



## FROM THE DIRECTOR. . .

### By Charles R. Cohen

As many of you know, the insurance business is largely a customer service business.

This agency expends a great deal of energy assuring that insurance consumers receive the quality service to which they are entitled. Would it surprise you to know that at ADOI we regard the insurance regulation business as a customer service business, too?

Admittedly, the substance of a regulatory transaction is not always pleasant. Nevertheless, the industry should expect quality service from the regulator.

“Good Government” is a major theme of Governor

Hull’s strategic plan, and one of her goals is: “Deliver courteous, efficient, responsive, and cost-effective



service to the citizen owners of state government.”

At ADOI, we strive to pay more than lip service to that goal. In this issue of *Insurance Regulator*, you will read about improvements and cost savings we achieved in

guaranty fund operations, an “A” grade earned by our web site from a major consumer advocacy organization, and high customer satisfaction marks gleaned from a recent survey of our producer licensing customers.

Obviously, there will always be room for us to improve, and we intend to keep doing so.

We are in the process of designing and implementing customer satisfaction surveys for just about every program in the agency that provides services to external customers. However, you don’t have to wait for a survey. Comments and suggestions concerning the quality of our service are always welcome.

## Guaranty Funds Operate Within ADOI, Save Taxpayers \$1.6 Million a Year

### By Jack King

Guaranty Funds Executive Director

Unlike other states that have independent not-for-profit guaranty associations, the Arizona Insurance Guaranty Funds constitute a division of the Arizona Department of Insurance.

Prior to March 16, 1998, the Arizona Life and Disability Insurance Guaranty Fund and

the Arizona Property and Casualty Insurance Guaranty Fund were managed by an independent contractor, and

were not coordinated with the ADOI with respect to daily operational activities. The Property and Casualty Fund had a recently established claims manager employee position, but there were no other guaranty fund employees at ADOI.

In March 1998, the Board of Directors of each Fund, working

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### Mission Statement

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

## Insurance Professionals Give Licensing Unit Positive Rating

By Scott Greenberg  
Business & Licensing Administrator

Licensed insurance professionals in Arizona indicated that overall they are satisfied with the service provided by ADOL's Licensing Section. Specifically, individuals were asked, "How would you rate your overall experience with the Insurance Licensing Section?"

The answers: 81 percent indicated "excellent" or "good," 12 percent said "fair," and only 4 percent rated their experience "poor" or "terrible." Three percent left their response to this question blank.

In December 1999, ADOL surveyed 2,477 of Arizona's 56,973 licensed insurance professionals to determine how satisfied licensees are with various aspects of service provided by the Department's Insurance Licensing Section. The survey group was comprised of the same demographic characteristics as the overall population of licensees.

The Department received 756 responses to the survey, a 30.5 percent response rate. Licensees who responded correlated closely to the licensee population, indicating a meaningful reflection of the level of satisfaction among Arizona-licensed insurance professionals.

While overall survey results were quite positive, ADOL learned that application forms and instructions should be easier to understand, and that the quality of information

provided by the Licensing Section telephone system needs to be reviewed. Some 15 percent of responses said that forms and instructions are not easy to understand, and 10 percent indicated that pre-recorded messages on the telephone system do not provide useful information.

The Licensing Section, which is committed to continuing to improve the quality of service to Arizona's insurance professionals and license applicants, now offers the following new features:

- A fax back system, which enables callers to obtain application forms and instructions by fax.
- "On-the-spot" licensing service from our Tucson Office.
- A toll-free Licensing Hotline number (1-877) 660-0964 for calls from within Arizona but outside the Phoenix area.
- Improved information available on our web site ([www.state.az.us/id/licensing/licensing.htm](http://www.state.az.us/id/licensing/licensing.htm)).

Individuals are encouraged to send ideas or suggestions to Scott Greenberg, ADOL Business and Licensing Administrator, by:

- **e-mail:** [sgreenberg@id.state.az.us](mailto:sgreenberg@id.state.az.us);
- **mail:** Scott Greenberg, 2910 North 44th Street, Suite 210, Phoenix, AZ 85018-7256;
- **fax:** (602) 912-8408.

## ADOL Web Site Gets 'A' Rating

ADOL's web site received an 'A' rating from the Consumer Federation of America as one of the nation's best for providing insurance information to consumers.

The CFA credited ADOL for offering a large number of publications (27) on the Internet and making complaint information and rates easy to find.

Arizona was one of 15 states to receive an 'A' rating.

The web address is [www.state.az.us/id](http://www.state.az.us/id) on the Internet.

## Surplus Lines Premiums

The Surplus Lines Association of Arizona (SLA) acting in its capacity as the ADOL's agent for the acceptance and maintenance of reports and other documents, reports an 18.5 percent increase in surplus line premiums for 1999 over 1998. Total written premiums reported to the SLA in 1999 were \$106.9 million compared to \$90.2 million in 1998.

The top ten Arizona surplus line insurers (in millions) are: Underwriters at Lloyds, \$14.21; Steadfast Insurance Co. \$14.20; Lexington Insurance Co. \$6.27; American International Specialty Lines Insurance \$5.93; Illinois Union Insurance Co. \$4.65; Scottsdale Indemnity Co. \$4.43; Evanston Insurance Co. \$3.94; Caliber One Indemnity Co. \$3.42; Admiral Insurance Co. \$2.82; Executive Risk Specialty Insurance Co. \$2.80

# Legislative Report

Detailed information on all bills is available on the State of Arizona Legislative web site: [www.azleg.state.az.us](http://www.azleg.state.az.us)

Here is a status report of ADOI-initiated bills as of April 12.

**Consumer Protection and Licensing: Violent Crime Control Act (HB 2016)**  
*Awaiting Senate Final Action*

**Workers' Compensation (HB 2017)** *Signed*

**Codification (HB 2021)** *Signed*

**HIPAA (SB 1032)** *Signed*

**Commercial Insurance: Industrial Insureds (SB 1069)** *Signed*

**Risk Based Capital (RBC) Requirements for Managed Care Organizations (SB 1070)** *Awaiting House Action*

Other insurance-related bills, as of April 12.

**Genetic Testing: Confidentiality (HB 2041)** *Signed*

Establishes confidentiality protections for genetic test results.

**Health Care Insurance: Medical Foods (HB 2043)** *Awaiting Final Action*  
Requires health insurers to provide coverage for certain medical foods required to treat inherited metabolic disorders.

**Statewide Health Care Plan Task Force (HB 2050)** *Awaiting House Final Action*  
Establishes a task force to study creation of a statewide health care plan.

**Life Insurance: Group: Dependent Coverage (HB 2083)** *Signed*  
Increases maximum group life insurance coverage for dependents.

**Automobile Insurance Premiums (HB 2129)** *Signed*  
Refers to premium refunds in cases of nonrenewal, cancellation or reduction of limits, and establishes a longer time frame for refund of unearned premiums for insurer-affiliated, finance-like companies.

**Senior Residential Entrance Fee Contract (HB 2181)** *Signed*  
Requires persons who offer senior residential entrance fee contracts to register and make annual filings with ADOI.

**Managed Care Accountability (HB 2600)** *Allowed to become law without Governor's signature*  
Makes numerous changes to statutes governing health care insurers and coverage, including measures related to anti-retaliation, chiropractic coverage, claims payment and a patient's right to sue.

**Emergency Ambulance Services (SB 1076)** *Signed*  
Defines emergency ambulance services and requires health insurers to

cover the services without prior authorization, subject to applicable co-payment, co-insurance and deductibles.

**ADOI Continuation (SB 1093)** *Awaiting House Final Action*  
Continues ADOI for 10 years.

**Viatical Settlement Contracts (SB 1099)** *Signed*  
Classifies viatical and life settlement contracts as securities.

**Motor Vehicle Insurance Subrogation (SB 1130)** *Awaiting House Action*  
Requires an insurer to bring subrogation action within two years after the first payment to an insured and clarifies provisions regarding non-renewal of "bad" drivers.

**Prepaid Dental Plans (SB 1172)** *Awaiting House Action*  
Provides that pre-paid dental plans be regulated entirely by ADOI as of June 30, 2001.

**Insurance Discrimination, Domestic Violence (SB 1173)** *Awaiting Senate Final Action*  
Extends to property and casualty insurance, prohibition against discrimination on the basis of the insured's status as a victim of domestic violence.

**Cancer Clinical Trials (SB1213)** *Awaiting Final Action*  
Provides for insurers to cover ordinary patient costs when an insured is participating in a cancer clinical trial, subject to limitations defined in the bill.

*(Continued on Page Five)*

## Regulator Profile



### Vista T. Brown, Executive Assistant For Policy Affairs

Vista Thompson Brown, a native of Charlotte, N.C., joined the Arizona Department of Insurance in September 1998 to become the agency's executive assistant for policy affairs to the Director. She serves as the ADOI legislative liaison.

Ms. Brown began her state government service in November 1992 with the Department of Economic Security, where she was a legal analyst for nearly six years. Prior to joining the state, Ms. Brown was in private practice with a Phoenix law firm for five years.

She obtained a law degree from the Arizona State University College of Law (cum laude) in 1986, and received a bachelor of arts degree in political science from Guilford College in Greensboro, North Carolina, in 1979. Also in 1979, she received a certificate from the National Center for Paralegal Training in Atlanta.

## ADOI Operates Guaranty Funds, Saves Taxpayers \$1.6 Million a Year

*(Continued from Page One)*

closely with ADOI, employed an Executive Director and authorized the hiring of a staff for the purpose of creating a Guaranty Funds Division consisting of ADOI employees.

During the balance of 1998 and into 1999, each Fund adopted a revised Plan of Operations, established new policies, procedures and internal controls, and began to work on implementation of new investment policy guidelines.

Of equal significance, additional staffing in the Claims Department was completed, and the Funds began to transfer all third party claims handling from independent claims adjusting firms to the Funds office.

Insurers authorized to transact business in Arizona provide not only the funds to pay the claims of insolvent insurance companies, but also the funds to pay the salaries, administrative and operating expenses of the Funds office. Insurers receive a premium tax offset for paid guaranty fund assessments. So, taxpayers ultimately bear the cost. It is noteworthy to report

dramatic results achieved to date as a result of reforms that have taken place since the Funds were moved into ADOI.

For calendar year 1999, Loss Adjustment Expenses for the Funds were \$32,290 per month lower than the monthly average for calendar year 1997. For the same period, administrative expenses were reduced by an average of \$39,727 per month.

These combined reductions of more than \$72,000 per month translate into annualized savings of approximately \$865,000.

Because many changes could not be implemented until late 1998 or early 1999, it is also interesting to reflect upon the 1999 reductions compared to calendar year 1998.

Loss Adjustment Expenses and all other administrative expenses were nearly \$134,000 per month less than 1998, yielding an annualized reduction in excess of \$1.6 million. These reductions represent truly appreciable savings for taxpayers, but of equal if not greater significance is the fact that the Funds are now in a position to evaluate and adjudicate claims in a manner that reflects enhanced awareness and control of that process.

Adopting the philosophy of Benjamin Franklin that "a penny saved is a penny earned," the Funds staff continues to look for opportunities to realize further reductions in expenses in 2000.

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

# **Fraud Unit Report**

## **Arizona Insurance Fraud Awareness Day Planned at Diamondbacks Game**

Sponsored by ADOI, an Insurance Fraud Awareness event is planned for May 24 at Bank One Ballpark in Phoenix prior to the game between the Arizona Diamondbacks and the Pittsburgh Pirates.

Governor Jane Dee Hull is expected to issue a proclamation declaring May 24 as Arizona Insurance Fraud Awareness Day.

Insurance fraud is the No. 2 white-collar crime in America, according to Terry Cooper, chief of ADOI's Fraud Unit. "Insurance fraud carries a nationwide price tag of \$100 billion a year," Cooper said. "Every family in Arizona pays approximately \$300 a year more for various types of insurance to cover the increased cost of insurance fraud."

One of the keys to combating insurance fraud is community awareness, Cooper said. "If the public is able to recognize insurance fraud and realize how much these acts are costing each of us, hopefully consumers will report suspected fraud to the Fraud Unit. And we're trying to eliminate a public attitude tolerating small-scale insurance fraud. That's why we're putting the spotlight on insurance fraud."

At the Ballpark, ADOI staff members will be joined by McGruff, the Crime Dog. A new colorful brochure produced by ADOI describes the most common types of insurance fraud and will be distributed at the Ballpark. The brochure tells consumers what they can do about insurance fraud and whom to notify if they suspect fraud. Among the frauds listed are those that involve slip-and-falls, workers compensation, medical providers, auto repair shops and insurance agents.

Prior to the game, McGruff is expected to take a strike against insurance fraud.

"We must dispel the notion that it's OK to defraud an insurance company because its pockets are deep," Cooper said. "Insurance fraud is not a victimless crime. We're all victims."

### **Fraud Unit Hits the Internet**

The ADOI Fraud Unit has launched its web page, providing the public with a description of what insurance fraud is, what consumers can do about it and how the Fraud Unit fights insurance fraud. Also included is a form for submitting information on suspected insurance fraud to the Fraud Unit. In addition, there are links to the National Insurance Crime Bureau, the Coalition Against Insurance Fraud, and the National Association of Insurance Commissioners. The Fraud Unit's web address is [www.state.az.us/id/fraud/fraud.htm](http://www.state.az.us/id/fraud/fraud.htm) or you can go directly to the ADOI web site at [www.state.az.us/id](http://www.state.az.us/id)

## **Legislative Report**

*(Continued from Page Three)*

### **Mortgage Guaranty (SB 1294) Awaiting House Action**

Amends requirement for prior review of reinsurance agreements for a domestic mortgage guaranty insurer.

### **Insurance Dept., Health Plans Oversight (SB 1330) Awaiting House Action**

Makes ADOI fully responsible for regulatory oversight of HMOs. Revises provisions of the health care appeals process (as set forth in SB 1061), including making ADOI responsible for choosing independent medical reviewers.

### **Prohibition: Financial Incentives (SB 1350) Awaiting Senate Final Action**

Prohibits financial incentives to claims personnel to wrongfully deny or challenge a claim.

## **John Gagne Resigns**

John Gagne has resigned as assistant director in charge of the Consumer Affairs and Investigations Division effective April 14 to move to Georgia. Gagne joined ADOI five years ago.

Mary Butterfield, assistant director of the Life and Health Division, will oversee Consumer Services and Investigations on an interim basis, according to Director Cohen.

"John has been a great asset to ADOI and the people of Arizona," Cohen said. "He has not just applied the law to consumers and insurers. He and has infused his work with compassion for the people affected by insurance problems."

# Around ADOI

## Consumer Services And Investigations

### **Consumer Services Handles 105,072 Calls**

Final totals show that the division handled 105,072 calls from consumers during 1999. As a result of the Division's assistance, Arizona consumers received settlements totaling \$4.85 million. In addition to the phone calls, investigators processed nearly 5,500 written complaints and met with 1,151 consumers at the ADOI offices. A total of 82 licensees were disciplined in 1999, resulting in 12 revocations, seven suspensions, \$32,500 in fines and \$70,000 in ordered restitution.

## Rates and Regulations

### **Auto Comparison Survey For April 2000 Published**

The latest edition of the Automobile Premium Comparison Survey is available. Premiums are quoted for 12 hypothetical drivers in 10 cities throughout Arizona. They are Phoenix, Scottsdale, Mesa, Glendale, Tucson, CasaGrande, Flagstaff, Nogales, Safford and Yuma. A total of 73 companies participated in the survey.

### **Mobile Homeowner, Homeowner Surveys**

Survey forms for the 2000 Mobile Homeowner Premium Comparison Survey were mailed to insurers on April 1. Publication is planned for June 1. Rates will be provided for mobile homeowners in Mesa, Tucson and Yuma.

The 2000 Homeowners Premium Comparison Survey is available. It provides consumers with premium comparisons for Phoenix, Glendale, Mesa, Flagstaff and Tucson.

### **SL Requalification**

Arizona Administrative Code rule R20-6-204 (G) requires the broker sponsoring a Qualified Unauthorized Insurer appearing on the Director's List to file certain documents with ADOI prior to June 1 of each year to remain on the List. Changes to A.A.C. R20-6-204 resulted in the development of a new Affidavit of Surplus Lines Broker & Insurer (SL Form R20-6-204 (ED 3/00), which replaces the necessity for filing forms SL Form 110 (ED 4/5/99) and SL Form 111 (ED 4/5/99) **only for those insurers currently appearing on the List and who wish to continue their listing.** SL Form 110 & 111 are still required to be filed for new insurers making an initial appearance on the List.

## Business Services

### **New Fee Schedule July 1**

Effective July 1, 2000, fees charged for goods and services delivered by ADOI must be increased for the first time since 1995. ADOI is required by law (A.R.S. § 20-167) to change the fee schedule when revenues from fees collected from all fee categories do not yield between 95 percent and 110 percent of its appropriation. The new fee schedule is available from the ADOI Internet web site ([www.state.az.us/id](http://www.state.az.us/id)), or by calling the Insurance Licensing Section at (602) 912-8470, or (1-877) 660-0964 for callers within Arizona but outside the Phoenix area. The new fee schedule is as follows:

All fees **received** by ADOI after July 1, 2000, must be in accordance with the **new fee schedule**. Fees received prior to July 1 for licenses that expire after July 1, must be accompanied by the **new fee**. Fees received prior to July 1 for renewal of licenses that expire prior to July 1 must be paid according to the **existing fee schedule**.

The new fees are contained in Circular Letter 2000-5, which was issued on April 6, 2000.

# Around ADOI

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## Market Conduct

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### ***Tips on Avoiding Claims, Underwriting Pitfalls***

At the request of the industry, the ADOI recently developed a presentation for personal lines insurance company personnel regarding common regulatory pitfalls in claims and underwriting. Focus is designed to reinforce regulatory requirements for line staff and supervisors. Available to companies with offices located in Arizona. To schedule, call Erin Klug, Chief Market Conduct Examiner, at (602)912-8442.

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## Receivership

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### ***Premier Healthcare Enrollees Phased Out***

All but approximately 2,000 enrollees of Premier Healthcare are no longer covered by the HMO, which was placed in receivership last Nov. 16. At the time of receivership, Premier had approximately 75,000 enrollees, including 20,000 Medicare beneficiaries. The focus now will be on reconciling pre-receivership claims.

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## Life and Health

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### ***L&D Filing Deadline of Exempt Forms June 30***

Life & Disability insurers must file their annual list of exempt forms to the Life and Health Division on or before June 30. The list must include all forms available for issue in Arizona as of June 1 that are exempt from the filing requirements of A.R.S. § 20-1110 by virtue of the provisions of A.A.C. R20-6-218.

### ***Random Audits Continue***

Random audits by ADOI are continuing to determine if health insurers are notifying their policyholders of their right to appeal denials of services or claims for services, and to determine if carriers are complying with health care appeals provisions.

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## Corporate & Financial

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### ***Filing Deadline Aug. 1***

1999 Annual Statements, fees and other statutory filings for Unaffiliated Credit Life and Disability Reinsurers whose fiscal year end is Dec. 31, are due Aug. 1, 2000. Forms and instructions will be on the ADOI web site by May 31.

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## Guaranty Fund

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### ***L&D Guaranty Fund Board Meets May 9***

A meeting of the Life and Disability Insurance Guaranty Fund Board of Directors will be held May 9 at 1 p.m., in the second floor conference room at ADOI, 2910 N. 44th St. The Property and Casualty Insurance Guaranty Fund Board of Directors met April 11 at 8:30 a.m., at the same location.

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## Correction

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A typographical error appeared in Circular Letter 2000-3 regarding insurance rating organizations, insurance industry representatives, insurance trade associations, property & casualty insurers and other interested parties. Subsection E of A.R.S. § 20-1631 permits an insurer to annually non-renew no more than one-half of one percent of its personal automobile policies based on several factors.

Published by the Arizona Department of Insurance  
2910 N. 44th St., Suite 210  
Phoenix, AZ 85018  
Jane Dee Hull, Governor  
Charles R. Cohen, Director  
Don Harris, Public Information Officer  
(602) 912-8456 web site: [www.state.az.us/idi](http://www.state.az.us/idi)

**COMPANY ACTIONS****NEW LICENSES ISSUED****Domestic Companies**

Company Name	NAIC #	Effective Date	Type
1. WEST VALLEY UNION CLUB LIFE CARE CENTER, INC.	95622	2/23/00	LP

**Foreign Companies**

Company Name	State of Domicile	NAIC #	Effective Date	Type
1. ALAMANCE INSURANCE COMPANY	IL	10957	2/16/00	AR
2. AMERICAN MINING INSURANCE COMPANY, INC.	AL	15911	3/1/00	PC
3. BERKSHIRE HATHAWAY LIFE INSURANCE COMPANY OF NEBRASKA	NE	62345	2/16/00	LI
4. CHUBB NATIONAL INSURANCE COMPANY	IN	10052	1/20/00	PC
5. CINCINNATI EQUITABLE INSURANCE COMPANY	OH	16721	1/5/00	PC
6. CONSTITUTION INSURANCE COMPANY	NY	32190	3/20/00	PC
7. GATEWAY INSURANCE COMPANY	MO	28339	1/27/00	PC
8. KEMPER AUTO & HOME INSURANCE COMPANY	IL	10915	12/9/99	PC
9. MGIC CREDIT ASSURANCE CORPORATION	WI	10682	2/16/00	MG
10. MODERN SERVICE INSURANCE COMPANY	MN	23655	2/22/00	PC
11. MONTEREY INSURANCE COMPANY	CA	23540	3/30/00	PC
12. NATIONAL GENERAL ASSURANCE COMPANY	MO	42447	2/16/00	PC
13. OMNI INSURANCE COMPANY	IL	39098	3/15/00	PC
14. PROPERTY AND CASUALTY INSURANCE COMPANY OF HARTFORD	IN	34690	2/17/00	PC
15. TRUMBULL INSURANCE COMPANY	CT	27120	2/17/00	PC

**Risk Retention Groups Registered**

Company Name	State of Domicile	NAIC #	Effective Date
1. ATTORNEYS LIABILITY PROTECTION SOCIETY, A MUTUAL RISK RETENTION GROUP	MT	32450	1/6/00

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

Company Name	State of Domicile	Effective Date
1. METRIS WARRANTY SERVICES, INC.	DE	1/14/00
2. PRO-GUARD INTERNATIONAL	DE	2/22/00
3. UNITED CAR CARE, INC.	CO	2/6/00
4. U.S. HOME WARRANTY, L.L.C.	AZ	3/10/00
5. THE ZURICH SERVICES CORPORATION	IL	2/9/00

**Third Party Administrators (TPA)**

<b>Company Name</b>	<b>State of Domicile</b>	<b>Effective Date</b>
1. ADVANCED BENEFIT SOLUTIONS, L.L.C.	AZ	3/13/00
2. DISABILITY REINSURANCE MANAGEMENT SERVICES, INC.	DE	1/25/00
3. F.A. RICHARD & ASSOCIATES d/b/a: FARA BENEFIT SERVICES	LA	2/9/00
4. WESTFIELD SERVICES, INC.	OH	2/9/00

**Utilization Review Agents**

<b>Company Name</b>	<b>State of Domicile</b>	<b>Effective Date</b>
1. SOUTHWEST PHYSICIAN NETWORK	AZ	2/3/00
2. P & R DENTAL STRATEGIES, INC.	NY	2/23/00
3. VISION SERVICE PLAN	CA	3/9/00
4. MEDICAL COST MANAGEMENT	IL	3/16/00

**CHANGE OF AUTHORITY**

<b>Company Name</b>	<b>State of Domicile</b>	<b>NAIC #</b>	<b>Effective Date</b>	<b>Change</b>
1. ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA	MN	90611	1/18/00	Granted Variable Annuities and Variable Life
2. ALLIED PRODUCERS LIFE INSURANCE COMPANY	AZ	N/A	3/13/00	Converted to Unaffiliated Credit Life & Disability Reinsurer
3. COLUMBUS LIFE INSURANCE COMPANY	OH	99937	1/12/00	Granted Variable Life
4. THE DOCTORS' COMPANY, AN INTERINSURANCE EXCHANGE	CA	34495	2/23/00	Granted Marine and Transportation
5. EASTWOOD LIFE INSURANCE COMPANY	AZ	N/A	2/25/00	Converted to Unaffiliated Credit Life & Disability Reinsurer
6. MGIC ASSURANCE CORPORATION	WI	22594	1/26/00	Terminated Surety and Granted Casualty Without Workers' Compensation
7. PEACH STATE LIFE INSURANCE COMPANY	AZ	N/A	3/27/00	Converted to Unaffiliated Credit Life & Disability Reinsurer
8. PIKES PEAK LIFE INSURANCE COMPANY, INC.	AZ	N/A	1/25/00	Converted to Unaffiliated Credit Life & Disability Reinsurer
9. SAFEWAY PROPERTY INSURANCE COMPANY	NE	17248	1/31/00	Terminated Disability, Marine and Transportation, and Surety
10. SUNAMERICA NATIONAL LIFE INSURANCE COMPANY	AZ	60183	1/28/00	Terminated Limitation to Guaranteed Investment Contracts
11. UNITED MISSOURI INSURANCE COMPANY	AZ	N/A	3/22/00	Converted to Unaffiliated Credit Life & Disability Reinsurer
12. UNITED STATES LIABILITY INSURANCE COMPANY	PA	25895	1/3/00	Granted Workers' Compensation

**NAME CHANGES**

Old Name (to) New Name	State of Domicile	NAIC #	Effective Date
1. 20 <sup>TH</sup> CENTURY INSURANCE COMPANY OF AMERICA (to) 21 <sup>ST</sup> CENTURY INSURANCE COMPANY OF AMERICA	AZ	10245	1/1/00
2. JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY (to) JOHN HANCOCK LIFE INSURANCE COMPANY	MA	65099	2/1/00
3. PARATRANSIT RISK RETENTION GROUP INSURANCE COMPANY (to) PARATRANSIT INSURANCE COMPANY, A MUTUAL RISK RETENTION GROUP	TN	44130	2/21/2000

**ARIZONA REDOMESTICATIONS**

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

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

Company Name	NAIC #	Effective Date	Acquired By
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NO ACTIVITY THIS QUARTER

**Mergers involving Arizona Companies**

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

**Withdrawals from Arizona**

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

**SUPERVISIONS/RECEIVERSHIPS**

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

**FINANCIAL EXAM REPORTS**

Company Name	NAIC #	Date Report Filed
1. ADVANCE INSURANCE COMPANY	83445	03/24/2000
2. AMERICAN HORIZON INSURANCE COMPANY	28100	01/13/2000
3. ARKANSAS LIFE INSURANCE COMPANY	97551	03/03/2000
4. CITY HOLDINGS REINSURANCE LIFE COMPANY	73555	03/01/2000
5. COMMERCE AFFILIATED LIFE INSURANCE COMPANY	93408	03/03/2000
6. CONSUMER LIFE INSURANCE COMPANY	62367	02/17/2000
7. DENNIS LIFE INSURANCE COMPANY	88803	01/14/2000
8. FIRST SECURITY LIFE INSURANCE COMPANY OF ARIZONA	74241	03/03/2000

9.	KEYSTONE FINANCIAL LIFE INSURANCE COMPANY	62391	01/16/2000
10.	LEAFRE REINSURANCE COMPANY	60032	02/15/2000
11.	NATIONAL HEALTHCARE REINSURANCE COMPANY	60080	03/03/2000
12.	OLD RELIANCE INSURANCE COMPANY	67253	02/17/00
13.	PMI MORTGAGE GUARANTY COMPANY	10670	01/20/2000
14.	PMI MORTGAGE INSURANCE COMPANY	27251	01/20/2000
15.	REPUBLIC-VANGUARD INSURANCE COMPANY	40479	03/23/2000
16.	RESIDENTIAL GUARANTY COMPANY	10287	01/20/2000
17.	UNITED CONCORDIA INSURANCE COMPANY	85766	01/31/2000
18.	UPPER PENINSULA INSURANCE COMPANY	33685	01/24/2000
19.	VENTURE LIFE INSURANCE COMPANY	99104	01/13/2000

### MARKET CONDUCT EXAM REPORTS/ORDERS

Company Name	State of Domicile	NAIC #	Date Filed	Civil Penalty	Restitution + Interest
1. ACCEPTANCE INSURANCE COMPANY Use of unfiled rates. Improper claims processing.	NE	37958	2/1/00	\$30,000	0
2. ASSOCIATED HEALTH PLANS, INC. Failure to maintain/produce records. Improper claims processing. Failure to provide notice of insurance information practices. Use of unfiled forms.	AZ	47082	1/6/00	\$23,000	0
3. CIVIL SERVICE EMPLOYEES INSURANCE CO. Failed to file list of agents. Failed to include documentation in support of IRPM credits and adjustments of manual premium. Failed to return subrogation share of recovery to insureds. Improper payment of claims.	CA	10693	3/30/00	\$25,000	To Be Determined
4. CSE SAFEGUARD INSURANCE COMPANY Failed to file list of agents. Failed to include documentation in support of IRPM credits and adjustments of manual premium. Failed to return subrogation share of recovery to insureds. Improper payment of claims.	CA	18953	3/30/00		To Be Determined
5. COLORADO CASUALTY INSURANCE COMPANY Use of unfiled rates. Improper claims processing.	CO	41785	3/8/00	\$15,000	0
6. GEICO CASUALTY COMPANY Improper claims processing.	MD	41491	2/3/00	\$300	\$5
7. GEICO GENERAL INSURANCE COMPANY Improper claims processing.	MD	35882	2/3/00	\$1,800	\$31
8. GEICO INDEMNITY CORPORATION Improper claims processing.	MD	22055	2/3/00	\$1,000	\$106.23

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9	GOVERNMENT EMPLOYEES INSURANCE COMPANY Improper claims processing.	MD	22063	2/3/00	\$5,200	\$156.24
10.	GUARANTY NATIONAL INSURANCE COMPANY Use of unfiled rates.	CO	11401	1/14/00	\$3,700	0
11.	INSURANCE COMPANY OF THE WEST Rated policies on basis of prior rates that were no longer effective. Canceled policies, but failed to return unearned premium. Improperly canceled automobile policies. Improper payment of claims.	CA	27847	3/30/00	\$15,000	\$4,619.01
12.	INTEGON INDEMNITY CORPORATION Failure to file agent list with the Department. Failure to provide notice of insurance information practices. Improper cancellations. Improper claims processing.	NC	22772	3/8/00	\$12,000	\$17,374.08
13.	INTEGON NATIONAL INSURANCE COMPANY Failure to file agent list with the Department. Failure to provide notice of insurance information practices. Improper cancellations. Improper claims processing.	NC	29742	3/8/00	0	0
14.	NEW ENGLAND MUTUAL LIFE INSURANCE CO (NKA METROPOLITAN LIFE INSURANCE COMPANY) Improper claims processing. Using unfiled forms. Failure to pay interest.	MA	66893	3/30/00	\$30,000	To Be Determined
15.	REGAL INSURANCE COMPANY Improper claims processing.	IN	38873	1/3/00	0	0
16.	UNITED DENTAL CARE OF ARIZONA, INC. Failure to maintain/produce records. Improper claims processing. Failure to provide notice of insurance information practices. Use of unfiled forms. Failure to file agent list with the Department. Use of unapproved/unfiled advertising on the Internet.	AZ	47708	1/6/00	\$31,000	0
17.	VIRGINIA SURETY COMPANY	IL	40827	N/A	0	0
18.	WESTERN FIDELITY INSURANCE COMPANY (N.K.A. AFBA LIFE INSURANCE COMPANY) Improper claims processing.	LA	77879	3/8/00	\$7,500	\$5,929.85
19.	WINDSOR INSURANCE COMPANY Improper claims processing. Failure to provide notice of insurance information practices. Use of non-compliant exclusionary riders.	IN	12599	1/3/00	\$7,500	\$27,471.52

**SUSPENSIONS**

	<b>Company Name</b>	<b>State of Domicile</b>	<b>NAIC #</b>	<b>Effective Date</b>	<b>Action</b>
1.	AMERICAN AGRI-BUSINESS INSURANCE COMPANY	IA	12548	2/3/00	Suspension Vacated
2.	AMERICAN CHAMBERS LIFE INSURANCE COMPANY	OH	75914	3/29/00	License Suspended
3.	BANKERS COMMERCIAL LIFE INSURANCE COMPANY	TX	61220	3/29/00	License Suspended
4.	REGAL CASUALTY OF OMAHA INSURANCE COMPANY	NE	17248	1/18/00	Suspension Vacated
5.	SUPERIOR NATIONAL INSURANCE COMPANY	CA	37753	3/15/00	License Suspended
6.	SUPERIOR PACIFIC CASUALTY COMPANY	CA	30570	3/15/00	License Suspended

**OTHER DISCIPLINARY ACTIONS**

	<b>Company Name NAIC #</b>	<b>Allegation</b>	<b>Disposition</b>
1.	THE PRUDENTIAL LIFE INSURANCE COMPANY OF AMERICA NAIC # 68241	Appeal of disallowed premium tax deduction for policy dividends applied to paid-up additions for tax year 1998.	1/6/00 Order affirmed disallowance of premium tax deduction and Petitioner not entitled to a refund of 1998 premium taxes. Order on appeal to Superior Court
2.	STANFORD LIFE INSURANCE COMPANY NAIC # 77372	Delinquent filing of audited financial report.	2/18/00 Order affirmed penalty imposed for delinquent filing. (Rehearing denied)

**PRODUCERS AND OTHER LICENSEES DISCIPLINED**

	<b>Cause No. Name City – State</b>	<b>Allegation</b>	<b>Disposition</b>
1.	00A-010 RICHARD IRA SHEAR and ARIZONA ASSET PARTNERS I, INC. Scottsdale, AZ	Alleged fraud; misappropriation or conversion; misrepresentation; false or deceptive advertising of insurance, paying or offering rebates. Serious nature of allegations caused Director to find public health, safety and welfare required emergency action.	1/18/00 Order Summarily Suspending License and Notice of Hearing
2.	99A-226 PAT RUSSELL OVERSON Gilbert, AZ	Misrepresentation in obtaining insurance license. Record of dishonesty in business or financial matters.	1/14/00 Order License Revoked Civil Penalty of \$500
3.	99A-252 ERIC JUNCKER KRONENGOLD Scottsdale, AZ	Alleged failure to maintain bond and failure to respond to Department inquiries regarding bond status. Serious nature of allegations caused Director to find public health, safety and welfare required emergency action.	1/5/00 Order Summarily Suspending License and Notice of Hearing
4.	00A-027 MARILYN RUTH SKEPNEK dba SKEPNEK INSURANCE AGENCY Sedona, AZ	Alleged misappropriation or conversion; false or deceptive advertising of insurance/policies; unfair trade practices. Serious nature of allegations caused Director to find public health, safety and welfare required emergency action.	3/2/00 Order Summarily Suspending License and Notice of Hearing
5.	00A-032 HERBERT EDWARD LUCAS Phoenix, AZ	Failure to maintain a bond.	3/2/00 Consent Order License Revoked

6.	00A-035 MARK RICHARD DIBRITO Phoenix, AZ	Failure to maintain a bond.	3/7/00 Consent Order License Revoked
7.	00A-036 THOMAS ALLEN JASPERSON Scottsdale, AZ	Failure to maintain a bond.	3/7/00 Consent Order License Revoked
8.	99A-252 ERIC JUNCKER KRONENGOLD Scottsdale, AZ	Failure to maintain a bond and failure to notify Director of change of address.	3/2/00 Consent Order License Revoked

## RULES 2000

Citation	Title	Action	Status
NO ACTIVITY THIS QUARTER			

## CIRCULAR LETTERS 2000

Number	Title	Date Issued
1. 2000-1	Issuers' Affirmative Obligations Under the Health Insurance Portability and Accountability Act (HIPAA)	1/4/00
2. 2000-2	Standards for Reasonable Investigation of Claims	1/7/00
3. 2000-3	Revision of Property Damage Threshold for Purposes of A.R.S. § 20-1631 (E)	2/14/00
4. 2000-4	Common Areas of Regulatory Non-Compliance in Personal Lines	2/22/00

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**Arizona Department of Insurance  
2910 N. 44th Street, Suite 210  
Phoenix, AZ 85018**