



## FROM THE DIRECTOR. . .

### By Charles R. Cohen

On November 12, 1999, President Clinton signed the Financial Services Act of 1999 into law. The Act breaks down the barriers to financial services convergence by repealing the Glass-Steagall Act and permitting the affiliation of banking, securities and insurance enterprises.

During the legislative process leading to enactment, I and my fellow insurance regulators expressed support for the modernization of the financial services industries because it will generally benefit the economy and consumers of financial products.

However, we cautioned that modernization must not be accomplished at the expense of the state insurance



regulatory system, our nation's only insurance regulatory system and one with a long track record of success protecting the interests of insurance consumers.

We expressed many concerns about the form of

the legislation and the potential threats it posed to the primacy of state authority to regulate insurance. I am pleased to report that we were heard, and that our input resulted in numerous improvements and clarifications. The Act affirms McCarren-Ferguson and state authority to functionally regulate the business of insurance.

Now that financial services convergence is the law of the land, the challenge for state insurance regulators is to work with federal financial regulators to forge positive

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## ADOI Agrees to Share Bank Complaints With OCC

Arizona is among at least 22 states and the District of Columbia that have signed agreements to share consumer complaint information with the Office of the Comptroller of the Currency (OCC).

With the passage of the Financial Services Act of 1999, state regulators are preparing to monitor and regulate insurance products sold by national banks. The sharing of complaint

information is designed to protect consumers and strengthen the relationship between state regulators and the OCC.

Under the agreements, when a consumer has a complaint about an insurance product sold by a national bank, the OCC will forward that information to the appropriate state insurance department. The ADOI will forward any insurance-related complaint it receives about a

national bank to the OCC.

The agreements call for confidentiality of shared complaint information and for communication between state and federal regulators "to the fullest extent possible on matters of common interest, such as regulatory and policy initiatives and educational efforts pertaining to insurance sales by national banking companies."

### Mission Statement

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

## Insurance Department Places Premier Healthcare of Arizona in Receivership

The Arizona Department of Insurance obtained a court order on Nov. 16, 1999, appointing Director Charles R. Cohen as Receiver of Premier Healthcare of Arizona, Inc., a health care services organization.

Premier, which reported annual losses in excess of \$1 million since it was formed in 1995, was purchased in March 1999 by MatureWell Inc., a Tucson-based holding company. In the quarterly financial report filed with the Insurance Department for the third quarter of 1999, Premier showed an operating loss of \$5 million through the first nine months of the calendar year.

Efforts to obtain additional capital were unsuccessful, and on Nov. 16, 1999, Premier consented to the appointment of the Director as Receiver. Premier is the first Arizona HMO to be placed in receivership.

In accordance with state law, Premier had a Plan for Risk of Insolvency that provides for the payment of post receivership claims for at least 60 days beyond Nov. 16, or until group enrollment contracts expire, whichever is longer, and for hospitalized persons until they are released. The plan is funded by Premier's primary reinsurer, and continuation of benefits is conditioned upon continued payment of premiums to Premier. At the time of receivership, Premier had approximately 75,000 enrollees throughout the state, including 20,778 Medicare beneficiaries, primarily in the rural communities of Flagstaff, Kingman, Prescott and Yuma, and in Maricopa County (Phoenix).

The Department worked closely with the Health Care Financing Administration (HCFA) and the State Health Insurance Assistance Program, a program within the Department of Economic Security that assists Medicare beneficiaries. HCFA terminated its contract with Premier effective Dec. 1, 1999, removing the 20,778 beneficiaries from Premier's coverage. Medicare beneficiaries who had not obtained alternative HMO coverage were automatically returned to traditional fee-for-service Medicare.

Immediate steps were taken to begin the process of transferring Premier's commercial

enrollees to other health care insurance coverage. Insurance Department officials met with representatives of other HMOs to encourage them to facilitate the transfer of Premier enrollees. In addition, the Receiver has contacted each of the state's 84 accountable health plans to determine interest in assumption of the remaining groups.

As of Jan. 7, 2000, remaining commercial enrollees totaled 25,267, with 31,530 having been disenrolled.

The Receiver hopes to transfer all remaining groups to alternative carriers by March 1, 2000.

During the first month of the receivership, approximately 100,000 letters and notices were mailed by the Receiver to enrollees, employer groups, brokers, providers and collection agencies advising them of the receivership, the Plan for Risk of Insolvency, continuation of coverage, premium collections, claims payments, and the intricacies of the receivership process.

The vast majority of contract providers continue to treat Premier enrollees. In a memorandum to contract providers, Director Cohen reminded providers that their contracts, the receivership order and state law prohibited them from:

- Refusing to see Premier enrollees.
- Pursuing Premier enrollees for payment of outstanding balances beyond co-pays and deductibles.
- Requiring payment in advance as a condition of seeing a Premier enrollee.
- Limiting services to emergencies only.

The Receiver is attempting to identify and collect Premier's assets and to quantify amounts owed to providers for claims prior to receivership. Depending on the results, pre-receivership claims may be paid in full or in part.

The Receiver continues to face operational challenges resulting from discrepancies in Premier's records. The Receiver is reconciling

*(Continued on Page Four)*

# Legislative Report

With the approval of the Governor's Office, ADOI has prepared a legislative agenda for the upcoming 2000 session.

Here is a brief description of the bills as they exist in draft form:

## HIPAA (Health Insurance Portability and Accountability Act) and Accountable Health Plans

- Makes technical changes to conform Arizona law to HIPAA requirements.
- Repeals A.R.S. § 20-2306 establishing a health benefit plan committee.

## Codification

- Eliminates certain discrepancies between insurers' financial reporting requirements under state law and NAIC Standardized Statutory Accounting Principles (SSAPs).

## Consumer Protection and Licensing; Violent Crime Control Act

- Amends A.R.S. § 20-162 to prevent automatic stay of emergency orders.
- Amends A.R.S. § 20-290 to allow ADOI to deny an agency license based on prior conduct of its principals.
- Amends A.R.S. § 20-291 to enable ADOI to obtain background information on an agency's principals.
- Enacts new A.R.S. § 20-305 to permit the Director to seek an administrative cease and desist order

against an unlicensed producer and makes conforming language changes in A.R.S. § 20-401.02.

- Amends A.R.S. § 20-316 to permit ADOI to suspend or revoke an agency license based on the conduct of agency principals.
- Enacts A.R.S. § 20-489 to permit the Director to enforce the federal Violent Crime Control Act. (18 U.S.C. § 1033-1034).

## Commercial Insurance; Industrial Insureds

- Resolves technical and other issues raised by 1998 legislation allowing the sale of deregulated policies to "industrial insureds," including:
  - Definition of industrial insured and risk manager.
  - Excludes Guaranty Fund coverage.
  - Excludes industrial insured loss and expense experience from regulated rates.
- Excludes medical malpractice as a deregulated product.
- Self certification of industrial insured status.

- Disclosure requirements.
- Financial reporting requirements.
- Amends A.R.S. § 20-385 to clarify that non-adoption and delayed adoption of rate service organization loss cost filings is permitted.
- Addresses surplus lines tax collection issues relative to multi-state risks.

## Workers Compensation

- Incorporates ADOI/industry task force recommendations relative to multiple workers compensation rating organizations, including uniform statistical plan, uniform experience rating, and uniform classification plan; a designated statistical agent; a statewide appeals board; a statewide assigned risk plan; and a designated rating organization.

## Risk Based Capital (RBC) Requirements for Managed Care Organizations

- Amends A.R.S. § 20-488 et.seq. To impose RBC requirements on hospital, medical, dental and optometric service corporations, health care service organizations and prepaid dental plans.

A more detailed description of these bills can be obtained from Vista Brown, ADOI legislative liaison, at (602) 912-8456.



## Regulator Profile



### Sara Begley, ADOI Deputy Director

Sara M. Begley, Deputy Director of ADOI, joined the agency in 1987 after having served two years as an Arizona assistant attorney general, representing the Insurance Department among other state agencies.

From 1987 to 1993, Begley served as Chief Hearing Officer for ADOI. Her responsibilities included presiding over administrative hearings and drafting proposed findings of fact, conclusions of law, orders and proposed legislation. After a year in the private sector, Begley returned to ADOI in 1994 as deputy receiver. She was promoted to Deputy Director, the No. 2 post at ADOI, in December 1998.

Begley earned her law degree from the University of Arizona at Tucson in 1985, and received a bachelor of science degree (cum laude) in general business administration from Arizona State University at Tempe in 1982.

## ADOI Implements New Format for Examination Billings

ADOI is implementing a more customer-friendly examinee billing format that will provide examinees with more information about examination work performed. A significant component is a new accounting system that will provide clearer, more detailed information to examinees.

A new invoice format was used for invoices sent in January. For work performed at our office, formerly termed "Desk Audit," invoices now show the subject of the examination work, such as "Quarterly Statement Review" or "Risk-based Capital Review."

We believe more detail will be included on the on-site examination invoices by Feb. 7. The new accounting software provides only a small amount of space in which to display a classification of work performed. However, examiner invoices will be accompanied by a legend that provides our customers with a more detailed description of the type of work that could be included in each work classification.

By March 17, ADOI will establish an Internet web site to provide examinees with answers to the most frequently asked questions.

## Insurance Industry Y2K A-OK

Various reports from the NAIC indicate that the nation's insurance industry experienced no significant Y2K rollover problems. More than 4,000 of the 5,000 licensed insurers in the United States responded to inquiries about Y2K readiness.

The NAIC reported that only three relatively small companies reported any Y2K-related problems. None is licensed in Arizona.

ADOI will follow up on Arizona companies that did not report, but so far the agency has received no information that would cause concern regarding the non-reporting companies. ADOI will continue to monitor the insurance industry, updating surveys on Feb. 3 and April 5.

## Premier Placed in Receivership

*(Continued from Page Two)*

Premier's enrollment data, premiums receivable data and outstanding claims data.

The Receiver has made substantial progress, and intends to establish a procedure for adjudication of pre-receivership claims within 60 days.

In an effort to keep the public and the industry informed, a special Premier Update page was added to the ADOI Internet web site. Interested parties may review the web site at [www.state.az.us/id](http://www.state.az.us/id) or may call ADOI at (602) 912-8444 or (1-800) 325-2548, or they may call Premier at (1-888) 590-2457.

# **Fraud Unit Report**

## **Fraud Unit Cracks Summerville Case; Firm Stole \$1.4 million from 49 Insurers; Owner Gets Prison**

Summerville and Associates, a subrogation firm that was the subject of one of the Fraud Unit's most complex and intense investigations, ended with Maria Summerville pleading guilty to stealing \$1.4 million from 49 companies.

She was sentenced to 8.75 years in prison and ordered to make restitution totaling \$1.4 million to the insurers.

The Summerville firm was hired by insurance companies to collect money owed them. Maria Summerville recovered millions of dollars for her clients, but reported only a fraction of what she collected and kept the remainder, according to investigators.

During an 18-month investigation, the Fraud Unit, under the direction of Chief Terry Cooper, uncovered an intricate scheme of embezzling and concealing funds from insurance companies obtained from payments made by uninsured motorists. The motorists were attempting to remove bad credit ratings, which were entered illegally against their credit records by Summerville.

Four members of the Fraud Unit worked as a team to end the Summerville scam. One investigator did an audit of Summerville's computer, which was seized with a search warrant. The investigator had to determine how much of the \$2.7 million Summerville had collected was stolen from client insurance companies. Another investigator audited Summerville's bank records dating back four years to determine how much money was collected from individual clients. Finally, both data bases were entered into a computer program written by a third investigator. A fourth member of the team coordinated the detailed investigation.

The case was prosecuted by the Arizona Attorney General's Office.

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

## **From the Director...**

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working relationships that make the functional regulation envisioned in the Act a reality.

Arizona, like numerous other states, has already entered into an agreement with the Office of the Comptroller of the Currency to share information concerning consumer complaints about insurance products sold by national banks. Similar information sharing, and broader regulatory cooperation, agreements with the Office of Thrift Supervision, the Securities and Exchange Commission and the Federal Reserve are under development.

This is just one indication that state insurance regulators clearly recognize the world is changing and state regulation must evolve to keep pace with the increasingly national and global financial services industries.

I am working with my fellow insurance regulators to develop a strategy for continuous improvement of the state insurance regulatory system that facilitates robust competition and continues to protect insurance consumers in the marketplace of the new millennium.

There is a lot of work ahead.

# Around ADOI

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## Consumer Services And Investigations

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### Consumer Services Handles 96,000 Calls

Approximately 96,000 calls were received by the Consumer Services and Investigations Division during 1999, including 26,000 from October through December. In addition, approximately 4,000 written complaints against insurers were lodged during 1999, including 750 in the fourth quarter.

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## Rates and Regulations

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### Exemption Hearings

ADOI held a hearing on Nov. 23, 1999, to receive public comment on whether the current order to exempt certain forms from filing requirements of A.R.S. § 20-398 (A) should be revised. In addition, ADOI held a hearing on the same date to receive public comment on whether the types of policies currently exempted from the provisions of § 20, Article 14, Chapter 6 should be revised. This chapter deals with cancellation and cancellation notice requirements of commercial and property and casualty insurance.

## Homeowner Premium Comparison Survey

The Rates & Regulations Division sent its annual Homeowners Premium Comparison Survey to participating insurers on Dec. 1, 1999, with publication planned for January 2000. The survey is conducted to provide consumers with premium comparisons based on hypothetical values of homes in the Phoenix, Glendale, Mesa, Flagstaff and Tucson areas.

## Life & Health Third Party Administrator Financials

The annual financial statement (Form 111) was mailed in October 1999 to all licensed Life and Health Third Party Administrators. The financial statements are to be completed and sent to ADOI by March 1, 2000.

## Motor Vehicle Report Published

The latest edition of the Motor Vehicle Annual Report is available in printed form and on the ADOI web site. This report provides a summary of relevant information regarding motor vehicle liability insurance in Arizona in accordance with A.R.S. § 20-154.01.

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## Life and Health

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### Internet Reminder

Carriers are reminded that when they place advertising material on the Internet it does not in any way exempt that carrier from any requirements for filing and approval that would otherwise apply if the advertising were to appear in another form.

## Reports Due in March At Life & Health Division

**Health Care Insurers** must file the Health Insurance Portability and Accountability Act (HIPAA) annual report required by A.R.S. § 20-1382 for calendar year 1999. ADOI has developed forms that may be used for the report. The forms are in the "Life and Health Division Forms" section of the ADOI web site.

**Accountable Health Plans** must file their annual actuarial certification for small group health business as required by A.R.S. § 20-2311.

**Utilization Review Agents**, regardless of their Utilization Review Accreditation, must submit a signed and notarized annual report. The report must include the designated location for review and inspection of their utilization review plan by the Director or authorized representative and must certify the provisions outlined in A.R.S. § 20-2532 (F) (1) (2) and (3).

# Around ADOI

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## Market Conduct

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### Complaint Surveys Due at ADOI March 1

The Market Conduct Examinations Division has distributed its annual Complaint Ratio Survey letter to all insurers, with the deadline for returning them to ADOI set for March 1, 2000. Separate surveys are conducted for HMOs, Life and Disability insurers, and Property and Casualty insurers offering Disability coverage. The information requested is for calendar year 1999 only. The ADOI uses these surveys develop a more accurate picture of specific insurance markets, to enable ADOI to more precisely target market conduct examinations, and to assist consumers with market-related questions.

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## Guaranty Fund

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### L&D Guaranty Fund Board Meets Feb. 17

The Life and Disability Guaranty Fund Board of Directors meets Feb. 17, 2000, at 1 p.m. at the Insurance Department, 2910 N. 44<sup>th</sup> St., Phoenix, in the second floor conference room.

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## Corporate & Financial

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### Unaffiliated Credit Life & Disability Filings

By the end of 1999, 57 companies had filed materials required to receive certification as an Unaffiliated Credit Life and Disability Reinsurer. Of that total, 38 had already been reviewed and granted.

### Annual Statement Forms On ADOI Web Site

Forms and instructions for the calendar year 1999 Annual Statement, Annual Premium Tax & Fees, and NAIC filing checklist requirements will not be mailed this year, but will be available on the ADOI web site at [www.state.az.us/id/forms/forms.htm](http://www.state.az.us/id/forms/forms.htm)

Adobe Acrobat Reader is required for document downloads. For further information or assistance, please call (602) 912-8420.

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

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## Licensing

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### Producer Licensees Surveyed to Improve Customer Service

To improve service to ADOI customers, the Licensing Division is conducting a survey of 2,477 producer licensees selected at random. The results will be evaluated to assist ADOI in meeting the needs of the agency's customers. The evaluations will be based on four factors: age of the licensees, their gender, their lines of authority and their region. Once the results are analyzed, ADOI will be better able to improve its service to each group, according to Scott Greenberg, who heads the Business Services and Licensing Section.

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## Public Information

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### Three New Health Care Publications Available

The department has produced three new free publications: "A Consumers Guide to Group Health Insurance in Arizona," "A Consumers Guide to Individual Health Insurance in Arizona," and "A Consumers Guide to Health Care Appeals." All are available on the ADOI web site at [www.state.az.us/id](http://www.state.az.us/id) or by calling the ADOI at (602) 912-8444 or statewide (1-800) 325-2548.

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

Company Name	NAIC #	Effective Date	Type
NO ACTIVITY THIS QUARTER			

**Foreign Companies**

Company Name	State of Domicile	NAIC #	Effective Date	Type
1. AMERICAN CONTRACTORS INDEMNITY COMPANY	CA	10216	11/10/99	CI
2. KEMPER AUTO & HOME INSURANCE COMPANY	PA	10915	12/9/99	PC
3. KEMPER INDEPENDENCE INSURANCE COMPANY	IL	10914	12/9/99	PC
4. LAND TITLE INSURANCE CORPORATION	CO	50002	10/29/99	TI
5. MERCURY CASUALTY COMPANY	CA	11908	11/3/99	PC
6. MERIDIAN CITIZENS MUTUAL INSURANCE COMPANY	MN	10502	12/29/99	PC
7. MERIDIAN CITIZENS SECURITY INSURANCE COMPANY	IN	26654	12/29/99	PC
8. MERIDIAN SECURITY INSURANCE COMPANY	IN	23353	12/29/99	PC
9. TOPA INSURANCE COMPANY	CA	18031	10/6/99	PC

**Risk Retention Groups Registered**

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

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

Company Name	State of Domicile	Effective Date
1. AIG WARRANTYGUARD, INC.	DE	11/16/99
2. FIRST GUARD WARRANTY CORP.	TX	11/23/99
3. SC & E ADMINISTRATIVE SERVICES, INC.	TX	11/5/99
4. UNITED SERVICE PROTECTION CORP.	DE	12/31/99

**Third Party Administrators (TPA)(A.R.S. 20-485, et seq.)**

Company Name	State of Domicile	Effective Date
1. ADMINISTRATIVE CONCEPTS, INC.	PA	11/1/99
2. COLE VISION SERVICES, INC.	OH	11/10/99
3. CONSOLIDATED BILLING COMPANY	DE	12/9/99
4. GLOBAL HEALTHCARE CORPORATION	AZ	10/18/99
5. HINCHCLIFF INTERNATIONAL GROUP SERVICES, INC.	MA	10/29/99
6. NOONAN AND ASSOCIATES INSURANCE ADMINISTRATION, LTD.	IL	12/31/99

7. PLATINUM SAFETY AND CLAIMS SERVICES, L.L.C.	TX	10/14/99
8. PREFERRED CARE, INC.	PA	12/7/99
9. TDG INSURANCE & FINANCIAL SERVICES, INC.	CA	12/31/99

### Utilization Review Agents

Company Name	State of Domicile	Effective Date
1. CASA BLANCA MEDICAL GROUP	AZ	10/22/99
2. PHYSICIANS' REVIEW NETWORK	AZ	12/17/99

### CHANGE OF AUTHORITY

Company Name	State of Domicile	NAIC #	Effective Date	Change
1. ADAMSON LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
2. AMERICAN SAFETY CASUALTY INSURANCE COMPANY	DE	39969	12/16/99	Granted Casualty With Workers' Compensation, Marine & Transportation, Property
3. ALISON LIFE INSURANCE COMPANY	AZ	N/A	12/30/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
4. BASNEY AUTO GROUP LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
5. BECK LIFE INSURANCE COMPANY	AZ	N/A	12/16/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
6. BEE LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
7. BEVERLY HILLS LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
8. BOWTIE LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
9. BRADLEY LIFE INSURANCE COMPANY	AZ	N/A	12/31/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
10. BREMEN LIFE INSURANCE COMPANY II	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
11. BULKLEY LIFE INSURANCE COMPANY	AZ	N/A	12/31/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
12. CARDINAL & GOLD INSURANCE COMPANY	AZ	N/A	12/31/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
13. CARLISLE LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
14. CHEROB LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
15. CITIZENS REINSURANCE COMPANY	AZ	N/A	12/16/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
16. COLUMBIA INTERSTATE LIFE INSURANCE COMPANY	AZ	N/A	12/31/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
17. COSMIC LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
18. DALOS LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
19. DUO LIFE INSURANCE COMPANY	AZ	N/A	12/13/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
20. DUPAGE LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer

# Regulatory Activity Report 4th Quarter 1999

21.	EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES	NY	62944	10/25/99	Granted Variable Annuities
22.	FAIRFIELD INSURANCE COMPANY	CT	44784	12/16/99	Granted Disability
23.	FELIX LIFE INSURANCE COMPANY	AZ	N/A	12/31/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
24.	FIRST REINSURANCE, INC.	AZ	N/A	12/31/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
25.	FOR LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
26.	GRAND RIVER LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
27.	KELLEY LIFE INSURANCE COMPANY	AZ	N/A	12/7/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
28.	KLEIN LIFE INSURANCE COMPANY	AZ	N/A	12/31/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
29.	LA PORTE LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
30.	LAWRENCEVILLE PROPERTY AND CASUALTY COMPANY	VA	28916	11/23/99	Terminated Mortgage Guaranty; Granted Casualty Without Workers' Compensation
31.	LAURENCE LIFE INSURANCE COMPANY	AZ	N/A	12/3/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
32.	LINCOLNWAY LIFE INSURANCE COMPANY	AZ	N/A	12/30/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
33.	LOBO LIFE INSURANCE COMPANY	AZ	N/A	12/31/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
34.	MARV HILL LIFE INSURANCE COMPANY	AZ	N/A	12/3/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
35.	MCCARTHY LIFE INSURANCE COMPANY	AZ	N/A	12/3/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
36.	MELLO LIFE INSURANCE COMPANY, THE	AZ	N/A	12/31/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
37.	MENAPACHE LIFE INSURANCE COMPANY	AZ	N/A	12/31/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
38.	MICHIGAN FINANCIAL LIFE INSURANCE COMPANY	AZ	N/A	12/30/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
39.	MID-STATES LIFE INSURANCE COMPANY	AZ	N/A	12/16/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
40.	MINNETONKA LIFE INSURANCE COMPANY	AZ	N/A	12/3/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
41.	MOTORSPORT LIFE INSURANCE COMPANY	AZ	N/A	12/3/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
42.	NEW BREMEN LIFE INSURANCE COMPANY	AZ	N/A	12/30/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
43.	OAKWOOD LIFE INSURANCE COMPANY	AZ	N/A	12/14/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
44.	O'BRIEN NATIONAL LIFE INSURANCE COMPANY	AZ	N/A	12/30/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
45.	OLIVIA LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
46.	ORANGE SECURITY LIFE INSURANCE COMPANY	AZ	N/A	12/2/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
47.	PACIFIC CENTURY LIFE INSURANCE CORPORATION	AZ	93815	10/26/99	Granted Life and Disability* *Limited to insurance written in conjunction with a loan transaction of an affiliate
48.	PACIFIC SPECIALTY INSURANCE COMPANY	CA	37850	11/17/99	Granted Casualty Without Workers' Compensation, Marine & Transportation, Property

49.	PARK TWO LIFE INSURANCE COMPANY	AZ	N/A	12/30/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
50.	PROTECTION LIFE INSURANCE COMPANY	AZ	N/A	12/20/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
51.	RAYEN LIFE INSURANCE COMPANY	AZ	N/A	12/7/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
52.	RESERVE CAPITAL LIFE INSURANCE COMPANY	AZ	N/A	12/27/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
53.	RESNICK, WULBERT & RESNICK LIFE INSURANCE COMPANY	AZ	N/A	12/30/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
54.	RIDGE LIFE INSURANCE COMPANY	AZ	N/A	12/16/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
55.	RIVERSIDE LIFE INSURANCE COMPANY	AZ	N/A	12/30/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
56.	ROARING FORK LIFE INSURANCE COMPANY	AZ	N/A	12/3/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
57.	ROGER BRYDEN LIFE INSURANCE COMPANY	AZ	N/A	12/31/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
58.	RUDANDA LIFE INSURANCE COMPANY	AZ	N/A	12/3/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
59.	RURBAN LIFE INSURANCE COMPANY	AZ	N/A	12/27/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
60.	STARVED ROCK LIFE INSURANCE COMPANY	AZ	N/A	12/3/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
61.	VAN-EL LIFE INSURANCE COMPANY	AZ	N/A	12/3/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
62.	WESTERN REGION LIFE INSURANCE COMPANY	AZ	N/A	12/16/99	Converted to Unaffiliated Credit Life & Disability Reinsurer
63.	WESTMARK LIFE INSURANCE COMPANY	AZ	N/A	12/31/99	Converted to Unaffiliated Credit Life & Disability Reinsurer

### NAME CHANGES

	Old Name (to) New Name	State of Domicile	NAIC #	Effective Date
1.	CIGNA FIRE UNDERWRITERS INSURANCE COMPANY (to) ACE FIRE UNDERWRITERS INSURANCE COMPANY	PA	20702	11/1/99
2.	CIGNA INDEMNITY INSURANCE COMPANY (to) ACE INDEMNITY INSURANCE COMPANY	PA	10030	11/1/99
3.	CIGNA INSURANCE COMPANY (to) ACE AMERICAN INSURANCE COMPANY	PA	22667	11/1/99
4.	CIGNA PROPERTY AND CASUALTY INSURANCE COMPANY (to) ACE PROPERTY AND CASUALTY INSURANCE COMPANY	PA	20699	11/1/99
5.	CIGNA REINSURANCE COMPANY (to) ACE AMERICAN REINSURANCE COMPANY	PA	22705	11/1/99
6.	HOUSEHOLD INSURANCE COMPANY (to) KEMPER CASUALTY INSURANCE COMPANY	MI	27138	10/1/99

### ARIZONA REDOMESTICATIONS

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

**ACQUISITIONS****Acquisitions of Arizona Companies**

Company Name	NAIC #	Effective Date	Acquired By
1. NEWPORT INSURANCE COMPANY	24848	11/10/99	COUNTRYWIDE CREDIT INDUSTRIES, INC.
2. STOP LOSS LIFE REINSURANCE COMPANY	71609	11/16/99	UNITED HEALTHCARE CORPORATION

**Mergers Involving Arizona Companies**

Company Name Merged Into	State of Domicile	NAIC #	Effective Date
1. CALAMERICA LIFE INSURANCE COMPANY	CA	61514	11/1/99
SUNAMERICA LIFE INSURANCE COMPANY	AZ	69256	

**Withdrawals From Arizona**

Company Name	State of Domicile	NAIC #	Effective Date
1. COMERICA INSURANCE COMPANY	AZ	91243	11/1/99
2. TRICENTENNIAL LIFE INSURANCE COMPANY	AZ	76155	11/15/99
3. TRIUMPH REINSURANCE COMPANY	AZ	77810	11/29/99

**SUPERVISIONS/RECEIVERSHIPS**

Company Name	State of Domicile	NAIC #	Effective Date	Action Taken
1. PREMIER HEALTHCARE OF ARIZONA INC. DBA: PREMIER HEALTHCARE OF ARIZONA	AZ	95053	11/16/99	IN REHABILITATION

**FINANCIAL EXAM REPORTS**

Company Name	NAIC #	Date Report Filed
1. ALLIANCE INTERNATIONAL INSURANCE, INC.	60066	10/25/99
2. AMERICAN PARTNERS LIFE INSURANCE COMPANY	93653	12/3/99
3. ARIZONA LOCAL GOVERNMENT EMPLOYEE BENEFIT TRUST	N/A	12/23/99
4. BLUE CROSS AND BLUE SHIELD OF ARIZONA, INC.	53589	10/7/99
5. CIGNA DENTAL HEALTH PLAN OF ARIZONA, INC.	47013	12/22/99
6. EASTWOOD LIFE INSURANCE COMPANY	60044	10/21/99
7. EXPLORER INSURANCE COMPANY, THE	40029	11/9/99
8. HOUSEHOLD LIFE INSURANCE COMPANY OF ARIZONA	64360	10/29/99
9. KELLEY LIFE INSURANCE COMPANY	89885	10/28/99
10. MARV HILL LIFE INSURANCE COMPANY	98990	10/21/99
11. MOON LIFE INSURANCE COMPANY	60026	10/28/99
12. NATIONAL PROTECTIVE LIFE INSURANCE COMPANY	63347	12/10/99
13. NEW YORK LIFE AGENTS REINSURANCE COMPANY	68723	10/8/99
14. OLD REPUBLIC STANDARD INSURANCE COMPANY	29092	12/15/99

15. SOMERSET LIFE INSURANCE COMPANY	63169	10/8/99
16. UNILIFE INSURANCE COMPANY	62448	12/16/99
17. VALLEY SCHOOLS INSURANCE TRUST	N/A	12/23/99
18. VALLEY SCHOOLS WORKERS' COMPENSATION POOL	N/A	12/23/99
19. WESTERN SECURITY LIFE INSURANCE COMPANY	73474	12/16/99

## MARKET CONDUCT EXAM REPORTS/ORDERS

Company Name	State of Domicile	NAIC #	Date Filed	Civil Penalty	Restitution + Interest
1. AEGIS SECURITY INSURANCE COMPANY Use of unfiled rates. Paying commissions to unlicensed entities. Improper cancellations. Failing to provide opportunity to remedy condition of premises.	PA	33898	11/23/99	\$6,000	\$506, plus interest to be determined.
2. AIU INSURANCE COMPANY Use of unfiled rates. Improper claim processing. Use of non-compliant underwriting procedures.	NY	19399	12/29/99	\$16,000	Amount to be determined.
3. AMICA MUTUAL INSURANCE COMPANY Use of a non-compliant Notice of Cancellation.	RI	19976	11/22/99	0	0
4. BANKERS LIFE AND CASUALTY COMPANY Failing to provide notice of information practices. Non-compliant replacement procedures. Use of non-compliant HIV test consent form.	IL	61263	11/23/99	\$12,000	0
5. CHICAGO TITLE INSURANCE COMPANY Use of unfiled rates.	MO	50229	11/30/99	0	\$229
6. GEM INSURANCE COMPANY Improper claim processing. Use of improper exclusionary riders.	UT	81698	12/16/99	0	\$122,179.95
7. NATIONAL AMERICAN INSURANCE COMPANY Use of unfiled rates. Improper cancellations. Improper claim processing.	NE	23663	12/16/99	\$10,000	\$22,635.91, plus interest to be determined.
8. STANDARD INSURANCE COMPANY Improper claim processing. Failing to provide notice of insurance information practices. Non-compliant replacement procedures. Not filing agent list with the Department. Failure to produce/maintain records.	OR	69019	11/23/99	\$29,000	Amount to be determined.
9. UNISUN INSURANCE COMPANY Use of unfiled rates. Improper cancellations.	SC	19534	11/23/99	0	0

## SUSPENSIONS

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

**OTHER DISCIPLINARY ACTIONS**

<b>Company Name NAIC #</b>	<b>Allegation</b>	<b>Disposition</b>
1. FAR WEST INSURANCE COMPANY NAIC # 42633	Paid commissions to an unlicensed individual for services as an agent in connection with insurance transacted in Arizona.	11/15/99 Consent Order Cease and desist from paying commissions to unlicensed individuals Civil penalty of \$2,000.
2. ADMIRAL INSURANCE COMPANY NAIC # 24857	Paid commissions to an unlicensed individual for services as an agent in connection with insurance transacted in Arizona.	11/23/99 Consent Order Cease and desist from paying commissions to unlicensed individuals Civil penalty of \$1,000
3. AMERICAN NATIONAL FIRE INSURANCE COMPANY NAIC # 22136	Paid commissions to an unlicensed individual for services as an agent in connection with insurance transacted in Arizona, and failed to obtain a counter signature endorsement of licensed agent.	11/23/99 Consent Order Cease and desist from paying commissions to unlicensed individuals Civil Penalty of \$1,000

**PRODUCERS AND OTHER LICENSEES DISCIPLINED**

<b>Cause No. Name City - State</b>	<b>Allegation</b>	<b>Disposition</b>
1. 98A-027-INS ROSEMARY NELSON Paradise Valley, AZ	Failure to forward premium payments to the general agent or insurer through whom coverage had been issued.	10/5/99 Consent Order Prohibition against applying for Arizona insurance license for one year. Restitution of \$16,075.87. Civil penalty of \$1,000.
2. 99A-040-INS ROBERT GARY RICH d.b.a. ROB RICH & ASSOCIATES and ARIZONA CASUALTY CLAIM AUTHORITY, INC. Scottsdale, AZ	Illegal withholding of monies and source of injury and loss to the public. Failure to pay monies owed to a policyholder in settlement of a contents loss under an insurance policy.	10/25/99 Consent Order License suspended for 30 days. Restitution of \$25,609.10. Civil penalty of \$1,000.
3. 99A-225-INS MICHAEL ROBERT MOCK Phoenix, AZ	Submitted 28 completed and signed applications for homeowners and renters insurance to an insurer without the knowledge or consent of the applicant named on the applications and obtained advanced commissions from the insurer.	10/25/99 Consent Order License Revoked. Restitution of \$12,000.
4. 99A-215-INS JOHN EUGENE BURGOYNE Pocatello, ID	Misrepresented the terms of an insurance policy for the purpose of inducing or tending to induce a policyholder to forfeit, surrender or convert an insurance policy.	10/25/99 Consent Order Cease and desist from misrepresenting terms of any policy. Civil penalty of \$1,000.
5. 99A-231-INS TIMOTHY GOW New York, NY	Failure to maintain a bond.	11/1/99 Consent Order License Revoked.
6. 99A-224-INS EARDIE AUGUSTA CURRY, JR. San Antonio, TX	Failure to disclose on license application a conviction by final judgment of a felony involving moral turpitude.	11/9/99 Consent Order License revoked.
7. 99A-234-INS DONALD A MOSSER Rockford, IL	Failure to disclose on license application prior stipulation and consent order in Illinois.	11/9/99 Consent Order Civil penalty of \$500.
8. 99A-233-INS A O N RISK SERVICES, INC., OF PENNSYLVANIA Philadelphia, PA	Failure to disclose on license application two prior administrative orders from Pennsylvania and one prior administrative order from South Dakota.	11/9/99 Consent Order Civil penalty of \$2,500.
9. 99A-195-INS PARISH MAC DAVIS Gary, IN	Failure to disclose on license application a conviction by final judgment of a felony involving moral turpitude.	11/15/99 Order License revoked. Civil penalty of \$1,500.

10.	99A-247-INS ROBIN C. BONO St. Louis, MO	Failure to disclose on license application refusal of her application for a license in Georgia.	11/30/99 Consent Order Civil penalty of \$500.
11.	99A-223-INS RICKIE OWEN TROXEL dba NINA INSURANCE AGENCY Scottsdale, AZ	Record of dishonesty in business or financial matters.	12/9/99 Consent Order License revoked.
12.	99A-209-INS JULIE ANN RIPPLE Scottsdale, AZ	Failure to maintain a bond and failure to notify the Director of a change in address.	12/16/99 Order License revoked.

## RULES 1999

Citation	Title	Action	Status
1. R6-20-204	Surplus Lines Brokers' Filing Requirements; List of Unauthorized Insurers	Amend	Rulemaking Completed Rules Effective 1/5/00
2.	"Triple X Rules"		
R20-6-309	Definitions	Adopt New Section	
3. R20-6-309.01	Applicability	Adopt New Section	
4. R20-6-309.02	General Calculation Requirements for Basic Reserves and Premium Deficiency Reserves	Adopt New Section	Rulemaking Complete Rules Effective 1/1/00
5. R20-6-309.03	Calculation of Minimum Valuation Standard for Policies with Guaranteed Non Level Gross Premiums or Guaranteed Non Level Benefits (Other than Universal Life Policies)	Adopt New Section	
6. R20-6-309.04	Calculation of Minimum Valuation Standard for Flexible Premium and Fixed Premium Universal Life Insurance Policies that Contain Provisions Resulting in the Ability of a Policyowner to keep a Policy in Force Over a Secondary Guarantee Period	Adopt New Section	
7. Appendix A	Select Mortality Factors	Adopt New Section	

## CIRCULAR LETTERS 1999

Number	Title	Date Issued
1. 1999-1	Administration of Workers' Compensation Laws; Arizona Revised Statutes, Title 20, Chapter 2, Article 4	4/2/99
2. 1999-2	Administration of Continuing Education Laws; Arizona Revised Statutes, Title 20, Chapters 18 and 19	4/30/99
3. 1999-3	Compliance with Arizona's Health Care Appeals Laws	6/11/99
4. 1999-4	Medicare + Choice; Medicare Supplement	6/28/99
5. 1999-5	1999 Arizona Insurance Laws	7/22/99
6. 1999-6	Loss Cost Filings	8/2/99
7. 1999-7	Laws 1999, Ch. 170 (HB2596) Regarding Unaffiliated Credit Life and Disability Reinsurers	8/31/99
8. 1999-8	Codification of Statutory Accounting Principles	10/20/99
9. 1999-9	Administration of Workers' Compensation Laws; Arizona Revised Statutes, Title 20, Chapter 2, Article 4	12/1/99

**Arizona Department of Insurance  
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