



FROM THE DIRECTOR. . .

Managed care reform was a major theme of the state legislature's 2000 session. Though it did not receive top billing, SB 1330 may be the most significant reform measure. This bill transfers from the Department of Health Services to ADOI regulatory oversight responsibility for HMO health care delivery operations, effective July 1, 2001. This will include oversight of network adequacy, accessibility of services and products, and quality assurance systems.



Consumers of managed care products in this state

have badly needed active regulatory oversight over what is broadly referred to as the "quality of care" delivered by managed care organizations.

Frankly, I believe the managed care industry has also suffered from need of this kind of regulation, and will benefit in the form of enhanced reputation and credibility, fairness of competition, and long-term viability.

ADOI will also benefit. We will have the satisfaction of being able to provide support that insurance consumers need and frequently request. Additionally, we will develop a fuller understanding of managed care operations through integration of the new quality of care oversight with our existing financial

condition oversight. Consolidation of all managed care regulatory oversight into this agency will make us more effective at each part of it.

Of course, this will be a great challenge. Traditionally, this agency has been a regulator of financial products and services. We are starting from scratch as regulators of health care delivery. Undoubtedly, we are entering into a learning process. I believe we have been appropriated sufficient resources to make a good start. I am optimistic that we will get the future support we will need to enable this important consumer protection program to reach its full potential.

ADOI Begins Accepting Uniform Certificate of Authority Applications

ADOI began accepting Uniform Certificate of Authority Applications (UCAA) effective July 1, 2000. "Adoption of the UCAA makes us more efficient in admitting desirable, new competitors to the Arizona market, and that's good for insurance consumers," said Director Cohen. "This has been a priority for us."

Persons planning to form an Arizona domestic insurer or

seeking to redomesticate a foreign insurer that is not already authorized in Arizona, should use the UCAA Primary

Application. Foreign and alien insurers seeking admission to Arizona should use the UCAA Expansion Application. Both Applications are available on the NAIC's UCAA web site at www.naic.org/ucaa/. The state specific components for both applications are available by a link from the NAIC web site, or directly from ADOI's

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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."

Legislative Report

Major Changes in Health Insurance Regulation

Several pieces of legislation enacted in the 2000 regular legislative session will dramatically impact managed care organizations and the health insurance system.

Managed Care Oversight Shifts to ADOI July 1, 2001

SB 1330 transfers certain responsibilities for oversight of managed care organizations from the Department of Health Services to ADOI. Effective July 1, 2001, ADOI will be responsible for:

- Defining the basic health care services health care plans must cover or provide to maintain a person in good health.
- Setting standards to determine whether an HMO is an "appropriate mechanism to achieve an effective health care plan" and can provide basic health care services.

For the fiscal year that began July 1, 2000, ADOI received a \$500,000 appropriation and four new positions to undertake these responsibilities. Director Cohen has appointed a group of stakeholders to serve as an advisory group during implementation.

In addition, effective July 1, 2001, SB 1172 makes parallel changes in regulatory oversight of prepaid dental plans.

Health Appeals Improved, ADOI Picks Reviewers

SB 1330 also made changes in the health care appeals process. The bill considerably shortens the time frame for an expedited appeal, while raising the standard for the types of cases that may qualify for the expedited process.

Effective March 1, 2001, ADOI will become responsible for procuring independent review organizations that will review appeals of insurers' decisions to deny coverage based on medical necessity. Currently, insurers select and directly pay reviewers chosen from a list compiled by ADOI. This change was designed to overcome a public perception of bias generated by the insurer choosing and paying the external independent medical reviewer.

ADOI will bill an insurer for the cost of the medical review of its appeals, and remit payment to the review organization. The law authorizes ADOI to impose two assessments on each health insurer: (1) a one-time assessment of up to \$200 to start a revolving fund; and (2) an annual assessment of up to \$200 each to fund one position to administer the external review system.

New Mandates Imposed; Prior Review of Ads Ended

HB 2600, named the Managed Care Accountability Act, imposes various new requirements on health insurers, including:

- Mandatory coverage of "off label use" of prescription drugs used to treat cancer.
- Establishment of a process for standing referrals to specialists.
- Establishment of procedures for after-hours provision of drugs, and for accessing non-formulary drugs.
- Mandates for continuity of care for pregnant women and patients with life threatening conditions.
- Reasonable availability of medical supply vendors, and

certain chiropractic care benefits.

HB 2600 eliminates prior ADOI review and approval of life and health insurance advertising. However, insurers must still file advertising materials, which are subject to ADOI disapproval by order of the Director.

Liability, Accountability and Timely Payment

HB 2600 also contains measures to improve insurer accountability. Enrollees will have a statutory right to sue insurers for damages resulting from an insurer's denial or delay in providing care, if the enrollee proves certain elements similar to those needed to establish breach of the contractual covenant of good faith. The bill also requires written denials by licensed physicians.

Other provisions address provider payment issues, including:

- Requirements for timely payment.
- Requirements for insurers to establish grievance procedures.
- Bonding and financial reporting requirements for third party intermediaries.

HB 2600 applies only to policies and coverage issued or renewed on or after Jan. 1, 2001. ADOI interprets the bill as having an effective date of Jan. 1, 2001.

Other Health Mandates in SB 1213 and HB 2043

SB 1213 mandates coverage of certain costs for patients in cancer clinical trials, and HB 2043 requires certain coverage of medical foods used to treat inherited metabolic disorders. HB 2043 is effective July 18, 2000, and applies to current policies.

A detailed description of all insurance-related legislation is in Circular Letter 2000-6, posted on the ADOI web site.

Legislative Report

Legislature Enacts Changes To Property and Casualty Laws

Several changes in property and casualty laws developed by ADOI were enacted by the Legislature this year. With minor exceptions, these laws are effective July 18, 2000.

HB 2016 permits nonresidents to be licensed in Arizona as surplus lines brokers. (See Rates & Regulations section on Page 6 for more details).

HB 2017 resulted from Arizona's recent experience with multiple workers' compensating rating organizations. Until 1999, when a second workers' compensation rating organization became active, the National Council on Compensation Insurance (NCCI) was the only active workers' compensation rating organization in Arizona. Statutory changes were required to address the many issues arising in a marketplace having more than one active rating organization. HB 2017 incorporates most of the recommendations made by an ADOI appointed task force composed of members of the workers' compensation insurance industry and representatives of ADOI. Its provisions include the following:

- If there is more than one rating organization, the Director shall select one Designated Rating Organization to make an annual statewide rate filing.
- The Director shall designate uniform rating plans to be used by all rating organizations. Every rat-

ing organization and every insurer that writes workers' compensation in Arizona must adhere to the designated plans.

- The Director may appoint a statistical agent.
- Formerly, those aggrieved by the application of the rating system appealed to the NCCI. HB 2017 establishes an appeals board within ADOI with members appointed by the Director.
- Formerly, the workers' compensation assigned risk plan was administered by the NCCI. HB 2017 requires the Director to contract before July 1, 2001, with a qualified party to be the assigned risk plan administrator. The plan's rates are the filed base rates plus a uniform percentage increase applying to all classifications.

SB 1069. In 1998, Arizona moved toward deregulation of Property & Casualty insurance when it exempted insurance sold to industrial insureds from form and rate filing requirements. SB 1069 is intended to clarify requirements regarding deregulated insurance transactions, and stems from the recommendations of an ADOI appointed task force.

- In addition to the exemption from form and rate filing requirements, guaranty fund laws, certain unfair practices and fraud

laws and various laws governing policy cancellation and nonrenewal are expressly inapplicable to deregulated insurance transactions.

- An insurer is prohibited from basing regulated rates on experience arising out of its deregulated insurance transactions.
- Industrial insureds must annually certify to the insurer that they qualify as industrial insureds.
- Industrial insureds' policies must include a warning statement that ADOI has neither reviewed nor approved the policy and rates.
- Insurers must annually report the sales and financial results of deregulated transactions to the Director.
- Workers' compensation insurance remains subject to rate and form filing.
- The Director may exempt any rate, rating class, rating rule, rating program or other rating type from rate filing requirements if the Director finds that the filing is not needed to protect the public.

Circular Letter 2000-9 providing more detail about HB 2016 is available on the ADOI web site.

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



Gerrie L. Marks, Regulatory Affairs Executive Assistant

Gerrie L. Marks, Executive Assistant for Regulatory Affairs, who joined ADOI in June 1997, is responsible for providing in-house legal services and oversight. She also serves as the liaison between the Department and its attorneys at the Arizona Attorney General's Office.

From 1992 to 1997, Ms. Marks was an Assistant Arizona Attorney General representing ADOI, the State Banking Department and the Arizona Department of Real Estate.

A native of Lincoln, Nebraska, Ms. Marks received her B.A. in political science in 1986 from the University of Nebraska and her J.D. from the Arizona State University College of Law in 1989.

Ms. Marks is an unabashed hockey fan who is known to have placed an international phone call to get the score of a Phoenix Coyotes game.

New Law Closes Enforcement Loopholes

Enactment of HB 2016, developed by ADOI, closes loopholes in the insurance code in the areas of licensing and administrative enforcement.

This bill received broad support during the last regular session of the Arizona Legislature. It:

- Amends A.R.S. § 20-162 regarding an automatic stay of the Director's order. A party cannot obtain an automatic stay of an emergency order issued expressly for protection of public health, safety, and welfare, such as a summary license suspension.
- Amends A.R.S. §§ 20-290, 20-291, and 20-316 to allow ADOI to deny, suspend or revoke the license of an agent/broker firm, based on the background or conduct of the firm's principals. ADOI may require the submission of background information on the principals.
- Enacts A.R.S. § 20-305 allowing ADOI to issue an administrative cease and desist order against unlicensed persons engaged in certain insurance activities, including producers.
- Enacts A.R.S. § 20-489 requiring ADOI to enforce the Violent Crime Control Act, a federal law that prohibits anyone with a prior felony conviction that involves dishonesty or breach of trust from working in the insurance business without permission of the state insurance Director. It gives ADOI related rulemaking authority.

ADOI Begins Accepting UCAA

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web site at www.state.az.us/id/forms/statespecificlists.htm.

The ADOI web site information also specifies types of applicants, such as health care services organizations and prepaid dental plan organizations, that must continue to use ADOI application forms because of their unique requirements. Such applicants should obtain an Application Packet Request form, available from the ADOI web site, complete and fax it as the form instructs.

ADOI will also accept applications prepared on the previous application forms from companies that had requested them prior to June of this year. Questions should be directed to Compliance Section Manager Barbara Lewis at (602) 912-8420 or BLewis@id.state.az.us.

Fraud Unit Report

Governor Hull Proclaims Arizona Insurance Fraud Awareness Day; McGruff Appears at BOB

Arizona Diamondbacks Pitcher Brian Anderson leaned over and checked for a sign from the catcher, but there was no sign. There wasn't even a catcher.

Standing there with bat in hand was McGruff, the Crime Dog. Anderson soft-tossed a ball to McGruff, who took a mighty swing. A crowd of more than 30,000 at Bank One Ballpark applauded the pre-game ceremony and came away with greater knowledge regarding the economic impact of insurance fraud.

It was all part of Arizona Insurance Fraud Awareness Day, which was proclaimed by Governor Jane Dee Hull. Members of the ADOI Fraud Unit and other ADOI personnel, including Director Cohen, were on hand for the event that preceded the May 24 game between the Diamondbacks and the Pittsburgh Pirates (D-Backs won, 6-5).

Throughout the evening, Fraud Unit members stationed at the BOB Community Corner distributed brochures telling fans what they can do to combat insurance fraud. In addition, Director Cohen and Fraud Unit Chief Terry Cooper were interviewed by local TV stations.

McGruff and his obedient handler, Steve Peters, wandered around the Ballpark, greeting youngsters and posing for pictures.

"It was a great way to make the public more aware of the economic impact that insurance fraud has on all of us," Chief Cooper said. "Because of fraud committed against insurance companies, an Arizona household pays an average of \$300 more a year for coverage."



McGruff is flanked by Fraud Chief Terry Cooper, Investigator Steve Peters, and ADOI Director Chuck Cohen

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

Legislative Report

Risk Based Capital Changes for Managed Care

ADOI proposed SB 1070 to impose risk based capital requirements on managed care organizations. RBC requirements establish dynamic financial surplus requirements based on multi-dimensional assessment of a managed care organization's risk expenses. The law amends current RBC laws to cover managed care organizations effective Jan. 1, 2001.

Codification of Insurers Financial Requirements

Under current law, insurers must file their statements of financial condition in accordance with the NAIC Accounting Practices and Procedures Manual, which was recently rewritten to include standardized statements of statutory accounting principles. HB 2021, developed by ADOI, conforms certain provisions of Arizona law to the standardized statements of statutory accounting found in the new manual.

Viatical Settlements

SB 1099 gives the Securities Division of the Corporation Commission regulatory authority over viatical and life settlement contracts by defining them as securities subject to standard requirements for registration. The law does provide an exemption for transactions that satisfy certain alternative measures designed to protect investors and individuals who choose to sell their life insurance policies.

Around ADOI

Consumer Affairs

Consumer Affairs Division Combines 5 ADOI Units

To enhance the ADOI's effectiveness in the areas of consumer assistance and market practices oversight, the Market Conduct Division and the Health Care Appeals Section have been consolidated into the former Consumer Services and Investigations Division.

The new Consumer Affairs Division combines Investigations, Consumer Assistance, Market Conduct, Health Care Appeals, and the Tucson Office. "These units will benefit from being integrated under common management because they all ultimately work together to provide services to consumers and oversee market practices," Director Cohen said.

Cohen appointed Mary Butterfield as the Assistant Director in charge of the Consumer Affairs Division. Ms. Butterfield has served at ADOI for more than 20 years in the areas of investigations, market conduct examinations, and life and health. "To some extent, she has worked on issues arising out of just about every aspect of ADOI operations," Cohen said. "She is uniquely suited to lead the Consumer Affairs Division."

In a related move, Dennis Babka has been promoted to the position of Life and Health Supervisor. Babka, who had a long career in the insurance industry before joining ADOI

in 1994, will supervise the Rates and Forms Section and the Utilization Review Section of the Life and Health Division.

A new Assistant Director position for the Life and Health Division is in the process of being created pursuant to SB1330, which gives ADOI responsibility to regulate the health service delivery operations of health care services organizations (HMOs) in Arizona. During the coming months, several more new positions will be created in a new Managed Care Section of the Life and Health Division to carry out these responsibilities.

As part of the consolidation of the Market Conduct Section into the new Consumer Affairs Division, Erin Klug has accepted the position of Special Assistant to the Director. She will serve principally as the ADOI liaison to the National Association of Insurance Commissioners, and will provide other vital support to the Director, primarily with respect to the numerous boards, committees, advisory groups, task forces, etc., with which he is involved. Ms. Klug has worked at ADOI for 10 years in consumer assistance, investigations, market conduct and the Director's Office.

In addition, Paul Hogan has been promoted to the position of Chief Market Conduct Examiner in charge of the Market Conduct Section. Hogan is an experienced attorney who has worked at ADOI as a market conduct examiner and as the Deputy Chief Market Conduct Examiner.

Five Brochures in Spanish

ADOI has published a Spanish version of five popular brochures: Automobile Premium Comparison Survey; Consumer Guide to Automobile Insurance; Homeowners Premium Comparison Survey; How to Resolve Insurance Complaints; and A Consumer Guide to Health Care Appeals.

Rates & Regulations

Non-Resident Surplus Lines Broker License Changes

HB 2016 made changes to the Surplus Line laws, effective July 18, 2000. Non-resident producers of surplus line business may apply for and receive a non-resident Surplus Lines Broker license. The law also permits a licensed surplus lines broker in a state other than Arizona to pay surplus line tax due in Arizona without being subject to penalties for the unlicensed transaction of surplus lines insurance. Previously, ADOI could issue non-resident surplus line brokers licenses only to non-residents sponsoring a risk purchasing group.

The Director has published Circular Letter 2000-9 (posted on the ADOI website) addressing the mechanics of this new law. It includes a format of questions and answers to assist non-resident producers not only with questions they may have concerning licensing issues, but also in the transaction and payment of surplus line premium taxes.

Around ADOI

Financial Affairs

Director Reorganizes Financial Affairs Division

Director Cohen renamed the Corporate and Financial Affairs Division as the Financial Affairs Division, and implemented a restructuring of division management, effective June 5.

A national recruitment process is underway to fill the newly established position of Assistant Director in charge of the Financial Affairs Division. Cohen expects to fill the position within a few months.

Gary Torticill will now serve as the Chief Financial Analyst. Cohen said Torticill "has made an immeasurable contribution to ADOI and to the financial security of Arizonans while serving as the Assistant Director/Chief Examiner."

Nancy Howse, who has been with ADOI since 1990, assumed the role of Chief Financial Examiner. She has served as the Deputy Chief Financial Examiner since 1994. Kelly Stephens remains as the Manager of the Compliance Section of the division, and will serve as Acting Assistant Director in charge of the division until the permanent position is filled. Cohen said he is confident Stephens' administrative skills and knowledge of the division's responsibilities will allow her to keep the division operating smoothly during this transition period.

"In light of these changes, it is a good time to re-designate the division as the Financial Affairs Division," Cohen said.

"I believe this change is a timely update. In this era of financial modernization, multi-state regulatory systems, and an increasingly global economy, this less ungainly designation will be familiar to those who deal with financial services regulators in different jurisdictions, and will make it a little bit easier for our customers to find their way around the Department."

Registration of Senior Residential Fee Contracts Due

Instructions and forms for provider registration, which is required effective July 19, 2000, are available on the ADOI web site at www.state.az.us/id/forms/corp_misc.htm. Instructions and any necessary forms for the annual audited financial report filing requirement will be available on the Department's web site at www.state.az.us/id/forms/forms.htm by the end of July.

Annual Statements Fees 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 have been on the ADOI web site since May 31.

Guaranty Funds

P&C Guaranty Fund Board Meets July 11

The next meeting of the Life and Disability Fund Board of Directors is scheduled for Aug. 8, at 1 p.m., in the third floor training room of ADOI, 2910 N. 44th Street, Phoenix. The Board of Directors of the Property and Casualty Insurance Guaranty Fund met on Tuesday, July 11, at 8:30 a.m. at the same location.

Life & Health

Bill Robinson Re-joins ADOI

Bill Robinson, who has served in chief actuarial and top management positions for several life insurance companies, joined the Director's staff on a part-time basis.

Robinson will focus on reviewing and analyzing actuarial issues primarily related to life and health insurance. His work is essential to ADOI's ability to determine the adequacy of insurers' rates and reserves, which ultimately impact solvency. Robinson served as Chief Actuary for ADOI from 1981 to 1987.

Since 1949, Robinson has been significantly involved in the valuation area. He was the chief actuary for insurance companies for 24 years, and is a Fellow of the Conference of Consulting Actuaries, and the Life Management Institute.

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

Company Name	NAIC #	Effective Date	Type
1. FULCRUM INSURANCE COMPANY OF ARIZONA	20559	5/2/00	PC

Foreign Companies

Company Name	State of Domicile	NAIC #	Effective Date	Type
1. ARAG INSURANCE COMPANY	IA	34738	6/22/00	PL
2. CONTEMPORARY AMERICAN INSURANCE COMPANY	IL	10646	6/2/00	PC
3. AVOMARK INSURANCE COMPANY	IN	10792	6/28/00	PC
4. FRANKENMUTH MUTUAL INSURANCE COMPANY	MI	13986	5/11/00	PC
5. HUDSON INSURANCE COMPANY	DE	25054	5/18/00	PC
6. PREFERRED PROFESSIONAL INSURANCE COMPANY	NE	36234	6/13/00	CI
7. PROFESSIONALS ADVOCATE INSURANCE COMPANY	MD	29017	6/1/00	PC
8. SENTINEL INSURANCE COMPANY, LTD.	CT	11000	6/7/00	PC
9. STARNET INSURANCE COMPANY	DE	40045	4/19/00	PC
10. TIAA-CREF LIFE INSURANCE COMPANY	NY	60142	4/5/00	LD
11. U.S. FINANCIAL LIFE INSURANCE COMPANY	OH	84530	5/11/00	LI

Risk Retention Groups Registered

Company Name	State of Domicile	NAIC #	Effective Date
1. AUTOMOTIVE UNDERWRITERS INSURANCE COMPANY, INC., A RISK RETENTION GROUP	HI	11033	6/9/00

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

Company Name	State of Domicile	Effective Date
1. DEALER PERFORMANCE, INC.	TX	4/14/00
2. GMACI ACQUISITION CORP.	MI	5/18/00
3. HELZBERG'S DIAMOND SHOPS, INC.	MO	5/30/00
4. WARRANTECH HOME SERVICE COMPANY	CT	6/30/00

Third Party Administrators (TPA)

	Company Name	State of Domicile	Effective Date
1.	THE ALLEN J. FOOD COMPANIES, INC.	NY	5/18/00
2.	ATLAS ADMINISTRATORS, INC.	TX	6/7/00
3.	ERIN GROUP ADMINISTRATORS, INC.	PA	6/27/00
4.	EMPLOYERS MUTUAL, INC.	FL	6/15/00
5.	INSURANCE ANSWER CENTER, INC.	DE	4/11/00
6.	SPECIALTY BENEFITS, INC.	IN	5/31/00
7.	WMI TPA, INC.	UT	4/27/00

Utilization Review Agents

	Company Name	State of Domicile	Effective Date
1.	PRO HEALTHCARE MANAGEMENT, INC.	TX	4/6/00
2.	STRATEGIC HEALTH DEVELOPMENT CORP.	FL	5/18/00
3.	CERES HEALTH CARE, INC.	OH	6/7/00

CHANGE OF AUTHORITY

	Company Name	State of Domicile	NAIC #	Effective Date	Change
1.	AMERICAN ENTERPRISE LIFE INSURANCE COMPANY	IN	94234	6/21/00	Granted Variable Life
2.	CAMERON LIFE INSURANCE COMPANY	AZ	5620	4/10/00	Converted to Unaffiliated Credit Life and Disability Reinsurer
3.	FARMERS NEW WORLD LIFE INSURANCE COMPANY	WA	63177	5/1/00	Granted Variable Life and Variable Annuities
4.	FIRST AMERICAN INSURANCE COMPANY	MO	11150	5/12/00	Granted Marine and Transportation
5.	FRANKLIN LIFE INSURANCE COMPANY	IL	63622	5/10/00	Granted Variable Life and Variable Annuities
6.	LIFE INVESTORS INSURANCE COMPANY OF AMERICA	IA	64130	6/27/00	Granted Variable Life
7.	MANCHESTER LIFE INSURANCE COMPANY	AZ	5621	5/2/00	Converted to Unaffiliated Credit Life and Disability Reinsurer
8.	TRAVELERS INDEMNITY COMPANY OF MISSOURI, THE	MO	40282	6/29/00	Granted Casualty With Workers' Compensation
9.	VALLEY FORGE LIFE INSURANCE COMPANY	PA	70211	6/21/00	Granted Variable Life and Variable Annuities

NAME CHANGES

	Old Name (to) New Name	State of Domicile	NAIC #	Effective Date
1.	ALPINE LIFE INSURANCE COMPANY HART LIFE INSURANCE COMPANY	CT	60348	6/23/00

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 #	Effective Date	Acquired By
NO ACTIVITY THIS QUARTER			

Mergers involving Arizona Companies

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

Withdrawals from Arizona

Company Name	State of Domicile	NAIC #	Effective Date
1. COSMIC LIFE INSURANCE COMPANY	AZ	N/A	2/16/00
2. DEALERS REINSURANCE LIFE COMPANY	AZ	73300	1/28/00
3. EVERGREEN NATIONAL INDEMNITY INSURANCE COMPANY	OH	12750	6/30/00
4. FIELDS CREST LIFE INSURANCE COMPANY	AZ	N/A	6/6/00
5. FIRST INTERSTATE INSURANCE COMPANY	AZ	72010	3/30/00
6. GLOBAL LIFE INSURANCE COMPANY	AZ	74411	3/30/00
7. HARMONY LIFE INSURANCE COMPANY	AZ	91979	3/30/00
8. HEMISPHERE LIFE INSURANCE COMPANY	AZ	70017	3/1/00
9. PHP REINSURANCE COMPANY	AZ	70665	3/14/00
10. PROVIDER LIFE INSURANCE COMPANY	AZ	90995	3/30/00
11. ROGER BRYDEN LIFE INSURANCE COMPANY	AZ	N/A	6/6/00
12. SUBARU LIFE INSURANCE COMPANY	AZ	93904	3/30/00
13. UPPER PENINSULA INSURANCE COMPANY	AZ	33685	3/17/00

SUPERVISIONS/RECEIVERSHIPS

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

FINANCIAL EXAM REPORTS

	Company Name	NAIC #	Date Report Filed
1.	21 st CENTURY INSURANCE COMPANY OF ARIZONA	10245	4/25/00
2.	AETNA U.S. HEALTHCARE, INC.	95003	5/16/00
3.	AMERICAN SAVINGS LIFE INSURANCE COMPANY	91910	6/16/00
4.	AMERICAN UNDERWRITERS LIFE INSURANCE COMPANY	92649	4/4/00
5.	ARIZONA MUNICIPAL RISK RETENTION POOL	N/A	5/25/00
6.	CITICORP LIFE INSURANCE COMPANY	80322	6/12/00
7.	COMMONWEALTH MORTGAGE ASSURANCE COMPANY	33944	6/9/00
8.	CONGRESS LIFE INSURANCE COMPANY	73504	4/21/00
9.	FARMERS INSURANCE COMPANY OF ARIZONA	21598	6/2/00
10.	FIDELITY NATIONAL LIFE INSURANCE COMPANY	74071	6/2/00
11.	FIRST COMMONWEALTH REINSURANCE COMPANY	60000	6/9/00
12.	HERITAGE LIFE INSURANCE COMPANY	64394	5/9/00
13.	LEHMAN INSURANCE COMPANY	40037	6/16/00
14.	PACIFIC LIFE & ANNUITY COMPANY	97268	4/4/00
15.	PEOPLE OF FAITH, INC.	95249	5/19/00
16.	PROSELECT NATIONAL INSURANCE COMPANY	20400	5/31/00
17.	SIGHTCARE, INC.	47012	5/22/00
18.	SOCIAL SERVICE CONTRACTORS INDEMNITY POOL	N/A	5/16/00
19.	WESTERN FAMILY INSURANCE COMPANY	40010	6/2/00
20.	WESTPORT LIFE INSURANCE COMPANY	62332	5/5/00

MARKET CONDUCT EXAM REPORTS/ORDERS

	COMPANY NAME	State of Domicile	NAIC #	Date Filed	Civil Penalty	Restitution + Interest
1.	ALLENDALE MUTUAL INSURANCE COMPANY Use of unfiled rates and premiums.	RI	21482	5/19/00	\$6,000	0
2.	COLONIAL LIFE AND ACCIDENT INSURANCE COMPANY Use of unfiled forms. Replacement violations. Failure to provide Summary of Rights and Notice of Information Practices. Paying commissions to unlicensed entities.	SC	62049	5/24/00	\$9,000	0
3.	COMMERCIAL LIFE INSURANCE COMPANY Use of unfiled forms. Failure to maintain records. Failure to provide Summary of Rights and Notice of Information Practices.	NJ	66508	5/24/00	\$6,000	0
4.	FIDELITY NATIONAL TITLE INSURANCE COMPANY Rating violations.	CA	51586	6/22/00	0	0
5.	JOHN ALDEN LIFE INSURANCE COMPANY Use of unfiled forms. Failure to provide Summary of Rights and Notice of Information Practices. Failure to respond to Department inquiry. Failure to pay interest on delinquent claims.	MN	65080	5/24/00	\$45,000	0
6.	LAWYERS TITLE INSURANCE CORPORATION Use of unfiled rates.	VA	50024	5/30/00	0	\$1,633.91
7.	LEADER NATIONAL INSURANCE COMPANY Use of unfiled rates. Improper cancellations. Failure to maintain records. Improper claims processing. Failure to pay interest on delinquent claims. Failure to report suspected fraudulent claims to the Department.	OH	11738	4/28/00	\$40,000	\$20,013.25
8.	MINNESOTA MUTUAL LIFE INSURANCE COMPANY Use of unfiled forms. Replacement violations. Failure to provide Summary of Rights. Failure to refund unearned premium.	MN	66168	4/13/00	\$18,000	0
9.	NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC. Failure to notify Department of uncorrected errors and omissions in worker's compensation plans submitted by carriers.	--	--	5/5/00	0	0
10.	NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY Use of unfiled forms. Replacement violations. Failure to provide Summary of Rights and Notice of Information Practices. Paying commissions to unlicensed entities. Failure to maintain records. Misrepresentation.	WI	67091	4/28/00	\$25,000	0
11.	PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY Use of unfiled forms. Failure to provide Summary of Rights. Replacement violations. Utilizing non-compliant long-term care insurance applications.	TN	68195	5/24/00	\$19,500	0

12.	TRW TITLE INSURANCE COMPANY	KS	50318	4/18/00	0	0
	Use of unfiled rates.					
13.	UNITED BENEFIT LIFE INSURANCE COMPANY	IN	65269	6/22/00	0	0
	No violations.					
14.	UNUM LIFE INSURANCE COMPANY OF AMERICA	ME	62235	5/24/00	\$15,000	0
	Use of unfiled forms. Failure to provide Summary of Rights. Failure to respond to Department inquiry. Improper claims processing. Distributing non-compliant long-term care advertising. Replacement violations.					

SUSPENSIONS

	Company Name	State of Domicile	NAIC #	Effective Date	Action
1.	SUPERIOR PACIFIC CASUALTY COMPANY	CA	30570	4/20/00	Authority Reinstated with Limitations
2.	SUPERIOR NATIONAL INSURANCE COMPANY	CA	37753	4/20/00	Authority Reinstated with Limitations
3.	WARREN LIFE INSURANCE COMPANY	AZ	91260	6/2/00	Suspended

OTHER DISCIPLINARY ACTIONS

	Company Name NAIC #	Allegation	Disposition
1.	PMI MORTGAGE INSURANCE COMPANY 27251	Entered into reinsurance agreements that had not been filed or approved.	4/5/00 Consent Order Civil Penalty of \$19,000
2.	AETNA US HEALTHCARE, INC. 95003	Violated numerous provisions of the Arizona Health Care Appeals law.	6/26/00 Consent Order Civil Penalty of \$10,000

PRODUCERS AND OTHER LICENSEES DISCIPLINED

	Cause No. Name City - State	Allegation	Disposition
1.	00A-043 Richardson, Benjamin Franklin Safford, AZ	Failure to maintain a bond	4/4/00 Order Summarily Suspending License and Notice of Hearing
2.	00A-054 Leavitt, Darwin Hill St. George, UT	Unauthorized transaction of insurance business/receipt of compensation without license.	4/10/00 Consent Order Civil Penalty of \$3,000.
3.	00A-043 Richardson, Benjamin Franklin Safford, AZ	Failure to maintain a bond as required by statute.	5/5/00 Order License Revoked
4.	99A-127 Miller, Gary Stuart, dba American Alternative Consumer Concepts	Misappropriation or conversation by failure to forward premium payments to insurer; record of dishonesty in business and financial matters resulting from conviction for filing a false insurance claims.	6/5/00 Order Licenses Revoked

RULES 2000

Citation	Title	Action	Status
NO ACTIVITY			

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

**Arizona Department of Insurance
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