

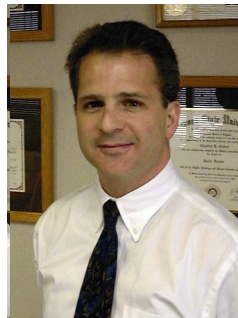


FROM THE DIRECTOR. . .

2000 was characterized by a remarkable debate concerning the future of state-based insurance regulation. Even among those professing a desire to preserve state-based regulation, ideas and proposals are widely divergent. As with any debate, it is important to define the key terms.

I believe the essence of "state-based" insurance regulation is the power of each state insurance commissioner to make the ultimate insurance regulatory decisions affecting the public interest in

his or her state, and the ability of each state insurance de-



partment to render local service to local constituents.

There is general agreement

that the state-based regulatory system must be modernized to deal effectively, efficiently and fairly with a continuously evolving, dynamic, national, even global, insurance industry. Can this modernization be accomplished without sacrificing the essential qualities of state-based regulation? The answer will be revealed through our exhaustive efforts to do so.

Modernization must take the form of aggressive development of uniform regulatory
(Continued on Page 2)

ADOI Receives State Regulation 2000 Award

By Erin Klug

At the NAIC Winter meeting in December, the ADOI became one of 23 state insurance departments to have received the NAIC's State Regulation 2000 Award. The award is given to insurance departments that implement all 11 State Regulation 2000 initiatives.

The goal of the program is to achieve greater efficiency and effectiveness through technology, increasing uniformity and consistency across state boundaries and enhancing interface between the industry and regulators.

Some of the key initiatives

include the Uniform Certificate of Authority Application process (UCAA), Examination Tracking System (ETS), and the System for Electronic Rate and Form Filing (SERFF).

Arizona began accepting the UCAA on July 1, 2000, allowing foreign insurers to file copies of the same core application for admission in Arizona as in other UCAA

states.

In 1999, Arizona began reporting market conduct examination activity on ETS as well as financial exams, allowing other states more immediate access to our examination planning information.

We anticipate being ready to receive the first SERFF filings by summer 2001, thereby reducing the time and cost involved in making certain life and/or P&C product filings.

Director Cohen is a strong advocate of using technology and uniformity to increase efficiency and unify processing of multi-state regulatory transactions.

(Photo on Page 3)

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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."

Risk-Based Capital Takes Effect for Managed Care Organizations

By Steve Ferguson

Risk-based capital standards for health organizations take effect for statements of financial condition "as of" dates after Dec. 31, 2000, pursuant to Senate Bill 1070.

The new standards follow the formula established through the National Association of Insurance Commissioners. Affected health organizations include hospital service corporations; medical service corporations; dental service corporations or optometric service corporations; hospital, medical, dental and optometric service corporations; prepaid dental plan organizations and health care services organizations.

RBC replaces a static \$1 million net worth requirement. It is a method of measuring the minimum amount of capital appropriate for a health organization to support its overall business operations considering its size and risk profile. It provides an elastic means of setting the capital requirement based primarily on the degree of risk taken by the health organization. The five major categories of risks measured are:

- **Asset Risk – Affiliates**, which measures the risk of assets' default for certain affiliated investments.
- **Asset Risk – Other**, which measures the risk of assets' default of principal and interest or fluctuation in market value of unaffiliated investments.

- **Underwriting Risk**, which measures the risk of underestimating liabilities from business already written or inadequately pricing business to be written in the coming year.
- **Credit Risk**, which measures the risk of recovering receivable amounts from creditors.
- **Business Risk**, which measures the risk of general business.

A company's risk-based capital is calculated by applying factors to various asset, premium and reserve items. The factor is higher for those items with greater underlying risk and lower for less risky items. The adequacy of a company's actual capital can then be measured by comparison to its risk-based capital as determined by the formula. While RBC results will be included in health organizations' public financial statements, the law does provide substantial confidentiality for the underlying analysis.

Risk-based capital standards will be used by the ADOI to set in motion appropriate regulatory actions relating to health organizations that show indications of weak or deteriorating conditions. The ADOI has been actively monitoring and prompting health organizations in their attainment of compliance with the new standards by Jan. 1

From the Director...

(Continued from Page 1)

standards and processes, greater reciprocity, and maximum use of technology to unify individual state processing of multi-state regulatory transactions.

Modernization should also include use of the NAIC as a mechanism to support state-based regulation, as a forum for the development of uniform standards and processes, centralized databases, and standard applications to facilitate coordinated multi-state regulatory transactions, and as an enabler for the use of technology by individual state insurance departments.

If even a highly efficient and technological state-based regulatory system is ultimately too limited to effectively and fairly regulate the modern insurance industry, it will have to be supplemented with sound elements of national regulation enacted in appropriate forums through appropriate processes. If that eventuality comes to pass, state regulators must be active, positive participants in those processes. Our vigorous efforts now to perfect and strengthen the state-based system will help assure that, in any event, it will continue to constitute the core of insurance regulation in this country.

Insurance Regulator,
ADOI's quarterly
publication, is
available on our web site:
www.state.az.us/id

Legislative Report

ADOI Prepares for 2001 Session

With the approval of the Governor's Office, the ADOI has prepared eight bills for consideration by the Arizona Legislature, which convened its first regular session of 2001 on Jan. 8.

Three of the bills are related to Gramm Leach Bliley, including the Uniform Producer Licensing Act, which is designed to maintain Arizona's autonomous authority to make licensing and disciplinary decisions concerning insurance producers doing business in the state. In the absence of uniform or reciprocal producer licensing by the states, GLB would establish a national producer licensing authority, the National Association of Registered Agents and Brokers (NARAB).

The other bills deal with HMO insolvency administration, the repeal of certain obsolete insurance laws and laws governing prior approval of HMO solicitations, increases in fee limits, and peace officer status for Fraud Unit investigators.

ADOI bills are expected to be referred to the Senate Banking and Insurance Committee, chaired by Sen. Ed Cirillo, a Republican from Sun City West and a retired IBM executive, and the House Financial Institutions and Insurance Committee, chaired by Rep. Ted Carpenter, a Republican from Phoenix and a retired Phoenix firefighter. The Senate committee will meet Thursday afternoons and the House panel meets on Wednesday mornings.

Other members of the Senate committee are: Sen. Andy Nichols, vice chair, Democrat, Tucson; Sen. Sue Gerard, Republican, Phoenix; Sen. Dean Martin, Republican, Phoenix; Sen. Elaine Richardson, Democrat, Tucson; and Sen. Ramon Valadez, Democrat, Tucson.

Other members of the House Committee are: Rep. Edward Poelstra, vice chair, Republican, Tucson; Rep. Steve May, Republican, Phoenix; Rep. Marian McClure, Republican, Tucson; Rep. Bob Robson, Republican, Chandler; Rep. Roberta Voss, Republican, Glendale; Rep. Carlos Avelar, Democrat, Phoenix; Rep. Bill Brotherton, Democrat, Phoenix; Rep. Gabrielle Giffords, Democrat, Tucson; and Rep. Jim Sedillo, Democrat, Flagstaff.

For further information about ADOI's bills, see the Third Quarter 2000 issue of Insurance Regulator, which is posted on the ADOI Internet web site at www.state.az.us/id.



Director Chuck Cohen (center) joins other state insurance officials honored for implementing SR2000 Program.

ATA Notifies ADOI If Insurers Fail to Pay Assessment

By Gerrie Marks

The Arizona Automobile Theft Authority was established in 1997 to determine the scope of motor vehicle theft in the state and to analyze various methods of combating the problem.

The primary source of the ATA's funding is from the assessment of fees authorized by A.R.S. §41-3451(J). Each insurer writing motor vehicle liability insurance in Arizona is required to pay a semiannual fee on or before Jan. 31 and July 31 of each year.

The ATA will notify the ADOI of an insurer's failure to pay the prescribed fee. Upon receipt of this notice, the ADOI Director has the authority to suspend the insurer's certificate of authority or impose a civil penalty, or both.

The ADOI worked with the ATA to establish a process for handling these referrals that will be implemented with the next ATA fee payment deadline of Jan. 31, 2001. The Director is prepared to exercise the authority granted to him under the statute and, where appropriate, impose appropriate penalties. All insurers are strongly urged to comply with A.R.S. §41-3451 by timely paying the required assessment.

For more information about the ATA, including how to calculate and pay fees, contact Art Myer, Compliance Manager, at (602) 604-9034 or visit the ATA web site at www.aata.state.az.us.

Regulator Profile



Don Harris, Public Information Officer

Don Harris, public information officer of ADOL, has an extensive background in journalism.

He was a reporter and editor for *The Arizona Republic* for 19 years, and before that was a reporter for a daily newspaper in Chicago.

In Arizona, Don was assigned primarily to politics. He covered five national political conventions and most of the high-profile campaigns for governor, U.S. senator and Congress during the 1970s and 1980s. Don frequently interviewed and reported on such Arizona figures as Barry Goldwater, John McCain, Bruce Babbitt, John Rhodes, Mo Udall, Jon Kyl, Rose Moford and Evan Mecham.

Prior to joining ADOL in December 1998, Don had served as Communications Director of the Arizona Department of Commerce for six years.

Don and his wife have three grown children: a lawyer, an official of the Phoenix Suns, and public relations director of a Phoenix advertising firm.

Continuing Education Requirements

By Scott B. Greenberg

Certain licensees (primarily bail bond agents, and resident agents and brokers that hold a non-resident license in another state) must complete approved continuing education (CE) courses from approved providers during the terms of their licenses to be eligible to renew their licenses.

Most licensees have been successful in satisfying Arizona's CE requirements because of the hundreds of approved classroom and correspondence courses delivered by more than 50 approved providers. Some licensees encountered problems when trying to renew their licenses because they had not completed Arizona-approved CE courses from Arizona-approved CE providers. Arizona law requires the ADOL to accept certificates of compliance only from approved providers as evidence that a licensee has satisfied Arizona's CE requirements.

We are aware that bail bond agents have only two approved providers and a handful of approved courses available because there are only approximately 160 bail bond agents in Arizona -- a small market for bail bond education. Bail bond agents should complete CE requirements as

early in the license term as possible to avoid the risk of courses not being available.

Specific information concerning Arizona's continuing education requirements is available from the Insurance Licensing Section web page (www.state.az.us/id/licensing) and from the Insurance Licensing Hotline (602) 912-8470, or toll-free (1-877) 660-0964 for in-state long-distance callers.

Fees Must Be Increased

Arizona law requires the ADOL to adjust its fees so the agency collects General Fund fee revenues between 95 percent and 110 percent of its General Fund appropriation. The agency's total General Fund appropriation increased from \$5,311,100 in FY 2000 to \$5,949,600 in FY 2001. General Fund revenues from fees during Calendar Year 1999 totaled \$4,977,191, which was only 83.7 percent of the FY 2001 appropriation. To enable the ADOL to return between 95 percent and 110 percent of its appropriation, fees will be increased by 20 percent effective July 1, 2001. A schedule showing current fees and the new fees is available from our Internet web site (www.state.az.us/id).

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Fraud Unit Report

ADOI Submits Fraud Unit Annual Report

The ADOI recently submitted its annual report on the activities of the Fraud Unit for the Fiscal Year ending June 30, 2000 to Governor Jane Dee Hull and others, as required by statute.

During FY 2000, the Unit's investigators aided in 137 prosecutions that resulted in convictions and restitution awards totaling more than \$1.5 million.

In June, the Unit performed its annual audit of fraud referrals submitted during the fiscal year. Where a referral share appeared disproportionately low to market share, the Unit Chief, Terry Cooper, contacted the insurer to determine the cause. These contacts are responsible in part for a significant increase in the number of referrals to the Unit. The increase in referrals has led to a rise in the amount of time needed to close a case. As time elapses after the commission of a crime involving insurance fraud, investigation activities become more difficult. Evidence, witnesses and involved parties become progressively more difficult to secure. The ADOI has included in its FY 2002/ FY 2003 biennial budget request, and has identified as a critical issue, the need for additional Fraud Unit investigators so the Unit can keep up with the increasing number of referrals.

The Annual Report notes that the most significant obstacle to accomplishing the Unit's mission arises from the lack of peace officer status. Without peace officer status, Fraud Unit investigators are unable to: obtain and serve search warrants or court orders of identification; seize evidence in plain and open view; make arrests, or engage in proactive investigative activity that may be dangerous.

Undercover investigations are one of the most effective means of detecting rings that stage automobile accidents, operate medical mills, or otherwise perpetrate insurance fraud as part of an organized scheme. At the conclusion, arrests must be made on the spot to avoid risking harm to the investigators and citizens, and to minimize the opportunity for lost evidence and suspect flight. The Unit's dependence on other agencies to serve warrants, collect evidence and effect arrests often makes conducting undercover investigations impracticable. Moreover, undercover activity is potentially dangerous, and Fraud Unit investigators cannot be permitted to engage in this kind of work without the ability to protect themselves.

The ADOI is proposing legislation to grant Fraud Unit investigators peace officer status while acting within the scope of their duties, on the conditions that they fully comply with AzPOST certification requirements and are not eligible to participate in the public safety retirement system.

The full Fraud Unit Annual Report is on the ADOI web site at www.state.az.us/id.

Gary Torticill, Olivia Duarte Retire

Two veteran members of the ADOI – Gary Torticill and Olivia Duarte -- have retired.

Torticill retired Dec. 30, after nearly 19 years at ADOI. He joined ADOI in April 1982 as an Insurance Examiner Assistant Chief after having served as an Insurance Company Examiner III with the Iowa Insurance Department from 1968 to 1982. In January 1985, his position was reclassified to Administrative Services Officer II. He was promoted to Insurance Examiner Chief in November 1989.

Now that he is retired, Gary said he plans to do plenty of biking and hiking. "I will do nothing that even rhymes with insurance," he said.

Duarte, Manager of the ADOI Tucson Office, retired effective Jan. 2, 2001, after nearly 21 years of service with the state. Promoted to Manager of the Tucson Office last year, Olivia began her service with the state in 1978 as a Typist II with the Game and Fish Department. She joined ADOI in 1979 as a Secretary II, and was promoted to Investigator III in 1997.

Her next position was a Consumer Services Specialist II, which she held from 1997 until her promotion to Office Manager.

ADOI Director Cohen said both Torticill and Duarte were valuable assets to the agency and will be sorely missed.

Around ADOI

Financial Affairs

Watch for Changes in Tax and Annual Report Forms

Many of the instructional and reporting forms for annual statement and tax report filings have undergone consolidations, and new form numbers have been assigned to the new versions. Notices to be mailed to Annual Statement Preparers and Tax Report Preparers will clearly identify all applicable forms and will provide the Internet address, downloading and printing instructions. As always, telephone numbers for direct assistance will also be provided. All forms are expected to be available on the ADOI web site by mid-January.

Consumer Affairs

Complaint Surveys Due at ADOI by March 1, 2001

The annual Complaint Ratio Survey letter for calendar year 2000 has been sent to all insurers, with a deadline of March 1, 2001, for returning them to ADOI. Separate surveys are conducted for HMOs, Life and Disability Insurers, Property and Casualty insurers offering Disability coverage. The surveys enable the ADOI more precisely target market conduct examinations and to assist consumers with market-related questions.

Rates and Regulations

Homeowner Premium Comparison Survey

The Annual Homeowner Premium Comparison Survey was mailed to participating insurers on Dec. 1, 2000, with an anticipated publishing date of late January 2001. The ADOI conducts this survey to provide Arizona consumers with premium comparisons based on hypothetical values of homes in the Phoenix, Gilbert, Mesa, Flagstaff, and Tucson areas.

Life and Health

ADOI to File Proposed Rules For Pre-paid Dental Plans

During the first quarter of 2001, the ADOI will file proposed rules with the Secretary of State for regulation of dental services provided by prepaid dental plans starting July 1, 2001. These will be published in the Arizona Administrative Register and are subject to the formal rule-making process.

New Laws Affect Filing of Life & Health Ads

Carriers are reminded that new laws affecting the filing of life and health advertising materials went into effect on Jan. 1, 2001. HB2600 eliminated the requirement for prior approval of all advertising materials. However, carriers are still required to file all advertising materials with ADOI no

later than the date of first use. The ADOI procedures for implementing the new laws can be found in the Director's Circular Letter 2000-14, which includes an Exemption Order exempting certain product filings effective Nov. 9, 2000. Also included is a new Transmittal and Certification Form that must be included with all advertising filings. These items are on the ADOI web site at www.state.az.us/id or you may obtain instructions by calling the Life and Health Division at (602) 912-8460.

Guaranty Funds

Life and Disability Board Meets Feb. 13

The Board of Directors of the Arizona Life and Disability Insurance Guaranty Fund will meet Tuesday, Feb. 13, at 1 p.m. in the ADOI second floor conference room. Meetings also are slated to be held May 8, Aug. 14, and Nov. 5 at the same hour and location.

Property and Casualty Board Met Jan. 9

The Arizona Property and Casualty Insurance Guaranty Fund Board of Directors met on Jan. 9. Additional meetings are scheduled to be held in the second floor conference room of the ADOI at 8:30 a.m. on April 10, July 10, and Sept. 11.

Fraud Unit

As of Jan. 16, the Fraud Unit will be located at 1651 E. Morten, Building B.

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

	Company Name	NAIC #	Effective Date	Type
1.	ARIZONA NATIONAL LIFE INSURANCE COMPANY	60018	10/24/00	Life and Disability Reinsurer
2.	FIRST LINCOLN REINSURANCE COMPANY	N/A	10/27/00	Unaffiliated Credit Life and Disability Reinsurer

Foreign Companies

	Company Name	State of Domicile	NAIC #	Effective Date	Type
1.	ADMIRAL INDEMNITY COMPANY	DE	44318	12/21/00	Property and Casualty
2.	ATLANTIC SPECIALTY INSURANCE COMPANY	NY	27154	11/29/00	Property and Casualty
3.	BANCINSURE, INC.	OK	18538	10/6/00	Property and Casualty
4.	DENTISTS BENEFITS INSURANCE COMPANY	OR	18813	10/17/00	Property and Casualty
5.	GRANITE RE, INC.	OK	26310	12/8/00	Casualty Insurer
6.	NORTHWEST G.F. MUTUAL INSURANCE COMPANY	SD	14885	12/6/00	Property and Casualty
7.	PLANET INDEMNITY COMPANY	IL	28860	12/13/00	Property and Casualty
8.	WESTCOR LAND TITLE INSURANCE COMPANY	CA	50050	11/15/00	Title

Risk Retention Groups Registered

	Company Name	State of Domicile	NAIC #	Effective Date
1.	RELIANT STRUCTURAL WARRANTY INSURANCE RISK RETENTION GROUP, INC.	HI	11058	11/21/00

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

	Company Name	State of Domicile	Effective Date
1.	AMERICAN GUARDIAN WARRANTY SERVICES, INC.	IL	11/30/00

Third Party Administrators (TPA)

	Company Name	State of Domicile	Effective Date
1.	CORESOURCE, INC.	DE	11/15/00
2.	HARRINGTON BENEFIT SERVICES, INC.	DE	10/31/00
3.	HARVEY W. WATT & CO.	GA	11/3/00
4.	JOHN HEWITT & ASSOCIATES, INC.	ME	12/13/00

Utilization Review Agents

	Company Name	State of Domicile	Effective Date
1	INTERNATIONAL CLAIM MANAGERS, INC.	IN	12/19/00
2	TRUSTMAN INSURANCE COMPANY	IL	11/14/00

3. UNIPRISE, INC.

CT

10/4/00

CHANGE OF AUTHORITY

	Company Name	State of Domicile	NAIC #	Effective Date	Change
1.	AMCOMP ASSURANCE CORPORATION	FL	25402	11/16/00	Granted Casualty With Workers' Compensation, Terminated Property, Marine & Transportation
2.	AXA RE AMERICA INSURANCE	NY	11835	12/28/00	Granted Surety and Vehicle
3.	BUCKEYE STATE INSURANCE COMPANY	AZ	N/A	11/27/00	Converted to Unaffiliated Credit Life and Disability Reinsurer
4.	EAST ARKANSAS GEM LIFE INSURANCE COMPANY	AZ	N/A	11/27/00	Converted to Unaffiliated Credit Life and Disability Reinsurer
5.	FIRST PENN-PACIFIC LIFE INSURANCE COMPANY	IN	67652	10/16/00	Granted Variable Life
6.	LONDON ASSURANCE OF AMERICA INC., THE	NY	20311	12/15/00	Granted Surety
7.	MOUNTAIN NATIONAL LIFE INSURANCE COMPANY	AZ	N/A	12/5/00	Converted to Unaffiliated Credit Life and Disability Reinsurer
8.	MCNEILUS FIDELITY LIFE INSURANCE COMPANY	AZ	N/A	12/19/00	Converted to Unaffiliated Credit Life and Disability Reinsurer
9.	TIPPECANOE LIFE INSURANCE COMPANY	AZ	N/A	12/31/00	Converted to Unaffiliated Credit Life and Disability Reinsurer
10.	U.S. SPECIALTY INSURANCE COMPANY	TX	29599	11/7/00	Granted Casualty With Workers' Compensation

NAME CHANGES

	Old Name (to) New Name	State of Domicile	NAIC #	Effective Date
1.	INTERGROUP PREPAID HEALTH SERVICES OF ARIZONA, INC. (Doing Business As: INTERGROUP OF ARIZONA, INC.) (to) HEALTH NET OF ARIZONA, INC.	AZ	95206	12/11/00
2.	LINCOLN MUTUAL LIFE INSURANCE COMPANY (to) LINCOLN DIRECT LIFE INSURANCE CO.	NE	65668	10/1/00
3.	RELIANCE REINSURANCE COMPANY (to) OVERSEAS PARTNERS US REINSURANCE COMPANY	DE	10019	10/2/00
4.	SUNAMERICA NATIONAL LIFE INSURANCE COMPANY (to) SBLI USA FINANCIAL SERVICES LIFE INSURANCE COMPANY, INC.	AZ	60183	11/15/00

ARIZONA REDOMESTICATIONS

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

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

Company Name	NAIC #	Date Order Filed	Acquired By
1. FORTUNE LIFE INSURANCE COMPANY	79189	12/21/00	Fortune Life Investment Company
2. PROFESSIONAL LIFE & ANNUITY INSURANCE COMPANY	92240	12/4/00	PFL Life Insurance Company

3.	SAFEGUARD HEALTH PLANS, INC.	47104	11/27/00	John Hancock Life Ins. Co. John Hancock Variable Life Ins. Co. Investors Partner Life Ins. Co. CAI Partners & Company II, L.P. CAI Capital Partners & Co. II, L.P.
4.	SUNAMERICA NATIONAL LIFE INSURANCE CO.	60183	10/26/00	SBLI USA Mutual Life Ins. Co., Inc.
5.	WESTERN FAMILY INSURANCE COMPANY	40010	12/21/00	Abdulla Badani and Anchor Insurance Holdings, Inc.
6.	WESTERN SECURITY LIFE INSURANCE COMPANY	73474	10/26/00	American Mutual Holding Co. Amerus Life Holdings, Inc. Amerus Life Insurance Company Amvestors Financial Corporation American Vanguard Life Ins. Co.

Mergers involving Arizona Companies

	Company Name Merged Into	State of Domicile	NAIC #	Date Order Filed
1.	FIRST CHICAGO NBD INSURANCE COMPANY BANC ONE LIFE INSURANCE COMPANY	AZ AZ	86185 77534	12/21/00
2.	UNITED DENTAL CARE INSURANCE COMPANY PROTECTIVE LIFE INSURANCE COMPANY	AZ TN	97870 68136	10/26/00

Withdrawals from Arizona

	Company Name	State of Domicile	NAIC #	Date Order Filed
1.	AETNA LIFE INSURANCE COMPANY OF AMERICA	CT	97101	12/8/00
2.	ALLNATION LIFE INSURANCE COMPANY	WI	79030	12/8/00
3.	AMERICAN TREND LIFE INSURANCE COMPANY	AZ	72524	12/21/00
4.	CERTIFIED LIFE INSURANCE COMPANY	IL	61778	12/8/00
5.	COMMERCE AFFILIATED LIFE INSURANCE COMPANY	AZ	93408	12/21/00
6.	CONSUMERS REINSURANCE COMPANY	AZ	93378	12/21/00
7.	DAKOTA FIRST INSURANCE COMPANY	AZ	60074	12/21/00
8.	GUARANTEE PROTECTIVE LIFE COMPANY	NE	66184	12/8/00
9.	HEALTH AND LIFE INSURANCE COMPANY OF AMERICA	IL	87947	12/8/00
10.	ILLINOIS TRUST LIFE INSURANCE COMPANY	AZ	N/A	12/13/00
11.	LAURENCE LIFE INSURANCE COMPANY	AZ	N/A	10/3/00
12.	MARK STOLKIN LIFE INSURANCE COMPANY	AZ	N/A	12/13/00
13.	MBL LIFE ASSURANCE CORPORATION	NJ	69728	12/8/00
14.	MERRIMACK MUTUAL FIRE INSURANCE COMPANY	MA	19798	12/8/00
15.	MICHIGAN FINANCIAL LIFE INSURANCE COMPANY	AZ	N/A	12/14/00
16.	MISSION LIFE INSURANCE COMPANY	TX	75388	10/2/00
17.	NATIONAL FIDELITY LIFE INSURANCE COMPANY	MO	66559	12/8/00
18.	NISSAN MOTOR LIFE INSURANCE CORPORATION	AZ	88510	12/4/00
19.	PREVENTION LIFE INSURANCE COMPANY	AZ	N/A	12/27/00
20.	PRINCIPAL CASUALTY INSURANCE COMPANY	IA	31925	10/5/00
21.	REVELATION LIFE INSURANCE COMPANY	MO	82708	10/2/00

22.	SHAWMUT LIFE INSURANCE CO., INC.	AZ	64947	12/21/00
23.	STEEL CITY LIFE INSURANCE COMPANY	AZ	60039	12/21/00
24.	THOR LIFE INSURANCE COMPANY	AZ	60017	12/21/00
25.	UNITED EQUITABLE INSURANCE COMPANY	IL	24910	12/8/00
26.	WESTFIELD LIFE INSURANCE COMPANY	NE	62030	12/8/00

SUPERVISIONS/RECEIVERSHIPS

	Company Name	State of Domicile	NAIC #	Effective Date	Action Taken
1.	SUPERIOR NATIONAL INSURANCE COMPANY	CA	37753	11/28/00	Ancillary Receivership
2.	SUPERIOR PACIFIC CASUALTY COMPANY	CA	30570	11/28/00	Ancillary Receivership

FINANCIAL EXAM REPORTS

	Company Name	NAIC #	Date Report Filed
1.	ADVANTA LIFE INSURANCE COMPANY	80055	12/8/00
2.	AKSARBEN LIFE INSURANCE COMPANY	82880	12/15/00
3.	ARIZONA NATIONAL LIFE INSURANCE COMPANY	60018	10/24/00
4.	CIGNA HEALTHCARE OF ARIZONA, INC.	95125	11/30/00
5.	FORTUNE LIFE INSURANCE COMPANY	79189	11/30/00
6.	GEORGIA PEOPLES LIFE INSURANCE COMPANY	87289	12/11/00
7.	GUARANTEE SECURITY LIFE INSURANCE CO. OF ARIZONA	83232	11/2/00
8.	GUIDEONE AMERICA LIFE INSURANCE COMPANY	93220	12/8/00
9.	HBC INSURANCE GROUP, INC.	60180	12/11/00
10.	PRINCETON REINSURANCE COMPANY	60036	12/12/00
11.	SAFECARE INSURANCE COMPANY	10104	11/29/00
12.	SCOTT LIFE INSURANCE COMPANY	76961	10/2/00
13.	SOUTHERN GENERAL UNDERWRITERS INSURANCE CO.	37311	11/14/00
14.	SUMMIT CREDIT LIFE INSURANCE COMPANY	85596	12/12/00
15.	SUN HEALTH MEDISUN, INC.	95982	11/29/00
16.	SUPERIOR VISION INSURANCE, INC.	60188	12/8/00
17.	TWIN LIFE INSURANCE COMPANY	80209	12/8/00

MARKET CONDUCT EXAM REPORTS/ORDERS

	Company Name	State of Domicile	NAIC #	Date Filed	Civil Penalty	Restitution + Interest
	Findings					
1.	ALL AMERICAN LIFE INSURANCE COMPANY Improper claims processing; failure to provide Summary of Rights; use of non-compliant fraud disclosure; failure to include required language in TPA agreement.	IL	60097	10/26/00	\$19,000	\$786.59
2.	ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA Improper claims processing	MN	90611	10/16/00	\$75,000	\$0
3.	AMERICAN FAMILY MUTUAL INSURANCE COMPANY Applied unfiled rates in premium calculation; use of improper cancellation procedures.	WI	19275	12/21/00	\$28,000	\$0
4.	AMERICAN STANDARD INSURANCE COMPANY OF WISCONSIN Use of improper cancellation procedures; improper claims processing.	WI	19283	12/21/00	\$5,000	\$0
5.	BOSTON MUTUAL LIFE INSURANCE COMPANY Improper claims processing; paying commissions to unlicensed agents; failure to maintain records; failure to provide coverage on a guaranteed issue basis.	MA	61476	12/11/00	\$30,000	\$236.99
6.	CAPITOL INDEMNITY CORPORATION Applied unfiled rates in premium calculation.	WI	10472	12/14/00	\$5,000	\$0
7.	COMBINED INSURANCE COMPANY OF AMERICA Improper claims processing.	IL	62146	11/21/00	\$8,000	\$0
8.	ECONOMY PREFERRED INSURANCE COMPANY ECONOMY PREMIER ASSURANCE COMPANY Applied unfiled rates in premium calculation; improper cancellation procedures for homeowners and personal automobile policies.	IL IL	38067 40649	11/14/00 11/14/00	\$0 \$0	\$24,088.25 \$0
9.	EQUITABLE LIFE AND CASUALTY INSURANCE COMPANY Improper claims processing; use of non-compliant Summary of Rights.	UT	62952	10/16/00	\$0	\$0
10.	FIDELITY AND GUARANTY INSURANCE COMPANY Applied unfiled rates in premium calculation.	IA	35386	12/5/00	\$0	\$0
11.	FIRST AMERICAN TITLE INSURANCE COMPANY Applied unfiled rates in premium calculation.	CA	50814	12/14/00	\$0	\$286.55

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12.	FIRST PENN-PACIFIC LIFE INSURANCE COMPANY	IN	67652	10/26/00	\$10,000	\$0
	Failed to file HIV test consent form; Improper replacement procedures; failure to file advertising materials; failure to use compliant Summary of Rights.					
13.	GREAT AMERICAN INSURANCE COMPANY	OH	16691	11/14/00	\$0	\$14,123.83
	AGRICULTURAL INSURANCE COMPANY	OH	26344	11/14/00	\$0	\$0
	AMERICAN ALLIANCE INSURANCE COMPANY	OH	26832	11/14/00	\$0	\$1,258
	AMERICAN NATIONAL FIRE INS. COMPANY	NY	22136	11/14/00	\$0	\$8,456
	AMERICAN SPIRIT INSURANCE COMPANY	IN	33723	11/14/00	\$0	\$0
	Misuse/misapplication of filed rates.					
14.	GREAT WEST LIFE & ANNUITY INSURANCE COMPANY	CO	68322	12/27/00	\$11,500	\$0
	Improper claims processing; use of non-compliant TPA agreement; failure to file HIV test consent form; improper replacement procedures.					
15.	GREENWICH INSURANCE COMPANY	CA	22322	12/11/00	\$0	\$0
	No criticisms of Company's business practices.					
16.	HERITAGE INSURANCE COMPANY	CA	39527	11/21/00	\$4,000	\$0
	Improper cancellation/non-renewal procedures.					
17.	LIBERTY MUTUAL INSURANCE COMPANY	MA	23043	11/21/00	\$50,000	\$33,199.55
	LIBERTY INSURANCE COPORATION	VT	42404	11/21/00	\$0	\$0
	LIBERTY MUTUAL FIRE INSURANCE CO.	MA	23035	11/21/00	\$0	\$0
	Applied unfiled rates in premium calculation.					
18.	MUTUAL OF OMAHA INSURANCE COMPANY	NE	71412	12/27/00	\$15,000	\$0
	Use of unfiled HIV test consent form; improper claims processing procedures; improper replacement procedures.					
19.	OLD REPUBLIC INSURANCE COMPANY	PA	24147	11/16/00	\$0	\$0
	GREAT WEST CASUALTY COMPANY	NE	11371	11/16/00	\$0	\$0
	OLD REPUBLIC MINNEHOMA INSURANCE CO.	AZ	35424	11/16/00	\$0	\$0
	OLD REPUBLIC SURETY COMPANY	WI	40444	11/16/00	\$0	\$0
	Applied unfiled rates in premium calculation.					
20.	PRUDENTIAL GENERAL INSURANCE COMPANY	DE	36447	12/21/00	\$3,400	\$0
	Applied unfiled rates in premium calculation; improper cancellation procedures.					
21.	PRUDENTIAL PROPERTY AND CASUALTY INSURANCE COMPANY	IN	32352	12/21/00	\$12,000	\$0
	Applied unfiled rates in premium calculation; improper cancellation procedures; improper claims processing.					
22.	REPUBLIC WESTERN INSURANCE COMPANY	AZ	31089	12/13/00	\$15,000	\$1,823
	Applied unfiled rates in premium calculation; improper claims processing.					

23.	SAFEWAY INSURANCE COMPANY Improper claims processing; failure to provide Summary of Rights.	IL	12521	10/16/00	\$0	\$0
24.	STEWART TITLE GUARANTY COMPANY Applied unfiled rates in premium calculation.	TX	50121	12/11/00	\$0	\$2,408
25.	UNITED STATES FIDELITY AND GUARANTY COMPANY FIDELITY AND GUARANTY INSURANCE UNDERWRITERS, INC. Improper cancellation procedures; improper claims processing; applied unfiled rates in premium calculation.	MD WI	25887 25879	12/05/00 12/05/00	\$15,000 \$0	\$0 \$0
26.	UNION INSURANCE COMPANY OF PROVIDENCE Applied unfiled rates in premium calculation; improper claims processing.	RI	21423	10/16/00	\$7,000	\$0
27.	USAA LIFE INSURANCE COMPANY Improper replacement procedures; failure to provide a compliant Summary of Rights; failure to file advertising materials; failure to file HIV test consent form.	TX	69663	10/11/00	\$8,500	\$0
28.	VESTA INSURANCE CORPORATION Misuse of filed rates; improper cancellation procedures.	AL	42668	10/30/00	\$0	\$0

SUSPENSIONS/REINSTATEMENTS

	Company Name	State of Domicile	NAIC #	Effective Date	Action
1.	ACCELERATION NATIONAL INSURANCE COMPANY	OH	35742	12/27/00	Suspended
2.	CATERPILLAR INSURANCE COMPANY	MO	12238	11/8/00	Authority Reinstated
3.	GREAT SOUTHEASTERN LIFE INSURANCE COMPANY	AZ	84395	10/26/00	Authority Reinstated
4.	STANFORD LIFE INSURANCE COMPANY	AZ	77372	10/16/00	Authority Reinstated

OTHER DISCIPLINARY ACTIONS

	Company Name NAIC #	Allegation	Disposition
1.	Allianz Life Insurance Company of North America NAIC # 90611	Company issued variable annuity contracts over a three-year period without obtaining the Director's approval.	10/26/00 Consent Order \$10,000 Civil Penalty
2.	Unicare Life and Health Insurance Company NAIC # 80314	Failure to comply with provisions of health care appeals laws with such frequency as to indicate a general business practice including failure to file an information packet for approval with the Department and failure to distribute packet.	11/2/00 Consent Order \$5,000 Civil Penalty
3.	U.S. Home Warranty, L.L.C.	Failure to maintain a surety bond. Failure to provide services promised under the service contract.	12/7/00 Order Summarily Suspending Permit

PRODUCERS AND OTHER LICENSEES DISCIPLINED

Cause No. Name City – State	Allegation	Disposition
1. 00A-108 Brian Lee Gatti, dba Choice Insurance Agency Phoenix, AZ	Record of dishonesty in business or financial matters.	10/2/00 Consent Order License Suspended for 30 Days
2. 00A-130 Helen Maureen Jones, dba Ace Bail Bonds, United Bail Bonds, Maureen's Bail Bonds, All- States Bail Bonds and A&R Bail Bonds Phoenix, AZ	Misappropriation, conversion or illegal withholding of monies received in or during the conduct of business; failure to return collateral.	10/3/00 Order License Revoked \$7,500 Civil Penalty
3. 00A-027 Marilyn Ruth Skepnek, dba Skepnek Insurance Agency Sedona, AZ	Fraud; misappropriation, conversion or illegal withholding of monies received in or during the conduct of business; unfair trade practices; misrepresentation.	11/1/00 Order License Revoked
4. 00A-176 Willis Parrish Glendale, AZ	Unauthorized transaction of insurance business.	11/15/00 Cease and Desist Order
5. 00A-101 Tammi Leigh Smithson Phoenix, AZ	Failure to maintain a surety bond; failure to provide written notice of any change of address	11/27/00 Order License Revoked
6. 00A-162 Troy Edward Crist Tigard, OR	Misappropriation, conversion or illegal withholding of monies received in or during the conduct of business; failure to maintain a place of business in this state; failure to notify the Director of any change of address.	11/29/00 Order License Revoked \$1,000 Civil Penalty
7. 00A-187 Heinz Alfred Peter Gelbricht, dba The Informed Choice Phoenix, AZ	Failure to disclose in advertisement exceptions, reductions and limitations affecting the basic provisions of the policy.	12/1/00 Consent Order Cease and desist \$750 Civil Penalty
8. 00A-010 Richard Ira Shear and Arizona Asset Partners I, Inc. Scottsdale, AZ	Misappropriation, conversion or illegal withholding of monies received in or during the conduct of business; misrepresentation of policies and fraud.	12/4/00 Order Licenses Revoked
9. 00A-196 Marion Lance Northcutt Phoenix, AZ	Failure to disclose in advertisement exceptions, reductions and limitations affecting the basic provisions of the policy.	12/12/00 Consent Order Cease and desist \$500 Civil Penalty
10. 00A-195 Steven Todd Svenby Phoenix, AZ	Failure to maintain a bond, and failure to maintain a place of business in this state.	12/15/00 Order Summarily Suspending License
11. 00A-193 Kirk Martin Stock Gilbert, AZ	Fraud; misappropriation, conversion or illegal withholding of monies received in or during the conduct of business; unfair trade practices; misrepresentation; failure to provide written notice of any change in address.	12/21/00 Consent Order License Revoked

12.	00A-215 Michael Thomas Herzog Scottsdale, AZ	Misrepresentation or fraud in obtaining or attempting to obtain an insurance license.	12/14/00 Consent Order License Revoked
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RULES 2000

	Citation	Title	Action	Status
1.	Tit. 20, Ch. 6, Art. 18	Prepaid Dental Plan Organizations	New Article	Notice of Docket opening published 12/1/00

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
5.	2000-5	Insurance Department Fee Schedule	4/6/00
6.	2000-6	2000 Arizona Insurance Laws	5/17/00
7.	2000-7	Right to Guaranteed Issue Under the Health Insurance Portability and Accountability Act (HIPAA)	5/18/00
8.	2000-8	Renewal of Medicare+Choice Contracts	5/18/00
9.	2000-9	House Bill 2016; Surplus Lines Insurance	6/5/00
10.	2000-10	Health Care Financing Administration (HCFA) Technical Bulletins 00-02 and 00-03	6/29/00
11.	2000-11	Adjusters' Scope of Authority; Insurers' Obligations When Insured Is Represented by Adjuster	9/20/00
12.	2000-12	Enforcement of Gramm-Leach-Bliley Privacy Requirements	10/3/00
13.	2000-13	Health Care Appeals Laws Revisions from HB 2600 and SB 1330	10/16/00
14.	2000-14	Life and Health Advertising	11/9/00
15.	2000-15	Timely Pay and Grievance Law	11/9/00