



Fourth Quarter 2005

Insurance Regulator

State of Arizona
**DEPARTMENT OF
INSURANCE**

Janet Napolitano
Governor
Christina Urias
Director

ADOI Mission Statement



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

Inside this issue:

Compliance Update: Provider Timely Pay	2
TRIA	3
ADOI Phones	3
Fraud Report	4
New P&C Assistant Director	4
Legislative Report	5
Around ADOI	6
Regulatory Actions	7

From the Director...Wildfire Preparation

The potential for wildfire in Arizona is extreme this year. This threat of wildfires serves as a timely reminder for Arizonans to review their homeowners and business insurance policies to ensure sufficient coverage for property and belongings in the event of loss or damage. In addition, Arizonans are being encouraged to take proactive steps to prepare for and prevent wildfire, including:

- Clear a defensible space around your house (30' recommended), especially if you live in or near wild land.
- Remove vegetative debris, prune bushes and trees, and clear your roof and gutters.
- Update your family's emergency plan—what would you take if you had one hour to evacuate, who is your family's central contact person?

- Inventory your personal belongings; store the inventory away from home or email it to a family member!
- And, of course, get an insurance check up to evaluate the adequacy of your homeowners' insurance.

Personal insurance is the primary source of recovery after a fire, so homeowners are encouraged to call their insurance agent or company to be sure the most current characteristics of

you home are on record, particularly if you have remodeled or upgraded any aspect of your home recently.

The Insurance Department has found that many insurance companies had inadequate methods for accurately estimating customers' dwelling coverage. We are working with the insurance industry to establish new policies and procedures to increase the accuracy of their coverage estimations and to improve their communication with customers. In particular, insurers agreed to: (a) issue regular, periodic inquiries to their

Learn more!

Disaster Preparedness:

Arizona 2-1-1 Online, www.az211.gov
Firewise, www.firewise.org
Institute for Business and Home Safety, www.ibhs.org
Arizona Red Cross, www.arizonaredcross.org

Insurance Preparedness:

AZ Dept of Insurance - www.id.state.az.us
Home Inventory tool - www.knowyourstuff.org
AZ Insurance Information Association, www.azinsurance.org
National Flood Insurance Program, www.floodsmart.gov

customers to verify current construction features and/or improvements to the dwelling; and, (b) re-calculate and adjust the policy limits of insureds who respond with new information that affects the replacement cost of their home.

But homeowners should not wait for their insurer to contact them--call your company or agent today to request a check up.



STATE OF ARIZONA

The **Insurance
Regulator**
is published by the
**Arizona
Department of
Insurance**

2910 N. 44th Street,
Ste. 210
Phoenix, AZ 85018
602-364-3100
www.id.state.az.us

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

Compliance Update: Timely Pay & Grievance Law

On January 20, 2006 the Insurance Director, Christina Urias, issued Regulatory Bulletin 2006-02 regarding Arizona's health care provider Timely Payment & Grievance Law (A.R.S. §§ 20-3101 and 3102). Effective since January 1, 2001, the Timely Pay & Grievance Law was the subject of the Department's November 9, 2000 Circular Letter 2000-15 and the 2005 legislative amendments in HB 2138.

Regulatory Bulletin 2006-02: (a) supersedes and withdraws Circular Letter 2000-15; (b) provides a review of the Department's implementation of the original law and the new amendments; (c) clarifies interpretation of the original law since its January 1, 2001 effective date; and, (d) revises the list of grievance types subject to reporting.

In particular, Regulatory Bulletin 2006-02 clarifies the effective dates of various provisions in the Timely Pay & Grievance Law, as follows:

- Amendments relating to claims-processing (ARS §§ 20-3102 (A) to (E)) apply to claims for dates of service on, or after, January 1, 2006.
- Amendments relating to provider grievances (ARS § 20-3102(F)) apply to grievances that an insurer receives on, or after, January 1, 2006.
- Amendments relating to payment adjustments (ARS § 20-3102(I)) apply to payments or denials that an insurer makes on or after January 1, 2006.
- Amendments relating to the change of filing locations (ARS § 20-3102 (K)) applies to claims or grievances that an insurer receives on or after January 1, 2006.

Regulatory Bulletin 2006-02 also establishes important timelines for provider grievances:

- February 15, 2006: Deadline for notifying the Department of the insurer's designated primary contact person for handling provider grievances.
- February 15, 2006: Deadline for notifying the Department of all the locations or addresses to which, as of that date, it directs providers to send their grievances.
- April 1, 2007: Insurers filing semi-annual provider grievance reports due on this day must use the grievance types and report specifications set forth in Regulatory Bulletin 2006-02. Until then, insurers may continue to use the Circular Letter 2000-15 grievance types and report specifications.

You can review the entire Bulletin at <http://www.id.state.az.us/bulletin/2006-02.pdf>. Please address questions regarding this Regulatory Bulletin to **Audrey Franklin**, Timely Pay & Grievance Analyst, at 602-364-2394 or afranklin@id.state.az.us or providerinfo@id.state.az.us.

TRIA

Due to the uncertainty in the commercial lines property and casualty insurance and reinsurance markets as a result of the substantial industry losses on September 11, 2001, Congress enacted and the President signed the Terrorism Risk Insurance Act of 2002 ("Act"), to provide a temporary federal backstop to calm market fears over future terrorist attacks. Congress and the President recently revised and extended the Act for an additional two years (through December 31, 2007) with the enactment of the Terrorism Risk Insurance Extension Act of 2005 ("Extension Act").

Subsequent to the passage of the Extension Act, the

ADOI withdrew Regulatory Bulletin 2004-3 and replaced it with Bulletin 2006-3. The new Bulletin:

- Describes changes in the Extension Act.
- Includes clarification of certified and non-certified losses.
- Advises insurers and rating organizations of certain provisions of the Extension Act that may require them to submit a filing of disclosure notices, policy language and the applicable rates, although, in many cases, insurers' current filings will be adequate.
- Describes the effect the Extension Act has on workers' compensation

insurance.

- Explains the optional provision for the Standard Fire Policy.

Bulletin 2006-03 took effect on January 26, 2006 and will expire on December 31, 2007, unless Congress further extends the duration of the Extension Act. You can review Bulletin 2006-03 at <http://www.id.state.az.us/bulletin/2006-03.pdf>.

Please direct questions related to this Regulatory Bulletin to Dean Ehler, Assistant Director, Property & Casualty Division via email (Dehler@id.state.az.us) or telephone (602-364-3453).

NEW PHONE NUMBERS

The ADOI has completed its transition to a new phone system with new phone numbers. We apologize for any difficulties callers may have encountered in the last few weeks and ask for your patience while we become increasingly familiar with the new system. The Phoenix phone numbers are summarized here:

Consumers:	602.364.2499
Consumers - Spanish:	602.364.2977
Health Care Appeals:	602.364.2399
Insurance Fraud:	602.912.8418
Life/Health Filings:	602.364.2393
Health Provider Hotline:	602.364.2395
Producer Licensing:	602.364.4457
Property/Casualty Filings:	602.364.3453

If you encounter difficulty reaching a particular division:

Main Switchboard: 602.364.3100

Regulator Profile: **Dean Ehler**

Dean Ehler is the new Assistant Director of the ADOI Property & Casualty Division. Dean started at the Department in 1991, during which time he was a Market Conduct examiner, a rate examiner and, most recently, Property & Casualty Division Supervisor. Dean has a business administration degree from ASU and has been a CPCU (Chartered Property & Casualty Underwriter) since 1989. Prior to his employment with the ADOI, Dean had 13 years of experience as a commercial senior underwriter with Unigard Insurance Group.

Dean's excellent skills, background and vast knowledge of the Division after years of working closely with Deloris Williamson, made him ideally suited to assume the role of Assistant Director of the P & C Division.



Fraud Report

Auto Glass Repair Fraud Conference

On December 7, 2005, the Arizona Department of Insurance (ADOI) Fraud Unit joined the National Insurance Crime Bureau (NICB), the Arizona Auto Theft Investigators Association, the Arizona Association of Special Investigative Units, and the Mesa Police Department in presenting a seminar on Auto Glass Repair Fraud at the Mesa Police Department Auditorium.

Special Agent Steve King of the NICB gave a presentation on Date Coding that included important techniques used to interpret the coding on auto glass to determine the type, date and manufacturing origin of the glass; all important benefits to investigators involved in auto theft and insurance fraud investigations.

Also making a presentation on auto glass repair scams, Gary Gifford, owner of Maverick Glass

Company and President and Founder of the Arizona Auto Glass Association, provided examples and demonstrations on chip repairs, the mechanics of repairing auto glass, repair v. replacement considerations and a demonstration on how to determine if any chip repairs were actually done. He works closely with insurance industry investigators, the NICB and ADOI, training and exposing auto glass fraud in the State of Arizona. The Channel 5 News Team recorded Mr. Gifford's presentation as a follow-up to their ongoing efforts to report insurance fraud issues in Arizona.

Insurance industry representatives, Fraud Unit personnel and valley law enforcement officers attended and donated one non-perishable food item per person to the United Food Bank as an admission fee for the presentation.

Legislative Report

The ADOI did not pursue any legislation in the 2006 legislative session. The following is a brief summary of some of the insurance related bills under consideration at the legislature.

Credit Scoring: HB 2160 and HB 2161 would alter AZ's current provisions governing insurer's use of credit scoring in underwriting. HB 2160 would continue to allow the use of credit scoring, but would further define its use. For instance, if an insurer were to "take an adverse action against an individual based on credit information" the insurer would be required to use a credit report or an insurance score that was calculated within 90 days from the date the policy was initially written or renewed. HB 2161 prohibits the use of credit scoring to "underwrite, classify or rate insurance policies."

Health Insurance:

Several pieces of legislation seek to address the availability of and the cost of health insurance in Arizona. HB 2658 would establish a high risk insurance pool for Arizonans who have been denied coverage due to their health status at least twice. Those eligible for insurance under HIPAA would also be included in the pool. Enrollees would pay a premium exceeding the standard market rate, with the remainder of pool costs and claims paid for by the state from premium tax revenues.

HB 2698 would allow small businesses that have not offered insurance to their employees for at least 6 months to purchase a health plan that would be exempt from a number of state coverage mandates. HB 2177 would allow insurers a premium tax credit for the qualified health insurance coverage provided to an individual or small business. In exchange, the insurer would deduct this amount from the premium charged to the individual or the small business.

SB 1467 creates a tax credit of up to \$1,000

for small employers (2-24 employees) that provide or begin to provide insurance to their employees.

Annuities:

HB 2162 would establish suitability protections for consumers in the purchase of or the exchange of an annuity. The insurer or producer must "have reasonable grounds for believing that the recommendation is suitable for the consumer on the basis of the facts disclosed by the consumer as to the consumer's investments and other insurance products and as to the consumer's financial situation and needs." The bill also grants the director the authority to order corrective action and to administer the applicable penalties for violations.

Premium Tax Reduction:

SB 1288 would reduce the premium tax on life insurers from 2% to 1% over four years, and reduce the premium tax for property and casualty insurers from 2% to 1.75% over four years (calendar 2007 to calendar 2010). DOI estimates the reduction in revenue to the General Fund to be \$18 million in 2007, building to nearly \$45 million in 2010 --- a total of approximately \$123 million over those four years.

Other bills of note include a change to eligibility requirements for licensure as a bail bond agent (SB 1188); an amendment to the statute of limitations for uninsured and underinsured motorists claims (HB 2164); and legislation removing the 75% participation requirement for several types of group life insurance (SB 1070).

The ADOI strongly encourages those intending to offer insurance related legislation to afford ADOI an opportunity for technical review and an analysis of resource impacts. All legislative matters should be directed to **Karlene Wenz**, Executive Assistant for Policy Affairs, kwenz@id.state.az.us.

AROUND ADOI

Property & Casualty

Market Monitoring Surveys

The ADOI actively monitors the property and casualty (P&C) marketplace to verify the existence of competition and the availability and affordability of certain P&C insurance products in Arizona.

This program includes eight P&C admitted markets: surety commercial automobile, personal lines automobile (includes the 2nd edition premium comparison), homeowners (includes homeowners and mobile homeowners premium comparisons) malpractice, nursing home liability, other liability and businessowners.

The majority of these surveys were mailed out in mid-February, and, the ADOI requests that insurers receiving these surveys complete and return them by the indicated deadlines.

Property and Casualty Rate and Form Filing Exemptions; Commercial Non-Cancellation Restriction Exemptions; Recognized Surplus Lines

On October 19, 2005, ADOI held a hearing to receive public comment on whether to revise: (a) the order to exempt certain property and casualty rate and form filing requirements subject to A.R.S. Title 20, Chapter 2, Article 4.1; (b) the types of policies exempted from the provisions of A.R.S. Title 20, Article 14, Chapter 6: and, (c) the

recognized surplus lines list based on A.R.S. Title 20, Chapter 2, Article 5.

ADOI Docket Order No. 05A-108-INS, filed October 21, 2005, contains the revisions made to these items. Prior to submitting any filings or placing any surplus lines business, P&C rate and form filers and brokers should review this Order on the ADOI web site, www.id.state.az.us.

Consumer Affairs

Medicare Supplement Premium Comparison

The 2006 Medicare Supplement Premium Comparison is now available on line and in print from the ADOI Consumer Affairs Division.

Consumer Assistance

In the last 12 months, staff from the ADOI Consumer Affairs Division have assisted Arizona citizens in their efforts to recover nearly \$6 million in claim payments, premium refunds, and policy restorations. Complaints to the ADOI relate to all types of insurance including health, auto, home, commercial, life and even pet insurance.

Regulatory Activity

COMPANY ACTIONS

NEW LICENSES ISSUED

Domestic Companies

Company Name	NAIC #	Effective Date	Type
1. CART CAPTIVE ASSURANCE COMPANY, INC.	N/A	12/19/05	Captive Insurer
2. FAIRWAY INSURANCE, INC.	N/A	12/19/05	Captive Insurer
3. INNOVATIVE PHYSICIAN SOLUTIONS, A RISK RETENTION GROUP	12320	11/22/05	Risk Retention Group
4. MERIDIAN INSURANCE CORPORATION	N/A	12/19/05	Captive Insurer
5. SCOTTSDALE CAPTIVE INSURANCE COMPANY	N/A	11/17/05	Captive Insurer
6. UNION CAPTIVE INSURANCE, INC.	N/A	11/21/05	Captive Insurer

Foreign Companies

Company Name	State of Domicile	NAIC #	Effective Date	Type
1. AMERICAN SOUTHERN HOME INSURANCE COMPANY	FL	41998	12/21/05	Property & Casualty Insurer
2. AMERICAN STERLING INSURANCE COMPANY	CA	40800	10/13/05	Property & Casualty Insurer
3. BUCKEYE STATE MUTUAL INSURANCE COMPANY, THE	OH	16713	11/3/05	Property & Casualty Insurer
4. CASUALTY UNDERWRITERS INSURANCE COMPANY	UT	26697	11/10/05	Property & Casualty Insurer
5. CICA LIFE INSURANCE COMPANY OF AMERICA	CO	71463	12/20/05	Life & Disability Insurer
6. GUARANTEE TITLE AND TRUST COMPANY, THE	OH	50180	10/17/05	Title Insurer
7. HSBC INSURANCE COMPANY OF DELAWARE	DE	28657	12/19/05	Property & Casualty Insurer
8. MEMIC INDEMNITY COMPANY	NH	11030	10/20/05	Casualty Insurer
9. PENNSYLVANIA LUMBERMENS MUTUAL INSURANCE COMPANY	PA	14974	11/29/05	Property & Casualty Insurer
10. SECURIAN CASUALTY COMPANY	MN	10054	10/17/05	Property & Casualty Insurer
11. SUMMERLIN LIFE AND HEALTH INSURANCE COMPANY	NV	11838	12/8/05	Life & Disability Insurer

12.	UNITED AGRICULTURAL EMPLOYEE WELFARE BENEFIT TRUST (dba) UNITED AGRICULTURAL BENEFIT TRUST	CA	N/A	12/20/05	Life & Disability Insurer Certificate of Exemption
13.	USPLATE GLASS INSURANCE COMPANY	IL	28497	12/21/05	Casualty Insurer
14.	WESTERN GROWERS ASSURANCE TRUST	CA	N/A	10/12/05	Life & Disability Insurer Certificate of Exemption

Risk Retention Groups Registered

	Company Name	State of Domicile	NAIC #	Effective Date
1.	CHC CASUALTY RISK RETENTION GROUP, INC.	VT	11531	10/21/05
2.	PEDIATRICIANS INSURANCE RISK RETENTION GROUP OF AMERICA, INC.	DC	11772	12/22/05
3.	PHYSICIANS COMPLIANCE LIABILITY INSURANCE COMPANY, A RISK RETENTION GROUP	NV	12350	11/28/05
4.	SYNERGY INSURANCE COMPANY, INC., A RISK RETENTION GROUP	NV	12349	11/28/05

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

	Company Name	State of Domicile	Effective Date
1.	AUTOGUARD ADVANTAGE CORPORATION	OH	11/2/05
2.	PHOENIX AMERICAN WARRANTY COMPANY, INC.	FL	11/7/05
3.	HOME BUYERS RESALE WARRANTY CORPORATION	MI	12/31/05
4.	UNITED STATES WARRANTY E.S.P. CORPORATION	OH	12/31/05

Third Party Administrators (TPA)

	Company Name	State of Domicile	Effective Date
1.	ACS HEALTH ADMINISTRATION DBA REWARDS ADMINISTRATION CENTER	DE	11/28/05
2.	ASRM, LLC	NJ	10/25/05
3.	CREATIVE BENEFITS, INC.	CA	10/3/05
4.	PACIFIC A&M LTD., INC.	CA	12/22/05
5.	RGA TECHNOLOGY PARTNERS, INC	MO	11/16/05
6.	SE2, INC.	KS	11/21/05
7.	TRIANGLE ADMINISTRATORS INCORPORATED	AZ	12/15/05
8.	WM. MICHAEL STEMLER, INC. DBA DELTA HEALTH SYSTEMS	CA	12/14/05

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. EXPRESS SCRIPTS INSURANCE COMPANY	AZ	60025	12/7/05	Converted from a Life & Disability Reinsurer to a Disability Insurer
2. ROSKAMP/SUN HEALTH COLONNADE, LLP	AZ	N/A	11/29/05	Granted Life Care Provider Permit
3. RURAL COMMUNITY INSURANCE COMPANY	MN	39039	10/17/05	Granted Casualty Without Workers' Compensation, Vehicle, Marine & Transportation
4. VANLINER INSURANCE COMPANY	MO	21172	11/01/05	Terminated Disability & Surety

NAME CHANGES

Old Name (to) New Name	State of Domicile	NAIC #	Effective Date
1. FS TENANT POOL II TRUST (dba) FORUM AT PUEBLO NORTE, THE (to) FS TENANT POOL II TRUST (dba) PUEBLO NORTE SENIOR LIVING COMMUNITY	MD	N/A	12/12/05
2. GE RESIDENTIAL MORTGAGE INSURANCE CORPORATION OF NORTH CAROLINA (to) GENWORTH RESIDENTIAL MORTGAGE INSURANCE CORPORATION OF NORTH CAROLINA	NC	29823	11/1/05
3. GENERAL ELECTRIC HOME EQUITY INSURANCE CORPORATION OF NORTH CAROLINA (to) GENWORTH HOME EQUITY INSURANCE CORPORATION	NC	41432	11/1/05
4. GENERAL ELECTRIC MORTGAGE INSURANCE CORPORATION (to) GENWORTH MORTGAGE INSURANCE CORPORATION	NC	38458	11/1/05
5. GENERAL ELECTRIC MORTGAGE INSURANCE CORPORATION OF NORTH CAROLINA (to) GENWORTH MORTGAGE INSURANCE CORPORATION OF NORTH CAROLINA	NC	16675	11/1/05
6. GLOBAL ONE CAPTIVE INSURANCE COMPANY (to) GLOBAL ONE INSURANCE COMPANY	AZ	N/A	10/3/05
7. UNITED COASTAL INSURANCE COMPANY (to) ROCKHILL INSURANCE COMPANY	AZ	28053	11/22/05

ARIZONA REDOMESTICATIONS

Company Name	NAIC #	Effective Date	From	State of Domicile To
1. EVEREST NATIONAL INSURANCE COMPANY	10120	11/30/05	AZ	DE
2. VANLINER INSURANCE COMPANY	21172	11/1/05	AZ	MO

ACQUISITIONS/MERGERS/WITHDRAWALS

Acquisitions of Arizona Companies

	Company Name	NAIC #	Date Order Filed	Acquired By
1.	OLD WEST ANNUITY & LIFE INSURANCE COMPANY	76791	12/19/05	GREAT AMERICAN INSURANCE COMPANY, GREAT AMERICAN FINANCIAL RESOURCES, INC., AAG HOLDING COMPANY, INC. & GREAT AMERICAN LIFE INSURANCE COMPANY
2.	PACIFICARE OF ARIZONA, INC.	95617	11/14/05	UNITED HEALTH GROUP, INC.
3.	UNITED COASTAL INSURANCE COMPANY	28053	11/17/05	ROCKHILL HOLDING COMPANY, HBK MASTER FUND, L.P., HBK MAIN STREET INVESTMENTS, L.P., NORTHAVEN PARTNERS, L.P., NORTHAVEN PARTNERS II, L.P., NORTHAVEN PARTNERS III, L.P. & NORTH HAVEN OFFSHORE, LTD.

Mergers involving Arizona Companies

	Company Name Merged Into	State of Domicile	NAIC #	Date Order Filed
1.	MHN REINSURANCE COMPANY OF ARIZONA (Into) HEALTH NET LIFE INSURANCE COMPANY	AZ CA	89429 66141	12/23/05
2.	SOUTHERN FOUNDATION LIFE INSURANCE COMPANY (Into) RISK ASSOCIATES LIFE INSURANCE COMPANY	AZ AZ	N/A N/A	12/23/05
3.	UNITED DENTAL CARE INSURANCE COMPANY (Into) UNION SECURITY INSURANCE COMPANY	AZ IA	97870 70408	10/21/05

Withdrawals from Arizona

	Company Name	State of Domicile	NAIC #	Date Order Filed
1.	AMERICAN STATES LIFE INSURANCE COMPANY	IN	60879	11/18/05
2.	AMERICAN VANGUARD LIFE INSURANCE COMPANY	IA	97314	12/23/05
3.	FIRSTMERIT CREDIT LIFE INSURANCE COMPANY	AZ	72486	12/16/05
4.	GULF INSURANCE COMPANY	CT	22217	11/18/05
5.	LONG LIFE INSURANCE COMPANY	AZ	74047	11/10/05
6.	MENAPACHE LIFE INSURANCE COMPANY	AZ	N/A	12/14/05
7.	OAKFIRST LIFE INSURANCE CORPORATION	AZ	N/A	11/8/05
8.	PACIFIC SELECT PROPERTY INSURANCE COMPANY	CA	10887	12/23/05
9.	PRIMEGUARD INSURANCE COMPANY, INC., A RISK RETENTION GROUP	HI	10893	10/20/05
10.	PROFESSIONAL LIFE & ANNUITY INSURANCE COMPANY	AZ	92240	12/20/05
11.	SENATE INSURANCE COMPANY	AZ	73628	12/23/05

12. SEQUOIA CAPTIVE INSURANCE, INC.	AZ	N/A	11/23/05
13. STEWARD RISK RETENTION GROUP	DC	11961	11/01/05
14. SUSQUE-BANCSHARES LIFE INSURANCE COMPANY	AZ	N/A	12/23/05
15. TRANSAMERICA LIFE INSURANCE AND ANNUITY COMPANY	NC	69507	12/13/05

SUPERVISIONS/RECEIVERSHIPS

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

FINANCIAL EXAM REPORTS

Company Name	NAIC #	Date Report Filed
NO ACTIVITY		

TARGETED MARKET EXAMINATIONS - Includes 3rd Quarter 2005 Exams

Company Name Findings	State of Domicile	NAIC #	Date Filed	Civil Penalty	Restitution + Interest
COAST NATIONAL INSURANCE COMPANY					
1. Failure to provide Summary of Rights. Claim forms failed to contain fraud warning notice. Improper cancellation procedures.	CA	25089	7/15/05	\$37,000.00	\$165.00
HARTFORD INSURANCE COMPANY OF THE MIDWEST					
2. Company procedures appear to be in compliance with A.R.S. §20-1632.01.	IN	37478	9/28/05	0	0
PROPERTY AND CASUALTY I.C. OF HARTFORD					
3. Company agreed to implement periodic review of Homeowners policy limits.	IN	34690	9/28/05	0	0
COUNTRY MUTUAL INSURANCE COMPANY					
4. Company agreed to implement periodic review of Homeowners policy limits.	IL	20990	9/29/05	0	0
AMERICAN FAMILY MUTUAL INSURANCE COMPANY					
5. Company agreed to implement periodic review of Homeowners policy limits.	WI	19275	10/07/05	0	0
ILLINOIS NATIONAL INSURANCE COMPANY					
6. Company procedures appear to be in compliance with A.R.S. §20-1632.01.	IL	23817	10/24/05	0	0

7.	AMERICAN INTERNATIONAL SOUTH INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	PA	40258	10/24/05	0	0
8.	LIBERTY MUTUAL FIRE INSURANCE CO. Company procedures appear to be in compliance with A.R.S. §20-1632.01.	MA	23035	10/26/05	0	0
9.	LM PROPERTY AND CASUALTY INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	MA	32352	10/26/05	0	0
10.	FEDERAL INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	IN	20281	11/02/05	0	0
11.	HARTFORD INSURANCE COMPANY OF THE MIDWEST Company procedures appear to be in compliance with A.R.S. §20-1632.01.	IN	37478	11/02/05	0	0
12.	ANCHOR GENERAL INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	CA	40010	11/02/05	0	0
13.	HARTFORD UNDERWRITERS INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	CT	30104	11/02/05	0	0
14.	FOREMOST I. C. OF GRAND RAPIDS, MI Failure to pay correct amount of ACV, taxes, license fees, and/or interest due to total loss claimants. Use of non-compliant claim forms.	MI	11185	11/08/05	\$15,000.00	\$9,972.58
15.	PHOENIX INDEMNITY INSURANCE CO. Company procedures appear to be in compliance with A.R.S. §20-1632.01.	AZ	34037	11/09/05	0	0
16.	AMERICAN INTERNATIONAL INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	NY	32220	11/09/05	0	0
17.	AUSTIN MUTUAL INSURANCE COMPANY Failure to provide Summary of Rights. Failure to offer Named Driver Exclusion. Claim forms failed to contain a compliant fraud warning notice.	MN	13412	11/09/05	\$20,000.00	\$176.00
18.	CENTRAL MUTUAL INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	OH	20230	11/15/05	0	0
19.	PROGRESSIVE PALOVERDE INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	AZ	44695	11/22/05	0	0
20.	PROGRESSIVE CASUALTY INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	OH	24260	11/22/05	0	0
21.	PROGRESSIVE CLASSIC INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	WI	42994	11/22/05	0	0

22.	WESTERN AGRICULTURAL INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	AZ	27871	11/22/05	0	0
23.	AMERICAN STANDARD INSURANCE COMPANY OF WI Company procedures appear to be in compliance with A.R.S. §20-1632.01.	WI	19283	11/23/05	0	0
24.	AMERICAN FAMILY MUTUAL INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	WI	19275	11/23/05	0	0
25.	FARMERS INSURANCE COMPANY OF ARIZONA Company agreed to implement periodic review of Homeowners policy limits.	AZ	21598	11/23/05	0	0
26.	CALIFORNIA CASUALTY INDEMNITY EXCHANGE Company procedures appear to be in compliance with A.R.S. §20-1632.01.	CA	20117	11/30/05	0	0
27.	CALIFORNIA CASUALTY INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	CA	20125	11/30/05	0	0
28.	SAFECO INSURANCE COMPANY OF AMERICA Company procedures appear to be in compliance with A.R.S. §20-1632.01.	WA	24740	11/30/05	0	0
29.	DAIRYLAND INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	WI	21164	12/09/05	0	0
30.	SENTRY INSURANCE, A MUTUAL COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	WI	24988	12/09/05	0	0
31.	FINANCIAL INDEMNITY COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	CA	19852	12/12/05	0	0
32.	SAFEWAY INSURANCE COMPANY Company procedures appear to be in compliance with A.R.S. §20-1632.01.	IL	12521	12/13/05	0	0
33.	TRUSTMARK INSURANCE COMPANY Improperly limited benefits payable for spinal treatment services in violation of A.R.S. §20-461(A)(17)&(B)	IL	61425	12/14/05	\$12,000.00	\$3,600.00
34.	QBE INSURANCE CORPORATION Failure to provide Summary of Rights. Claim forms failed to contain fraud warning notice. Failure to pay correct amount of ACV, taxes and license fees due in total loss settlements. Improper non-renewal procedures.	PA	39217	12/14/05	\$40,000	0
35.	ALLSTATE INSURANCE COMPANY Company agreed to implement periodic review of Homeowners policy limits.	IL	19232	12/19/05	0	0
36.	Allstate Indemnity Company Company agreed to implement periodic review of Homeowners policy limits.	IL	19240	12/19/05	0	0

SUSPENSIONS/REINSTATEMENTS

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

OTHER DISCIPLINARY ACTIONS

Company Name	State of Domicile	NAIC #	Effective Date	Action
The Western and Southern Life Insurance Company	OH	70483	12/15/05	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.

PRODUCERS AND OTHER LICENSEES DISCIPLINED

Cause No. Name City – State	Allegation	Disposition
1. 05A-103 Leonard John Mikosz and Biltmore Financial Planning, Ltd. Chandler, AZ	Improperly withheld, misappropriated or converted any monies or properties received in the course of doing insurance business; admitted to committing any insurance unfair trade practice or fraud.	10/11/05 Consent Order Licenses Revoked
2. 05A-149 Julia Suzanne Landes Lakeside, AZ	Used fraudulent, coercive or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere; improperly withheld, misappropriated or converted any monies or properties received in the course of doing insurance business.	10/25/05 Consent Order License Revoked
3. 05A-085 James Sterling Allred dba Eastern Arizona Bail Bonds Smyrna, TN	Improperly withheld, misappropriated or converted any monies or properties received in the course of doing insurance business; demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere; failed to maintain a place of business in this state accessible to the public, keep a daily bond register, and maintain records; failed to maintain complete bail bond business records; failed to maintain collateral in a fiduciary capacity, failed to immediately return collateral to the indemnitor, and failed to return excess collateral to the indemnitor.	11/4/05 Consent Order License Revoked
4. 05A-106 Bernardo Besario Salibay Phoenix, AZ	Prior felony conviction in the State of Arizona; failure to notify the Department of his current address within 30 days; failure to report criminal convictions and the revocation of his Nursing Assistant Certificate to the Department within 30 days.	11/8/05 Order License Revoked
5. 05A-168 Michael Rojas Vasquez Coolidge, AZ	Prior felony conviction in the State of Arizona. Provided incorrect, misleading, incomplete or materially untrue information in the license application.	11/18/05 Consent Order License Revoked

6. 05A-131 Kramer Jarnell Waller Phoenix, AZ	Convicted of a felony while licensed in this state; used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state; failure to notify the director of any criminal prosecution of the producer within 30 days after the initial pretrial date.	12/28/05 Order Licenses Revoked
7. 05A-133 Billie Gene Baker Flagstaff, AZ	Improperly withheld, misappropriated or converted monies received in the course of doing insurance business; failure to properly account for money that clients entrusted to her; failure to keep business records for three years.	12/28/05 Order License Revoked
8. 05A-130 and 05A-166 Gary Glen Johnson Phoenix, AZ	Demonstrated incompetence or financial irresponsibility in the conduct of business.	12/30/05 Consent Order License renewed, however, that license will be suspended for a period of 120 days effective the date of the order.

RULES, BULLETINS, PRESS RELEASES

Rules

Citation	Title	Action	Status
R20-6-1101	Medicare Supplement Insurance	Rulemaking to conform AZ Medicare supplement insurance rules with the recently adopted federal regulations and NAIC model regulation.	This rulemaking was approved by GRRC 9/13/05; effective 11/12/05.
20 A.A.C. 19	Health Care Service Organizations Oversight	Rulemaking to establish standards HCSOs must meet in order for the Director to determine that an HCSO constitutes an appropriate mechanism to achieve an effective health care plan.	This rulemaking was approved by GRRC on 11/1/05; effective 12/31/05.
20-6-2002	(Captive Insures) 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.	The rule was approved at the 7/12/05 GRRC meeting; effective 9/10/05.
Articles 4, 5, & 6		Five-Year Review ADOI is conducting the statutorily required review of these Articles	The review report was filed with GRRC on 10/27/05 and-- should be heard at the 3/07/06 GRRC meeting.

Regulatory Bulletins

Number	Title	Date Issued
05-07	Arizona Captive Insurance Program	Oct 27, 2005
05-06	Medicare Part D Marketing Practices	Oct 26, 2005

Press Releases

Title	Date Issued
Consumer Alert: Medicare Part D Prescription Drug Coverage	Dec 2, 2005
Comparison Shopping Made Easier by New Health Insurance Report Card	Nov 10, 2005
Arizona Variable Annuity Investors to Receive \$97	Oct 20, 2005