



Arizona Enacts Producer Licensing Model Act

Arizona has joined ranks with other states that have enacted key provisions of the NAIC Uniform Producer Licensing Model Act (PLMA). Arizona is one of many states to enact this law as an alternative to activation of the National Association of Registered Agents and Brokers (NARAB) pursuant to the Gramm Leach Bliley Act.

Effective October 1, 2001, the new law (SB 1366) will make it easier for non-residents licensed in good standing in their home states to become licensed as producers in AZ, and should

make it easier for AZ residents to become licensed as producers in most other states. Under the PLMA, producers licensed in good standing in their home state can become licensed in other PLMA states by submitting a uniform application and the requisite fee. The grounds for denial, suspension, and revocation of a license will be generally uniform from state to state, and administered independently by each state.

The PLMA will also standardize terminology and the categories of insurance lines.

The new lines of authority include life, accident and health or sickness, property, casualty, variable life and variable annuity, personal lines, credit and any other line allowed under law.

Arizona will no longer have insurance agents, brokers or service representatives. All persons who sell, solicit or negotiate insurance will be referred to as *Producers*.

Because the definition of producer encompasses the types of activities performed by most agents, brokers and

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ADOI Initiates Reductions in Credit Insurance Rates

The ADOI has completed an actuarial review of Arizona loss experience for credit life insurance and credit disability insurance for the period 1997-1999. Based on that review, the ADOI is initiating the procedural steps necessary to reduce the current prima facie rates to satisfy the legally established minimum loss ratio standards (50% for credit life insurance; 60% for credit disability insurance).

The ADOI has opened a rulemaking docket to promulgate a modernized version of A.A.C. 20-6-604, the rule governing credit life insurance and credit disability insur-

ance. After the rule proceeding is accomplished, the ADOI will promulgate the revised prima facie rates by order. The new rates should be in place before mid-2002.

The ADOI is seeking informal comment regarding the draft rules and proposed prima facie rates. Interested parties may obtain copies of the draft rules, proposed prima facie rates, and actuarial review, with supporting exhibits by visiting the ADOI Web site at www.state.az.us/id or by contacting Bill Robinson, ADOI Actuary, at 602-912-8420. ♦

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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."

ADOI Moving Ahead With Speed to Market Initiative

In the last issue of Insurance Regulator, Director Cohen outlined the ADOI's Speed to Market initiative. The project is moving ahead. In a June 21, 2001 letter to interested parties, the Director laid out the details and implementation as follows:

- Updating statutorily authorized rate, form and advertising filing exemptions, commercial lines non-cancellation restriction exemptions, and recognized surplus lines. Proceedings to issue the necessary orders will commence around September 1, 2001.
- Adopting standardized transmittal forms for product related filings.
- Adopting Review Standards Checklists for applicable rate and form filings for both P&C and L&H products. All checklists are available on our web site, and are already in use.
- Adopting a standardized process for the filing, review and approval/ disapproval of rate and form filings. The process will be implemented through regulatory bulletin around September 1, 2001.

- Implementing the System for Electronic Rate and Form Filing (SERFF) by October 1, 2001.

The proposed rate and form filing exemptions include a couple of notable innovations. As to P&C, the ADOI is proposing to add an administrative "Exempt Commercial Policyholder" exemption to supplement an existing statutory exemption under Arizona law for "industrial insureds". As to L&H, the ADOI is proposing to add an exemption from prior filing requirements for individual life and annuity forms that have already been approved by the domicile of the filer and other commercially significant jurisdictions.

The entire content of the Director's letter, as well as all Review Standard Checklists and transmittal forms can be accessed on the ADOI web site (www.state.az.us/id).

The ADOI will hold an open meeting at its offices on August 1, 2001 at 9:00 a.m. to receive comment on the matters discussed in the Director's letter. If you plan to attend, please RSVP to Kathy Linder at (602) 912-8456 by July 27, 2001. Please submit any written comments by that date as well. ◆

Producer Licensing...

(Continued from page 1)

service representatives, agent and broker licenses (except for bail bond agent, rental car agent, insurance surplus lines broker and Mexican insurance surplus lines broker licenses) will, by operation of law, become producer licenses on October 1, 2001. All service representative licenses will expire on October 1, 2001. Individuals currently licensed as service representatives are encouraged to determine whether they need to obtain a producer license under the new law in order to continue their current activities.

The Insurance Licensing Section web site (www.state.az.us/id/licensing) contains a link to SB 1366 and a summary of transition issues. Persons with questions concerning SB 1366 should send e-mail to the Insurance Licensing Section: Licensing@id.state.az.us.

ADOI will be issuing Regulatory Bulletins going into greater depth regarding transition issues. ◆

Arizona Producers:

For a schedule of nearby training opportunities (classes in CA, NM and CO) regarding the new Standard Flood Insurance Policy and the new Elevation Certificate, visit the Federal Emergency Management Agency's website:

www.fema.gov/nfip/a_wshop.htm

Legislative Report

The 1st regular session of Arizona's Forty-fifth legislature adjourned *sine die* on May 10, 2001. Most newly enacted legislation will become effective on August 9, 2001.

A detailed summary of insurance related legislation is available on the ADOI web site, www.state.az.us/id, under "Regulatory Bulletins," #01-03. (See also, separate articles in this newsletter regarding Fraud Unit and Producer Licensing.)

7 of 8 ADOI Bills Pass

Seven of 8 ADOI bills were enacted: HB 2117 HMO Insolvency; HB 2430 Fraud unit peace officer status; SB 1020 Information sharing; SB 1021 Solicitation materials repeal; SB 1022 Benefit Insurers repeal; SB 1288 Privacy of personal information; and SB 1366 Uniform Producer Licensing. One bill, SB 1023 Fee Range Increases, did not pass.

HB 2117, improves administrative efficiency and enhances fairness to enrollees and providers in the context of an HMO insolvency proceeding. HB2430 authorizes peace officer status for investigators in the ADOI fraud unit, and is an important new tool in the fight against insurance fraud. SB 1021 and SB 1022, two cleanup measures, will eliminate obsolete statutes from the Insurance Code.

SB 1023, which failed in the House, would have increased the allowable fee ranges in A.R.S. § 20-167 for all ADOI fee-payers. This same statute requires the Insurance Director to annually adjust the fee schedule so "that the revenue derived from the fees equals at least 95% but not

more than 110% of the [ADOI's] appropriated budget." In other words, one part of the statute requires the ADOI to recoup its appropriated budget through fees, and another part establishes limits of allowable fees. The ADOI initiated SB 1023 because current fees are the maximums allowed by the current statutory ranges. During the interim, the ADOI intends to examine the reasons for failure of this bill and the general scheme for the ADOI's fees and funding, and identify options for recommendations to address this issue.

GLBA-related Legislation

Three of the ADOI bills were directly related to the Gramm Leach Bliley Act (GLB), the financial services modernization law passed by Congress in 1999. SB 1366, which revised Arizona's laws governing licensure of agents and brokers, was based upon the NAIC uniform producer licensing model act, and establishes a system for national reciprocity in producer licensing. SB 1020 will facilitate sharing of confidential regulatory information among federal and state functional regulators and law enforcement officials. SB 1288 ensures that Arizona complies with GLB, Title V requiring financial institutions to safeguard privacy of consumers' personal information.

Other Insurance Bills

The Legislature also passed two industry-sponsored initiatives that the ADOI supported. HB 2118 extends the cycle for mandatory financial

examinations of most domestic insurers from 3 to 5 years. This bill also permits the ADOI to annually assess certain domestic insurers, in amounts that vary depending on the insurer's admitted assets, to fund financial analyst positions. HB 2119 eliminates mandatory hearings on Form A filings (applications for change in control of insurer). The Director retains discretion to hold a hearing, and interested parties may also petition for a hearing.

Passage of HB 2116, a bill establishing a captive insurance program in Arizona, has also received considerable attention. The bill allows formation of captive insurers under Arizona law, and also provides the ADOI funding for a Captive Division consisting of up to four employees. It also requires the ADOI to establish fees for captive insurers.

Next Year

With the 2001 session concluded, the ADOI is now formulating its legislative agenda for 2002. ♦

Insurance Regulator,
ADOI's quarterly
newsletter, is
available
on our
web site:

www.state.az.us/id

Regulator Profile

ADOI Expedites Bank Insurance Sales Filings Under GLBA Section 305



**Margaret
McClelland,
Rules Analyst**

Margaret McClelland is the ADOI rules analyst, a relatively new position that provides support in a number of critical areas.

Margaret is actively involved in drafting rules for the ADOI's new managed care oversight responsibilities. In addition, Margaret is reviewing and updating existing rules.

Margaret joined ADOI from the Arizona Department of Environmental Quality, where she had served as a rule development specialist since 1992. Prior to working at DEQ, Margaret was an Administrative Law Analyst for the Arizona Department of Health Services, and before that was a Securities Specialist with the Arizona Corporation Commission.

She has a law degree from the University of Cincinnati, and a BA in English from Ohio State University.

ADOI is among the states that have implemented expedited filing procedures for insurance application forms developed to allow depository institutions to meet their disclosure obligations under Section 305 of Gramm Leach Bliley.

The consumer protection regulations regarding bank insurance sales were promulgated by the four principal banking regulatory agencies on Dec. 4, 2000. The published regulations may be obtained from the *Federal Register*, Volume 65, Number 233. The effective date for implementation of the consumer protection regulations is Oct. 1, 2001.

Among other things, the regulations require depository institutions that sell insurance products to make certain disclosures and receive consumer acknowledgments. Some depository institutions already require their insurance company business partners to include existing, federally required disclosures on their applications. However, with these new federal disclosure requirements, more financial institutions may opt to have these disclosures included on insurance application forms. In order to comply with the federal regulations in this fashion, depository institutions that sell insurance products will

need to ask insurers to make the necessary filings with the ADOI. Changes in insurance application forms are subject to review pursuant to ARS § 20-1110(A) in AZ.

The ADOI has implemented an expedited process for reviewing these application forms. It is hoped that this process will make it more efficient for depository institutions to comply with their obligations to their functional regulators. Should an insurer wish to

avail itself of this expedited filing process for Section 305 disclosures, the necessary forms and instructions are on the ADOI web site: www.state.az.us/id. Should insurers have any questions they can contact Dennis Babka, Life & Health Supervisor at (602) 912-8460.

This expedited process is available only for application forms that are being revised to add notices to allow depository institutions to meet their disclosure obligations under Section 305 of the GLBA. It is up to the insurer making the filing to

decide whether or not to use this process to expedite the filings of such amended insurance applications. ◆

Excerpt from GLBA Section 305:

The Federal banking agencies shall prescribe and publish in final form...customer protection regulations...that -
(A) apply to retail sales practices, solicitations, advertising, or offers of any insurance product by any depository institution or any person that is engaged in such activities at an office of the institution or on behalf of the institution; and
(B) are consistent with the requirements of this Act and provide such additional protections for customers to whom such sales, solicitations, advertising, or offers are directed.

Fraud Unit Report

The ADOI Fraud Unit will soon have a new tool to aid in its fight against insurance fraud – certified peace officers. HB 2430, effective August 9, 2001, authorizes certified Fraud Unit investigators to exercise peace officer powers while acting in the scope of employment for the ADOI.

Before a Fraud Unit investigator may exercise peace officer powers, the investigator must be certified by the Arizona Peace Officers Standards and Training Board (AZ POST). AZ POST establishes minimum standards for recruiting, appointing, training and retaining Arizona peace officers.

Peace officer powers will significantly enhance the Fraud Unit's ability to effectively investigate insurance fraud cases. A certified Fraud Unit investigator will be authorized to obtain and serve search and arrest warrants in the course of fraud investigations. Fraud Unit investigators that satisfy AZ POST qualifications for firearms will be authorized to carry a firearm while on duty.

The Fraud Unit will continue to work in conjunction with the Arizona Department of Public Safety (DPS). With assistance from DPS, the Arizona Attorney General and other regulatory agencies that have similar peace officer powers, the ADOI is developing and implementing comprehensive policies and procedures for the exercise of peace officer powers.

Many of the current Fraud Unit investigators have law enforcement backgrounds, and the ADOI has benefited greatly from their experience and expertise. The ADOI is committed to the competent and professional execution of these new peace officer powers and duties, and to becoming a valuable, appropriate and respected member of the law enforcement community. ◆

Insurance Regulator

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ADOI Making Rules for HMO's and PrePaid Dental Plans

The ADOI is engaged in rulemaking in connection with the managed care oversight responsibility it assumed July 1, 2001.

On June 7, 2001, the ADOI filed temporary rules for regulation of HMOs with the Arizona Secretary of State. These rules became effective July 1, 2001, under a rulemaking exemption provided by SB 1330 from the 2000 legislative session. The text is very similar to the text of rules originally promulgated by the Department of Health Services. These temporary rules assure the ADOI has the authority to enforce the extant regulatory standards while progressing with the complex process of updating the standards. The ADOI expects it will take about a year from July 1, 2001 to file a set of proposed permanent rules with the Secretary of State.

The ADOI filed proposed rules for regulation of prepaid dental organizations with the Secretary of State on May 4, 2001. The proposed rules establish requirements for quality improvement, access, and network adequacy as well as other requirements for regulation of prepaid dental plans. These rules were published in the Arizona Administrative Register on May 25, 2001. The ADOI conducted public hearings on the proposed rules in Tucson on June 25, 2001 and in Phoenix on June 26, 2001. The ADOI expects the rules to be effective by approximately October 1, 2001. By regulatory bulletin, the Director has announced that the proposed rules will serve as the substantive policy of the ADOI between July 1, 2001 and the effective date of the rules. ◆

Around ADOI

Life and Health

ADOI Hires Network Adequacy Administrator

Anita Thompson joined ADOI's managed care oversight program on April 23 as the Network Adequacy Administrator. Anita is responsible for developing HMO network adequacy standards and plays a lead role in enforcement of the health care provider timely pay and grievance law which went into effect on January 1, 2001. Anita came to the ADOI from St. Joseph's Hospital & Medical Center in Phoenix, where she managed provider relations and managed care account functions. In addition, Anita, who recently completed her Master's in Education, has 15 years experience in provider relations at a national managed care organization.

Rates & Regulations

Workers' Compensation Deviations Update

Annually, on or before October 1, the workers compensation (WC) rating organization (RO) files with the Department rates to which insurers must adhere unless they file a deviation. Deviations remain in effect until September 30 unless, before that date, the RO changes the rates or the deviations are amended by the insurer or disapproved by the Director. Therefore the WC deviations currently on file with the Director will expire on Sep-

tember 30, 2001. Each deviation filed shall be on file with the Director for a waiting period of at least fifteen days before it becomes effective. Insurers who wish to file a WC deviation to become effective October 1, 2001 must file their deviation with the Director no later than September 15, 2001.

Financial Affairs

ARS § 20-297 Repealed

As mentioned in Regulatory Bulletin 2001-3 issued on May 23, 2001, SB 1366 repeals current law governing licensure of insurance agents, brokers, service representatives, and certain other insurance professionals effective October 1, 2001. Among the laws repealed is A.R.S. § 20-297 which requires insurers to annually file, prior to January 30 each year, a list of all agents representing the insurer within Arizona.

Although this annual reporting requirement applicable to all authorized insurers is being repealed, the Tax Unit of the Financial Affairs Division will continue to require all authorized insurers domiciled in a state that requires Arizona insurers to pay fees for the license, appointment or termination of their agents in that state, to file lists of their Arizona agent information with their annual tax reports. These lists are required documentation for Arizona's statutorily required retaliation of the domiciliary state's fees.

At present, information available to the Tax Unit indicates

that the states of Alabama, Arkansas, Connecticut, Delaware, North Carolina, North Dakota, Ohio, Tennessee and West Virginia require insurers to pay agent license, appointment or termination fees. Therefore, all authorized insurers domiciled in these states must continue to file lists with their Annual Premium Tax and Fees Reports due March 1st, of all Arizona agents licensed, appointed or terminated during the calendar year period.

Companies that fail to provide the lists will receive Retaliatory Tax Audit Schedules using fee estimates based on their lists filed in prior years. In the event that the company disputes the estimated fees shown in the Retaliatory Tax Audit Schedules, it must substantiate the actual fee amounts by providing the required lists to enable the Tax Unit to prepare Amended Audit Schedules, or the company may file an appeal of a retaliatory tax assessment and request an administrative hearing.

Questions regarding reporting for retaliatory purposes may be directed to the Tax Unit at (602) 912-8420 or by e-mail to gthoreson@id.state.az.us.

Consumer Affairs

Improving Communication

The Consumer Affairs Division will be asking insurers to furnish e-mail addresses and FAX and phone numbers of their contact persons regarding consumer complaints and re-

Around ADOI

(Continued from page 6)

quests for assistance. Likewise, division employees will provide their e-mail address, FAX and phone number to the insurers. Sharing contact person information should allow both the ADOI and insurers to provide quicker and better service to Arizona insurance consumers. Often, formal complaints can be avoided if consumers receive needed information and assistance promptly. The Division will soon be contacting insurers to begin gathering this information. Any insurers wishing to provide that information before they are contacted may mail it to mkitterman@id.state.az.us or Mary Kitterman in the Consumer Services Section.

Licensing

Revised Producer Applications

In conjunction with the fee change that took effect July 1, 2001, the ADOI revised its producer application forms. The recent changes to the forms were intended to eliminate some common questions and errors associated with completing the application. Additional modifications will be made to the application forms in a few months to address changes in law as enacted in SB 1366.

Guaranty Funds

Executive Director King Retires

Guaranty Fund Executive Director, Jack A. King, announced

his intention to retire, effective October 5, 2001. Mr. King joined the ADOI in March 1998 after an illustrious career that included service as a practicing attorney, a trial court judge, and general counsel for a major insurance group. In his brief tenure, Mr. King brought dramatic improvements to the ADOI's guaranty funds administration. Among other things, he resolved accounting and internal control issues, created an in-house claims department, updated the plans of operation, helped the Boards institute new investment guidelines, and drastically reduced the Funds' loss adjustment expenses. "The ADOI was very fortunate to be the beneficiary of Jack King's talent and experience," said Director Cohen. "I am very grateful to Jack for his brilliant performance as our Guaranty Fund Executive Director, and I wish him many years of healthy, happy retirement."

Recruitment for a new Executive Director is entering its final stages and is expected to be considered by the Boards in executive session at their next meetings.

Guaranty Fund Board Meetings

Property and Casualty:

July 24th at 8:30 a.m.

Life and Health:

July 31st at 1:00 p.m.

Both meetings will be held in the 2nd floor conference room at the ADOI. ♦

ADOI Employment Opportunities

Chief Financial Analyst

ADOI is recruiting for a CFE and/or CPA to fill its Chief Financial Analyst position which oversees the financial surveillance program in the Financial Affairs Division. Please send resumes with a cover letter to Steve Ferguson, Assistant Director, Financial Affairs, ADOI, 2910 N. 44th Street, Second Floor, Phoenix, AZ 85018-7256.

Producer Licensing Administrator

The ADOI has reclassified its Licensing Supervisor position to "Insurance Producer Licensing Administrator". ADOI is accepting resumes from candidates with business-process development skills, highly evolved computer skills (including web site maintenance), strong interpersonal skills, and experience in strategic planning, quality assurance and technical writing. Please send resumes to Scott Greenberg, Chief Operating Officer, ADOI, 2910 N. 44th Street, Second Floor, Phoenix, AZ 85018-7256.

Candidates interested in either position can visit the ADOI web site at www.state.az.us/id for more information or contact Ethel Rozelle, ADOI Human Resources Specialist, by email at erozelle@id.state.az.us or by phone at (602)912-8405. ♦

COMPANY ACTIONS

NEW LICENSES ISSUED

Domestic Insurers

	Company Name	NAIC #	Effective Date	Type
1.	COUNTY REINSURANCE COMPANY	N/A	5/31/01	Unaffiliated Credit Life & Disability Reinsurer
2.	HERITAGE REINSURANCE, INC.	N/A	4/19/01	Unaffiliated Credit Life & Disability Reinsurer
3.	TRANSWESTERN INSURANCE COMPANY	11119	5/14/01	Life & Disability Reinsurer

Foreign Insurers

	Company Name	State of Domicile	NAIC #	Effective Date	Type
1.	COMMERCE WEST INSURANCE COMPANY	CA	13161	5/15/01	Property & Casualty Insurer
2.	GMAC INSURANCE COMPANY ONLINE, INC.	MO	11044	6/14/01	Property & Casualty Insurer
3.	MINNESOTA LAWYERS MUTUAL INSURANCE COMPANY	MN	42234	4/19/01	Casualty Insurer
4.	UNDERWRITER FOR THE PROFESSIONS INSURANCE COMPANY	CO	41050	6/25/01	Casualty Insurer
5.	UNITED NATIONAL INSURANCE COMPANY	PA	13064	6/8/01	Accredited Reinsurer
6.	UNITED TITLE INSURANCE COMPANY	CA	50041	4/16/01	Title Insurer

Risk Retention Groups Registered

	Company Name	State of Domicile	NAIC #	Effective Date
1.	GLOBAL INTERNATIONAL INSURANCE COMPANY, INC., A RISK RETENTION GROUP	HI	10991	4/24/01

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

	Company Name	State of Domicile	Effective Date
1.	AMERICAN RELIABLE INSURANCE COMPANY	AZ	6/25/01
2.	BUTLER FINANCIAL SOLUTIONS, LLC	DE	6/7/01
3.	GUARDIAN WARRANTY CORPORATION (THE)	PA	5/16/01
4.	LOCKLINE WARRANTY SERVICES, LLC	KS	6/13/01
5.	MILLENNIUM INVESTORS, INC., d.b.a.: Millennium Investors, Inc.	TX	4/17/01
6.	WARRANTECH AUTOMOTIVE, INC.	CT	6/18/01
7.	WARRANTY BUSINESS SERVICES CORPORATION	MO	5/17/01

Third Party Administrators (TPA)

	Company Name	State of Domicile	Effective Date
1.	AMERICAN DENTAL PROFESSIONAL SERVICES, INC.	DE	4/10/01

2.	COORDINATED VISION CARE, INC.	DE	5/16/01
3.	CONTINENTAL PLAN SERVICES, INC.	WI	4/24/01
4.	MCCAMISH SYSTEMS, LLC.	GA	5/15/01
5.	PERFORMAX, INC.	DE	4/13/01
6.	PINNACLE CLIAMS MANAGEMENT, INC.	CA	5/11/01

Utilization Review Agents

Company Name	State of Domicile	Effective Date
NO NEW ACTIVITY THIS QUARTER		

CHANGE OF AUTHORITY

Company Name	State of Domicile	NAIC #	Effective Date	Change
1. AMERICAN FAMILY LIFE INSURANCE COMPANY	WI	60399	5/11/01	Granted Variable Life and Variable Annuities
2. RESERVE CAPITAL LIFE INSURANCE COMPANY	AZ	97446	6/20/01	Converted to Life & Disability Reinsurer
3. SPECIALTY NATIONAL INSURANCE COMPANY	IL	20524	5/29/01	Granted Casualty With Workers' Compensation
4. XL CAPITAL ASSURANCE INC.	NY	20311	5/2/01	Terminated Marine & Transportation, Property and Vehicle

NAME CHANGES

Old Name (to) New Name	State of Domicile	NAIC #	Effective Date
1. AXA NORDSTERN ART INSURANCE CORP. (to) AXA ART INSURANCE CORPORATION	NY	29530	4/2/01
2. HEALTHSOURCE INSURANCE COMPANY (to) BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA	MA	71714	5/25/01
3. HERITAGE MUTUAL INSURANCE COMPANY (to) ACUITY, A MUTUAL INSURANCE COMPANY	WI	14184	6/1/01
4. UNITED BANCORP LIFE INSURANCE COMPANY (to) AMERISERV LIFE INSURANCE COMPANY	AZ	N/A	5/15/01
5. WATERFORD INSURANCE COMPANY (to) NATIONWIDE AFFINITY INSURANCE COMPANY OF AMERICA	KS	26093	5/7/01

ARIZONA REDOMESTICATIONS

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

ACQUISITIONS/MERGERS/WITHDRAWALS

Acquisitions of Arizona Companies

Company Name	NAIC #	Date Order Filed	Acquired By
1. RUSHMORE LIFE INSURANCE COMPANY	76384	6/15/01	North American National Life Insurance Company (AZ) (NAIC #73750)

Mergers involving Arizona Companies

Company Name Merged Into	State of Domicile	NAIC #	Date Order Filed
1. FRONTIER NATIONAL LIFE INSURANCE COMPANY CONSECO HEALTH INSURANCE COMPANY	OH AZ	99260 78174	6/27/01
2. UNITED CONCORDIA DENTAL PLANS OF OREGON, INC. UNITED CONCORDIA INSURANCE COMPANY	OR AZ	47244 85766	5/22/01

Withdrawals from Arizona

Company Name	State of Domicile	NAIC #	Date Order Filed
1. AUTO-TEX LIFE INSURANCE COMPANY	AZ	N/A	6/29/01
2. BANKERS RESERVE LIFE INSURANCE COMPANY	CO	61352	4/30/01
3. CROATIAN CATHOLIC UNION OF U.S.A. AND CANADA	IN	57983	6/11/01
4. DEVELOPERS INSURANCE COMPANY	CA	38334	4/19/01
5. INNER HARBOR REINSURANCE, INC.	MD	10040	4/4/01
6. OMEGA INSURANCE COMPANY	FL	38644	4/4/01
7. RELIANCE NATIONAL INDEMNITY COMPANY	WI	24430	5/22/01
8. RELIANCE NATIONAL INSURANCE COMPANY	DE	40592	5/22/01
9. RELIANCE SURETY COMPANY	DE	41980	5/22/01
10. UNITED PACIFIC INSURANCE COMPANY	PA	24473	5/22/01
11. VAN-EL LIFE INSURANCE COMPANY	AZ	N/A	6/1/01

SUSPENSIONS/REINSTATEMENTS

Company Name	State of Domicile	NAIC #	Effective Date	Action
1. AMWEST SURETY INSURANCE COMPANY	NE	34983	6/27/01	Suspended
2. CAPITOL LIFE INSURANCE COMPANY, THE	CO	61581	5/11/01	Authority Reinstated
3. GOLDEN STATE MUTUAL LIFE INSURANCE COMPANY	CA	63924	5/4/01	Suspended
4. GREAT STATES INSURANCE COMPANY	CA	33529	4/17/01	Suspended
5. HIH AMERICAN COMPENSATION & LIABILITY INSURANCE COMPANY	CA	20656	4/17/01	Suspended
6. RELIANCE INSURANCE COMPANY	PA	24457	6/6/01	Suspended

SUPERVISIONS/RECEIVERSHIPS

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

FINANCIAL EXAM REPORTS

Company Name	NAIC #	Date Report Filed
1. ADMIRAL LIFE INSURANCE COMPANY OF ARIZONA	71390	4/3/01
2. AMERICAN BAPTIST ESTATES, INC.	95230	6/4/01
3. AMERICAN RELIABLE INSURANCE COMPANY	19615	6/26/01

4.	BANC ONE LIFE INSURANCE COMPANY	77534	5/24/01
5.	BAY LIFE INSURANCE COMPANY, INC.	80101	6/21/01
6.	CC/PDR-SCOTTSDALE, L.L.C.	95398	5/31/01
7.	CANYON STATE LIFE INSURANCE COMPANY	72958	6/26/01
8.	CONCORD LIFE INSURANCE COMPANY	73482	4/27/01
9.	IRWIN UNION CREDIT INSURANCE CORPORATION	83267	6/26/01
10.	LINCOLN COUNTY LIFE INSURANCE COMPANY	80780	5/24/01
11.	NATIONSCREDIT INSURANCE COPORATION	60184	4/26/01
12.	NAUTILUS INSURANCE COMPANY	17370	5/18/01
13.	NEWPORT INSURANCE COMPANY	24848	5/17/01
14.	NYLIFE INSURANCE COMPANY OF ARIZONA	81353	6/19/01
15.	PEKIN FINANCIAL LIFE INSURANCE COMPANY	72362	5/31/01
16.	SAFEGUARD HEALTH PLANS, INC.	47104	5/24/01
17.	SEVEN ROD LIFE INSURANCE COMPANY	60191	6/18/01
18.	TEMPE LIFE CARE VILLAGE, INC.	95222	4/27/01
19.	TEXAS STATE LIFE INSURANCE COMPANY	77615	5/22/01
20.	THE HUNTINGTON NATIONAL LIFE INSURANCE COMPANY	92150	5/18/01

MARKET CONDUCT EXAM REPORTS/ORDERS

Company Name	State of Domicile	NAIC #	Date Filed	Civil Penalty	Restitution + Interest
1. AMERICAN FAMILY HOME INSURANCE COMPANY Use of unfiled rates in premium calculation. Improper cancellation procedures.	FL	23450	4/3/01	\$9,750	\$36.00
2. AMERICAN INTERNATIONAL SOUTH INSURANCE COMPANY Use of unfiled rates in premium calculation. Improper cancellation procedures. Improper claims processing. Violation of a prior consent order.	PA	40258	5/7/01	\$45,000	TBD
3. AMERICAN MODERN HOME INSURANCE COMPANY Use of unfiled rates in premium calculation. Failure to notify policyholders of premium increases.	OH	23469	4/3/01	\$8,550	\$140.00
4. BANKERS UNITED LIFE ASSURANCE COMPANY Use of unfiled or non-compliant form. Improper marketing and advertising procedures.	IA	61387	6/19/01	\$8,000	N/A
5. CALIFORNIA CASUALTY INDEMNITY EXCHANGE Improper cancellation procedures. Use of non-compliant cancellation notice. Violations of prior consent order.	CA	20117	4/10/01	\$10,000	\$857.10
6. CALIFORNIA CASUALTY INSURANCE COMPANY Improper cancellation procedures. Use of non-compliant cancellation notice. Violations of prior consent order.	CA	20125	4/10/01	\$10,000	\$200.53
7. CENTRAL RESERVE LIFE INSURANCE COMPANY Use of unfiled or non-compliant forms. Improper claims processing procedures. Improper underwriting procedures. Violation of prior consent order.	OH	61727	5/16/01	\$50,000	TBD

8.	CONSECO MEDICAL INSURANCE COMPANY	Improper appeals procedures. Improper claims processing. Use of unfiled forms. Improper group health terminations. Not certified for utilization review. Failure to provide a Summary of Rights.	IL	93769	4/10/01	\$26,000	\$455.06 plus interest
9.	FEDERAL INSURANCE COMPANY	Use of unfiled rates. Improper cancellation procedures.	IN	23817	6/18/01	\$55,000	\$3,565.64 restitution and \$1,348.91 interest paid. \$111,881.00 restitution, plus interest TBD.
10.	GREAT SOUTHERN LIFE INSURANCE CO.	Use of unfiled or non-compliant forms.	TX	90212	5/24/01	\$6,000	\$2,794.52 Interest paid.
11.	GUIDEONE MUTUAL INSURANCE COMPANY	Use of a non-compliant fraud warning notice. Use of unfiled rates in premium calculation. Improper cancellation procedures	IA	15032	4/3/01	\$9,000	\$3,588.50 plus interest TBD
12.	HEALTH PLAN OF NEVADA, INC.	Improper claims processing procedures. Failure to file health care appeals packet. Conducting utilization review without certification.	NV	96342	5/7/01	\$7,000	TBD
13.	HORACE MANN INSURANCE COMPANY	Minimal violations. Report filed.	IL	22578	6/27/01	\$0	\$841.83 restitution and interest.
14.	ILLINOIS NATIONAL INSURANCE COMPANY	Use of unfiled rates in premium calculation. Improper cancellation procedures. Failure to provide a Summary of Rights.	IL	23817	5/7/01	\$18,000	\$9,658.00 plus interest.
15.	JOHN HANCOCK LIFE INSURANCE COMPANY	Use of unfiled or non-compliant forms. Improper replacement procedures. Improper claim processing procedures.	MA	65099	5/30/01	\$27,500	TBD
16.	LIFE INVESTORS INSURANCE COMPANY OF AMERICA	Use of unfiled or non-compliant forms. Improper replacement procedures. Improper claims processing procedures.	IA	64130	6/19/01	\$7,000	N/A
17.	THE MEGA LIFE AND HEALTH INSURANCE COMPANY	Improper claims procedures. Violations of a prior consent order.	OK	97055	5/25/01	\$25,000	\$338.82 Interest
18.	MIC GENERAL INSURANCE COMPANY	Minimal violations. Report filed.	MI	38660	5/11/01	\$0	\$0
19.	MID-WEST NATIONAL LIFE INSURANCE COMPANY OF TN	Improper claims procedures. Failure to provide compliant Summary of Rights	TN	66087	5/25/01	\$20,000	\$210.08 Interest
20.	MML BAY STATE LIFE INSURANCE COMPANY	Failure to use compliant Summary of Rights and HIV-related test consent form. Minimal violations.	MA	70416	5/11/01	\$0	\$0
21.	MONUMENTAL LIFE INSURANCE COMPANY	Use of unfiled or non-compliant forms. Improper replacement procedures. Improper claims processing procedures.	MD	66281	6/19/01	\$36,000	TBD
22.	NATIONAL HEALTH INSURANCE COMPANY	Use of non-compliant or unfiled forms. Improper claims processing procedures. Failure to provide compliant Summary of Rights. Failure to file health care appeals packet.	TX	82538	5/10/01	\$21,000	\$3,038.22 Interest
23.	PACIFIC LIFE INSURANCE COMPANY	Minimal violations. Report filed.	CA	67466	5/30/01	\$0	\$0
24.	PENN TREATY NETWORK AMERICA INSURANCE COMPANY	Improper claims processing procedures. Failure to provide compliant Summary of Rights. Use of unfiled or non-compliant forms.	PA	63282	5/16/01	\$35,000	TBD
25.	PFL LIFE INSURANCE COMPANY	Use of unfiled or non-compliant forms. Failure to provide a Summary of Rights. Improper replacement procedures. Use of misleading life insurance advertising.	IA	86231	6/19/01	\$17,000	TBD
26.	PHILADELPHIA INDEMNITY INSURANCE COMPANY	Use of	PA	18058	5/18/01	\$20,000	\$0

27.	PROGRESSIVE HOME INSURANCE COMPANY Minimal violations. Report filed.	TN	11851	5/24/01	\$0	\$0
28.	PROGRESSIVE PALOVERDE INSURANCE COMPANY Minimal violations. Report filed.	AZ	44695	5/29/01	\$0	\$0
29.	TITAN INSURANCE COMPANY Use of non-compliant fraud warning notice. Improper cancellation procedures. Violations of a prior consent order. Improper claims processing.	MI	36269	4/9/01	\$20,000	\$31,254.58
30.	UNITED SECURITY LIFE INSURANCE COMPANY OF ILLINOIS Use of non-complaint and unfiled forms. Improper claims processing procedures. Discrimination in underwriting. Improper replacement procedures. Failure to distribute health care appeals packets.	IL	81108	5/24/01	\$30,000	\$863.41 Restitution and interest. Additional restitution TBD.
31.	VALLEY FORGE LIFE INSURANCE COMPANY Failure to provide compliant Summary of Rights. Improper replacement procedures. Use of non-compliant or unfiled forms.	PA	70211	5/7/01	\$14,000	\$1,583.00
32.	WESTERN RESERVE LIFE ASSURANCE COMPANY OF OHIO Use of unfiled or non-compliant form. Improper replacement procedures.	OH	91413	6/19/01	\$10,000	N/A
33.	WESTPORT INSURANCE CORPORATION Use of unfiled rates in premium calculation.	MO	34207	5/7/01	\$6,000	\$746.25 plus interest TBD
34.	WORLD INSURANCE COMPANY Improper claims processing. Use of unfiled forms.	NE	70629	4/9/01	\$8,000	\$0

OTHER DISCIPLINARY ACTIONS

Company Name NAIC #	Allegation	Disposition
1. AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY NAIC # 60305	Failure to comply with provisions of the Health Care Appeals law with such frequency as to indicate a general business practice.	4/11/01 Consent Order \$15,000 civil penalty

PRODUCERS AND OTHER LICENSEES DISCIPLINED

Cause No. Name City – State	Allegation	Disposition
1. 01A-094 Jerome Alex Zanowski Minneapolis, MN	Record of dishonesty in business or financial matters.	4/4/01 Consent Order License Revoked
2. 01A-064 Craig Lynn Stocksleger Phoenix, AZ	Record of dishonesty in business or financial matters in connection with the purchase or sale of securities.	4/12/01 Consent Order License Revoked
3. 01A-097 Frank Burns Cannon, Jr., and Southwest Benefits Group, Inc. Phoenix, AZ	Failure to disclose exceptions, reductions and limitations affecting the basic provisions of the policy and failure to identify the insurer in advertising.	4/12/01 Consent Order \$1,000 Civil Penalty
4. 01A-106 Robert Lee Galbraith, dba Active Bail BondsMesa, AZ	Failure to notify the Department within 24 hours of the employment of a bail recovery agent.	4/17/01 Consent Order \$250 Civil Penalty
5. 01A-109 Trudy Marlene Zeiler, dba Accident Recovery Consultants Scottsdale, AZ	Unauthorized transaction of insurance business. Respondent's conduct constituted acting as and holding herself out to be an adjuster without being licensed.	4/19/01 Consent Order \$5,000 Civil Penalty

6.	01A-113 Carl J. Schenkel Peoria, AZ	Failure to disclose exceptions, reductions and limitations affecting the basic provisions of the policy and failure to identify the insurer in advertising.	4/24/01 Consent Order \$500 Civil Penalty
7.	01A-123 Gordon Douglas Rutledge, Jr., and Equitable Insurance Services, Inc. Phoenix, AZ	Failure to disclose exceptions, reductions and limitations affecting the basic provisions of the policy and failure to identify the insurer in advertising.	5/7/01 Consent Order \$1,000 Civil Penalty
8.	01A-151 Mickey Nelson Clayton Phoenix, AZ	Conduct of affairs under the license showing the licensee to be incompetent by negligently completing insurance application.	6/11/01 Consent Order \$250 Civil Penalty
9.	01A-169 Brian Carl Weber Scottsdale, AZ	Failure to register an assumed business name; failure to disclose exceptions, reductions and limitations affecting the basic provision of the policy and failure to identify the insurer in advertising.	6/27/01 Consent Order \$750 Civil Penalty

RULES 2001

Citation	Title	Action	Status
1. R20-6-1801 – R20-6-1816	Notice of Proposed Rulemaking Prepaid Dental Plan Organizations	Filed with Secretary of State 5/4/01	Oral proceedings 6/25/01 and 6/26/01; close of comment period 6/29/01.
2. R20-6-1901 -	Notice of Final Exempt Rulemaking Health Care Service Organizations Oversight	Filed with Secretary of State 6/7/01	Temporary exempt rule in place until DOI puts permanent rules in place.
3. Tit. 20; Ch. 6; Art. 19; sections to be determined	Notice of Rulemaking Docket Opening Health Care Service Organizations	Filed with Secretary of State 6/7/01	The Director intends to file a Notice of Proposed Rulemaking during 2002.
4. R20-6-604 – R20-6-604.10	Notice of Rulemaking Docket Opening Credit Life and Disability Insurance	Filed with Secretary of State 6/7/01	The Director intends to file a Notice of Proposed Rulemaking by the 4 th quarter of 2001
5. R20-6-218	Notice of Rulemaking Docket Opening Notice of Proposed Rulemaking Exemption Standards for Life and Disability Forms	Filed with Secretary of State 6/21/01	The Director filed Docket Opening and Notice of Proposed Rulemaking at same time. No oral proceedings scheduled. Close of record 8/14/01.

REGULATORY BULLETINS 2001

Number	Title	Date Issued
1. 2001-1	Revision of Property Damage Threshold for Purposes of ARS 20-1631(E)	2/7/01
2. 2001-2	Revision of Fee Schedule	4/10/01
3. 2001-3	2001 Arizona Insurance Laws	5/23/01
4. 2001-4	Annual Statement Form Unaffiliated Credit Life and Disability Reinsurers	5/24/01
5. 2001-5	Transition of Regulatory Authority over Prepaid Dental Plan Organizations	6/15/01
6. 2001-6	Transition of Regulatory Authority over Health Care Services Organizations	6/15/01
7. 2001-7	Notification of Rulemaking Activities	6/29/01
8. 2001-8	Health Care Financing Administration Technical Bulletin Regarding Rates for Guaranteed Issue Medigap Policies	6/29/01

ADOI Directory

Office of the Director	(602) 912-8456
Public Information Officer	(602) 912-8456
Ombudsperson	(602) 912-8430
Administrative Services	(602) 912-8400
Consumer Services & Investigations	(602) 912-8430 (800) 325-2548
Financial Affairs	(602) 912-8420
Fraud Unit	(602) 912-8418
Guaranty Funds	(602) 248-0685
Information Services	(602) 912-8410
Life and Health	(602) 912-8460
Market Conduct Examinations	(602) 912-8442
Rates and Regulations	(602) 912-8466
Receivership	(602) 912-8458
ADOI Web site	www.state.az.us/id

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