT	12172	11/1/04
3.	EMERGENCY MEDICINE PROFESSIONAL ASSURANCE COMPANY RISK RETENTION GROUP	NV	12003	10/4/04
4.	OCEANUS INSURANCE COMPANY, A RISK RETENTION GROUP	SC	12189	12/3/04

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

	Company Name	State of Domicile	Effective Date
1.	ALL MOTORISTS INSURANCE AGENCY, INC.	CA	11/19/04
2.	CPP WARRANTIES, LLC	DE	11/10/04
3.	EB SPECIALTY SERVICES, INC.	DE	12/10/04
4.	GENERAL ELECTRIC COMPANY	NY	11/18/04

## Third Party Administrators (TPA)

	Company Name	State of Domicile	Effective Date
1.	AMERIHEALTH MERCY HEALTH PLAN	PA	10/4/04
2.	AVIDITY HEALTH CARE SOLUTIONS, INC.	AZ	10/4/04
3.	EMPLOYEE BENEFITS CORPORATION	WI	12/7/04
4.	MANAGING AGENCY GROUP, INC. (THE)	CI	11/4/04
5.	SYNERTECH HEALTH SYSTEM SOLUTIONS, LLC	PA	12/21/04
6.	TEXAS INTERNATIONAL LIFE INSURANCE COMPANY	TX	12/6/04

## Utilization Review Agents

	Company Name	State of Domicile	Effective Date
1.	MEDCOM CARE MANAGEMENT, INC.	LA	12/9/04



# Regulatory Activity

## CHANGE OF AUTHORITY

	Company Name	State of Domicile	NAIC #	Effective Date	Change
1.	COLONIAL SURETY COMPANY	PA	10758	11/19/04	Granted Casualty Without Workers' Compensation
2.	DENNIS LIFE INSURANCE COMPANY	AZ	N/A	10/26/04	Converted to Unaffiliated Credit Life & Disability Reinsurer
3.	EAGLE INSURANCE COMPANY	AZ	N/A	11/8/04	Converted to Unaffiliated Credit Life & Disability Reinsurer
4.	FIRST VOLUNTEER INSURANCE COMPANY	AZ	N/A	12/1/04	Converted to Unaffiliated Credit Life & Disability Reinsurer
5.	STATE NATIONAL INSURANCE COMPANY, INC.	TX	12831	11/3/04	Granted Surety

## NAME CHANGES

	Old Name (to) New Name	State of Domicile	NAIC #	Effective Date
1.	21 <sup>ST</sup> CENTURY INSURANCE COMPANY OF ARIZONA (to) 21 <sup>ST</sup> CENTURY INSURANCE COMPANY OF THE SOUTHWEST	AZ	10245	10/13/04
2.	FEDERAL KEMPER LIFE ASSURANCE COMPANY (to) CHASE INSURANCE LIFE AND ANNUITY COMPANY	IL	63207	11/1/04
3.	TOKIO MARINE AND FIRE INSURANCE CO., LTD. (U.S. BRANCH) (to) TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD. (U.S. BRANCH)	JAPAN	12904	10/1/04
4.	ZURICH LIFE INSURANCE COMPANY OF AMERICA (to) CHASE INSURANCE LIFE COMPANY	IL	70661	11/1/04

## ACQUISITIONS/MERGERS/WITHDRAWALS

### Acquisitions of Arizona Companies

	Company Name	NAIC #	Date Order Filed	Acquired By
1.	MARQUETTE INDEMNITY & LIFE INSURANCE COMPANY	87394	10/7/04	MICHAEL C. CONLEY RICHARD T. MURRAY DAVID L. TAICLET

# Regulatory Activity

## Mergers involving Arizona Companies

Company Name Merged Into	State of Domicile	NAIC #	Date Order Filed
1. FIRST CITY LIFE INSURANCE COMPANY (Into) SCOTT LIFE INSURANCE COMPANY	AZ AZ	81990 76961	12/28/04
2. GLENBROOK LIFE AND ANNUITY (Into) ALLSTATE LIFE INSURANCE COMPANY	AZ IL	70092 60186	12/17/04
3. RUSHMORE LIFE INSURANCE COMPANY (Into) NORTH AMERICAN NATIONAL LIFE INSURANCE COMPANY	AZ AZ	76384 73750	12/17/04
4. SOUTHTRUST LIFE INSURANCE COMPANY (Into) FIRST UNION LIFE INSURANCE COMPANY	AZ AZ	83585 72559	12/23/04
5. UFS LIFE REINSURANCE COMPANY & (Into) SCOTT LIFE INSURANCE COMPANY	AZ AZ	71757 76961	12/28/04

## Withdrawals from Arizona

Company Name	State of Domicile	NAIC #	Date Order Filed
1. BANKERS NATIONAL LIFE INSURANCE COMPANY	TX	71900	12/30/04
2. ELITE LIFE INSURANCE COMPANY	AZ	N/A	10/7/04
3. KEYES LIFE INSURANCE COMPANY	AZ	N/A	10/19/04
4. LA PORTE LIFE INSURANCE COMPANY	AZ	N/A	12/27/04
5. METROPOLITAN INSURANCE AND ANNUITY COMPANY	DE	86428	11/26/04
6. MIMLIC LIFE INSURANCE COMPANY	AZ	64912	10/19/04
7. MUTUAL SERVICE CASUALTY INSURANCE COMPANY	MN	23647	10/29/04
8. NEW ENGLAND PENSION AND ANNUITY COMPANY	DE	91618	11/26/04
9. PENSION LIFE INSURANCE COMPANY OF AMERICA	NJ	67687	12/1/04
10. RURBAN LIFE INSURANCE COMPANY	AZ	N/A	10/19/04
11. SOUTHLAND LIFE INSURANCE COMPANY	TX	68950	10/19/04
12. TRANSAMERICA ASSURANCE COMPANY	MO	80829	11/26/04
13. U.K. LIFE INSURANCE COMPANY	AZ	94870	12/27/04
14. UNIFIED INVESTORS LIFE INSURANCE COMPANY	AZ	77836	12/20/04
15. WESTTHRIFT LIFE INSURANCE COMPANY	AZ	92142	10/19/04

# Regulatory Activity

## SUPERVISIONS/RECEIVERSHIPS

	Company Name	State of Domicile	NAIC #	Effective Date	Action Taken
1.	AMERICAN BONDING COMPANY	AZ	10138	10/8/04	Liquidation

## FINANCIAL EXAM REPORTS

	Company Name	NAIC #	Date Report Filed
1.	CIGNA HEALTHCARE OF ARIZONA, INC.	95125	12/29/04
2.	CRUM & FORSTER SPECIALTY INSURANCE COMPANY	44520	12/20/04
3.	FREEDOM FINANCIAL LIFE INSURANCE COMPANY	86657	12/2/04
4.	HUNTINGTON CREDIT REINSURANCE COMPANY	92690	12/30/04
5.	MARQUETTE INDEMNITY & LIFE INSURANCE COMPANY	87394	12/29/04
6.	RADIAN MORTGAGE INSURANCE INC.	33944	11/8/04
7.	ROCKFORD LIFE INSURANCE COMPANY	60008	10/28/04

## MARKET CONDUCT EXAMINATIONS

Company Name Findings	State of Domicile	NAIC #	Date Filed	Civil Penalty	Restitution + Interest
NO ACTIVITY THIS QUARTER					

## SUSPENSIONS/REINSTATEMENTS

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

# Regulatory Activity

## OTHER DISCIPLINARY ACTIONS

Company Name	State of Domicile	NAIC #	Effective Date	Action
1. New York Life Insurance Company	NY	66915	10/1/04	Consent Order; Race-based underwriting relating to the sale of industrial life and certain other life insurance policies. This order adopts a Multi-State Regulatory Settlement Agreement.
2. Coast Life Insurance Company	AZ	5639	12/2/04	Consent Order; Failure to timely file 2003 Annual Statements \$3,200 Penalty Fee
3. Canyon State Life Insurance Company	AZ	72958	12/2/04	Consent Order; Failure to timely file Annual and Quarterly Statements \$6,725 Penalty Fee
4. The Paul Revere Life Insurance Company	MA	67598	12/30/04	Consent Order; Unfair Claims Settlement Practices. This order adopts a Multi-State Regulatory Settlement Agreement. *
5. Unum Life Insurance Company of America	ME	62235	12/30/04	Consent Order; Unfair Claims Settlement Practices. This order adopts a Multi-State Regulatory Settlement Agreement. *
6. Provident Life and Accident Insurance Company	TN	68195	12/30/04	Consent Order; Unfair Claims Settlement Practices. This order adopts a Multi-State Regulatory Settlement Agreement. *

\* A penalty will be paid by all three companies. The amount is yet to be determined depending upon the number of participating states.

## PRODUCERS AND OTHER LICENSEES DISCIPLINED

Cause No. Name City - State	Allegation	Disposition
104A-124 Jonathan Edward Hogge San Diego, CA	Prior license revocation in North Dakota; failure to report to the Department administrative action taken in another jurisdiction; used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in North Dakota; failure to inform the Director in writing within 30 days after any change in residential or business address.	10/1/04 Order License Revoked

# Regulatory Activity

104A-146 S. Maria Johnson Scottsdale, AZ	Failure to maintain in force, while licensed, a \$10,000 surety bond in favor of this state; failure to inform the Director in writing within 30 days of any change in residential or business address.	10/6/04 Consent Order License Revoked
204A-126 Scott Andrew Clouse Chandler, AZ	Failure to maintain in force, while licensed, a \$10,000 surety bond in favor of this state; failure to inform the Director within 30 days of any change in residential or business address.	10/19/04 Order License Revoked
304A-107 Thomas Michael Cagney and Special Risk Underwriters, Inc. Scottsdale, AZ	Prior felony conviction for aggravated assault; prior license revocation in California.	10/19/04 Order Licenses Revoked
404A-170 Melinda A. Ball Falmouth, VA	Prior license revocation in Virginia.	10/21/04 Consent Order License Revoked
504A-139 Ruth Earl-Adams Chandler, AZ	Dishonest practices, untrustworthiness and financial irresponsibility in the conduct of business; misappropriation of monies received in the course of doing insurance business.	11/18/04 Order License Revoked \$2,500 Civil Penalty \$30,000 Restitution
604A-145 Peter Anthony Newport Scottsdale, AZ	Failure to maintain a bond in force in favor of the State of Arizona executed by a surety insurer authorized to do business in the State of Arizona; failure to provide written notice to the Director within 30 days of a change in his residential or business address.	11/18/04 Order License Revoked
704A-179 Douglas H. Cundick; DHJ Enterprises, Inc. Phoenix, AZ	Disseminated before the public any advertisement or statement with respect to the business of insurance that contained deceptive or misleading statements.	11/19/04 Consent Order \$1,000 Civil Penalty
804A-212 Lupita Reyes Tucson, AZ	Transaction of insurance without a license.	12/20/04 Order to Cease and Desist \$3,570 Restitution

# Regulatory Activity

## RULES, BULLETINS, PRESS RELEASES

### Rules

Citation	Title	Action	Status
20 A.A.C. 19	Health Care Service Organizations Oversight	The Department held 2 informal meetings and a teleconference in December 2004 to receive comments on the latest draft rules.	The Department is revising draft rules based on stakeholder feedback and intends to file proposed rules by the 2nd quarter of 2005.
R20-6-2002	(Captive Insures) Fees; Examination Costs	The Department held an oral proceeding on the proposed rule, but in response to a comment received and the Department's determination that the rule should be further revised, the rulemaking was terminated.	A new rulemaking was proposed and an oral proceeding will be held on April 11, 2005 at 9:00 a.m. at the Department. Comments must be received by 5:00 p.m. on April 11 or postmarked by that date.
20 A.A.C. 10	Long-term Care Insurance	Notice of Final Rulemaking	Rulemaking approved by G.R.R.C on November 2, 2004; filed with the Secretary of State on November 4, 2004; controlling effective date November 10, 2005; Regulatory Bulletin 2005-1 contains clarification of effective date.

### Regulatory Bulletins

Number	Title	Date Issued
2004-04	Licensing Requirements for Individuals who Procure Surplus Lines Insurance Coverage	Dec 2, 2004

### Press Releases

Title	Date Issued
Arizona Insurance Director Reviews Alleged Broker and Insurer Bid-Rigging Practices	October 25, 2004
Connecticut General Life Insurance Company Ordered To Comply With Health Insurance Laws	November 19, 2004