



ADOI Responds to Wildfire Catastrophe

The recent Rodeo/Chedeski fire was one of Arizona's most historically significant insurance losses. Thousands of residents were temporarily evacuated and more than 400 homes were lost. Total insured losses are estimated to be \$120 million, of which approximately \$15 million are related to commercial claims.

The ADOI has responded to the disaster on a number of fronts. ADOI personnel have visited Heber, Payson and Show Low to deliver informative materials and meet with insurance policyholders. Director Cohen visited Show Low to inspect various insurers' catastrophe claims operations.

The ADOI added a special section to its website for victims of the wildfire (www.state.az.us/id/wildfires). Viewers will find the ADOI's fire-related press releases

and two specially developed consumer publications, "Insurance Tips for Wildfire Victims" and "Is my fire-related loss covered by my insurance policy?". The ADOI also developed a list of homeowners insurers and their telephone numbers to help dislocated policyholders get in touch with their insurers.

The ADOI has coordinated extensively with the Arizona Office of Emergency Management and FEMA representatives to convey the message that the ADOI is a resource for policyholders in the area.

The ADOI maintained communication with the insurance industry during the emergency to determine whether any insurers were experiencing barriers to service delivery. A common problem for insurers while the fire was burning

was the lack of information available about which of their policyholders' properties had been destroyed. Claims personnel had to wait, like property owners, to gain access to burned areas. The ADOI was able to facilitate expedited access to a list of destroyed property from the Navajo County Assessor's Office which allowed insurers to extend Additional Living Expense payments and begin processing total loss claims.

The ADOI also closely monitored insurer practices concerning moratoria on new business writings. Virtually all insurers doing business in the affected areas lifted new business moratoria as soon as the fires were 100% contained. The ADOI will continue to monitor market activity in the affected areas. ■

ADOI Withdraws Outdated Bulletins

To maintain and promote the clarity of Arizona's insurance regulatory standards, the ADOI recently completed a review of bulletins issued by prior Directors of Insurance to determine which have continuing relevance and validity, and should be retained as ADOI substantive policy statements.

On May 17, 2002, the Director issued Regulatory Bulletin 2002-05, which lists those bulletins (referred to as "Circular Letters" when they were issued) being withdrawn and those being

retained. Ninety four bulletins, issued between 1976 and 1998, were withdrawn. Many of the bulletins withdrawn were, when issued, topical discussions of regulatory issues or announcements and descriptions

of newly enacted laws or rules. These bulletins, while useful when issued, lost relevance over time, and, in some cases, were superseded by controlling statutes and rules.

Interested readers may view Regulatory Bulletin 2002-05 on the ADOI web site (www.state.az.us/id) as well as copies of all bulletins issued by the current Director, and all other retained bulletins. The older, retained bulletins have been updated with the names of current personnel contacts. ■

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Mission Statement

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

COMMERCIAL LINES MARKETS TASK FORCE MEETS

As reported in the First Quarter 2002 edition of Insurance Regulator, Director Cohen established a Commercial Lines Markets Task Force to study the impact of the hard market on commercial lines in Arizona, and to make recommendations to address the conditions. The Task Force held its initial meeting on April 16. Assistant Director Deloris Williamson presented an overview of Arizona's regulatory system for commercial lines insurance products. The Task Force held a general discussion about the state of the commercial lines markets. There was a great deal of consensus that the current hard market is the result of numerous causes, both national and local in scope, including problems of underwriting and pricing discipline, countrywide losses, reinsurance unavailability and unaffordability, reduced investment income, and in certain lines, litigation and loss control factors. The Task Force decided to focus its consideration on nursing home liability, medical malpractice and construction defect coverages.

In light of the discussion at the initial meeting, the Director added additional members to the Task Force:

Jack King, Retired
Gary Tiepelman, Scottsdale Insurance Company
Joni Fairbrother, Independent Insurance Agents Association

The fortified Task Force met again on June 18. Ms. Williamson presented an overview of Arizona law related to Joint Underwriting Associations and Voluntary Plans. The Task Force agreed there are substantial questions whether the Arizona JUA law is practically and legally workable. The ADOI plans to request advice from the Attorney General's Office on the issue. Director Cohen formed subcommittees of the Task Force to enable in-depth consideration of the conditions of each of the target lines. In particular, he asked the Nursing Home Liability Subcommittee to develop a proposal for a Voluntary Plan for that line that can be discussed by the full Task Force at its next meeting on July 31.

It is anticipated that the Task Force will meet several more times, and will produce a report of its discussions and recommendations. ☐

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ADOI Continues Work With Advisory Group on HMO Rules

When the regulatory scheme governing health care service organizations (HCSOs or HMOs) in Arizona was enacted in the 1970s, the regulatory responsibility was bifurcated between the ADOI and the Department of Health Services (DHS). In the 2000 legislative session, the Arizona legislature enacted Senate Bill 1330, which altered the scheme by transferring all DHS responsibilities to the ADOI, effective July 1, 2001.

Following passage of SB 1330 the Director formed a Health Insurance Oversight Advisory Group for the purpose of advising the ADOI with respect to implementation of that legislation, as well as the Provider Timely Pay and Grievance Law, also enacted in 2000 as part of House Bill 2600. The ADOI solicited comments from the group when the Director prepared Regulatory Bulletin 2000-15 regarding timely pay and grievance requirements. Currently, the Health Insurance Oversight Advisory Group consists of representatives from health care service organizations, health care provider groups, consumer groups and business interests. The ADOI monitors group membership and participation to assure that stakeholders are adequately represented.

Since early 2001, the ADOI has worked with the advisory group to lay the ground work for rulemaking needed to implement

(Continued on page 3)

Legislative Report

The Forty-fifth Arizona Legislature adjourned sine die on May 23, 2002. Like many other states, Arizona was faced with a severe decline in projected revenues, requiring the Legislature to make two mid-year budget reductions for Fiscal Year 2002, and to cut almost one billion dollars from the proposed FY2003 state budget. The ADOI's appropriation for FY2003, beginning July 1, 2002, was reduced 12.5% from the amount originally appropriated. As a result of budget cuts, the ADOI has needed to leave numerous positions unfilled.


Aside from the fiscal difficulties, the ADOI enjoyed a successful legislative session, with the Legislature passing all six bills on the ADOI's legislative agenda. Those bills are: SB1016, modifying the definition of "adjuster"; SB1134, standardizing certain financial and accounting standards for nonprofit health insurers and managed care entities; SB1162, adjustment of the statutory fee ranges and General Fund recoupment formula; HB2035, repealing the Small Employer Reinsurance Program; HB2204,

streamlining and standardizing the ADOI's statutes for review of insurers' rates and forms; and HB2135, establishing a regulatory scheme for credit property insurance and credit unemployment insurance.

The Legislature also passed numerous other bills addressing a broad range of insurance topics. Bills enacted this session include: HB2386, requiring greater disclosure of insurers' use of credit information and insurance scores for insurance underwriting purposes; HB2276 requiring worker's compensation insurers to specify whether loss adjustment expenses are considered advancements to be reimbursed as part of an employer's deductible; HB2026, giving producers called to active military duty temporary relief from compliance with continuing education and other license renewal requirements; HB2137 clarifying the ADOI's rulemaking responsibilities for regulatory oversight of HMOs; HB2234 mandating health insurance coverage of FDA approved contraceptives, with a limited exception for certain religious employers; SB1015 simplifying

the requirements for surplus lines broker "diligent search" affidavits; SB 1161 related to mortgage guaranty insurance; HB2437 lowering the nonforfeiture guarantee rates for annuities; HB2027 affording confidentiality protection to filed information related to extraordinary dividends; HB2280 addressing conflicts between HIPAA privacy regulations and the Arizona Insurance Information Privacy Act; HB2435 affording confidentiality treatment to information about insurance fraud informants; HB2192 governing transfer or sale of structured settlement payments; and HB2620 setting guidelines for litigation over construction defects.


For a detailed description of insurance related legislation, please refer to Regulatory Bulletin 2002-07 posted on the ADOI's web site.

The general effective date for newly enacted legislation is August 22, 2002. The full text of all enacted legislation is available on Arizona's legislative web site: www.azleg.state.az.us. 

HMO Rules (Continued from page 2)

the regulatory responsibilities assigned to the ADOI by SB 1330. The ADOI looks to the group for advice regarding rules that will set an appropriate balance among all interests, and will assure HCSOs constitute an appropriate mechanism to achieve effective health care plans, as required by statute. After preliminary meetings in 2001 and 2002, the ADOI convened the group on April 5, 2002 for a facilitator-led session to solicit input regarding which enforcement areas should be given priority in the HCSO rulemaking process. Group members present at that meeting identified network adequacy as the top rulemaking priority.

Since the April meeting, the ADOI has been working to assure it has the input of the entire advisory group as to priorities, and has been developing an action plan for work on network adequacy rules. The ADOI will soon schedule another meeting of the advisory group to discuss specific sub-topics of network adequacy, and to review the action plan.

Work on these rules will be continuous and deliberate, to make every effort to find the right balance of consumer protection and fairness to the managed care industry. 

Regulator Profile *In Memoriam*



Emil Barberich

passed away on May 28, 2002 at the age of 91. Mr. Barberich's distinguished 43 year career in the insurance industry was followed by a distinguished 22 year career of service to the people of Arizona.

Commencing in 1930, he served in various capacities with the London and Lancashire Insurance Company (Royal Insurance Group) in New

York, New Jersey, San Francisco, Los Angeles, and Phoenix. In 1968, he opened Royal's Phoenix branch office where he served as Branch Manager until he retired from Royal in 1973.

In 1973, he joined the ADOI as Chief Deputy Director and Supervisor of Property and Casualty Rates. As Chief Deputy Director, Mr. Barberich was involved in a myriad of important and complex matters, including a severe medical malpractice crisis between 1976-1981.

In 1982, he formally retired from the ADOI. However, he continued to work for the ADOI as a contract market conduct examiner until 1986. At that time, Arizona was undergoing a liability insurance crisis and Mr. Barberich assumed the "Hotline Monitor" position that was established to assist consumers unable to find coverage. From 1986 through his second "retirement" from the ADOI in 1995, Mr. Barberich helped countless individuals and businesses find insurance.

Of course, there was much more to Mr. Barberich's life that cannot fit into this space, including his service to his country, and his devotion to his family, music and animals in need.

"Mr. Barberich was a remarkable gentleman, and it was my privilege to know him. He made a giant contribution to the culture of public service and consumer assistance that pervades this agency. He was well-loved and respected by many friends and proteges at the ADOI and in the industry. He will be remembered and missed here," said Director Cohen. ■

ADOI Prepared to Establish New Credit Insurance Rates

On June 7, 2002, the ADOI's amended Credit Life and Disability Insurance rules (A.A.C. R20-6-604 through R20-6-604.10) became effective, following approval of the rules by the Governor's Regulatory Review Council on June 4, 2002. Interested persons may view the amended rules on the ADOI website.

Many of the amendments were designed simply to update language and conform the rules to current rulemaking standards. The rulemaking does not change the current loss ratio standards, which remain at 50% for credit life and 60% for credit disability. The rule package does contain important changes regarding the prima facie rates. Prima facie rates are presumed to meet the required loss ratio standards and may be used without submission of further actuarial support. Last year, the ADOI conducted an actuarial review of experience for the period 1997 through 1999 and determined that the current prima facie rates did not satisfy the required loss ratios, and were in need of adjustment. (A copy of the Actuary's report and recommendation is available on the ADOI website.)

The rulemaking repealed the prima facie rates that were prescribed by an exhibit to the old rule. The amended rules establish a different process for the ADOI to set prima facie rates. Rather than incorporate the rates into the rules, the ADOI will, after notice to interested parties, conduct a hearing to gather information on proposed new rates. Interested parties may appear and present evidence at the hearing. Following the close of the record, the Director will issue an order setting new prima facie rates.

Now that the new procedure has been

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Fraud Unit Report

The ADOI Fraud Unit is implementing a citation-in-lieu-of-detention program on August 1, 2002, starting in Maricopa County, to combat isolated and lower dollar amount instances of insurance fraud.

Those who commit single, lower dollar amount acts of insurance fraud, including attempted insurance fraud, may now be issued a citation for a misdemeanor or petty offense. Acts subject to citation will include theft under \$250, attempted theft, solicitation of theft, solicitation of fraudulent insurance claim, solicitation of insurance fraud, false reporting, and unlawful solicitation of a tort victim at the scene of an accident. The ADOI worked closely with the Attorney General's Office and the Maricopa County Justice Courts to develop this program. At the end of a one-year trial period the program will be reviewed. If proved effective, the program will be expanded to include the entire state.

The Fraud Unit has historically focused its limited resources primarily on major offenders. However, it has become clear that a large percentage of insurance fraud is comprised of smaller, individualized acts, perpetrated by people who are not engaged in fraud as an occupation. The citation-in-lieu-of-detention is a cost-effective way to increase deterrence of the isolated and lower dollar offenses which aggregate to a big part of the overall insurance fraud problem. ■

ADOI Overhauling Website

The ADOI is redesigning its Internet site to better serve its customers. Soon, visitors will be able to more easily navigate the website to locate the information most relevant to their needs. In addition to featuring time-sensitive items, such as special announcements, regulatory bulletins, and consumer alerts, the ADOI home page will include menu options targeted for the type of visitor: Consumers, Producers and Insurers.

In developing the new look and layout for the ADOI's Internet site, we visited the websites of numerous regulatory agencies and took cues from the redesigned NAIC website. A key enhancement to the site will be more interactive options allowing visitors to look up data specific to an insurer or producer, allowing them to verify licensure, check complaint statistics and basic financial information.

Look for changes to the web-site starting this summer. ■

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

(Credit Insurance Rates, Continued from page 4)

established, the ADOI will issue a notice of hearing early in the 3rd Quarter to initiate the proceeding to establish new prima facie rates based upon loss experience for the period 1998 through 2000. At least 45 days notice of the hearing will be provided. The ADOI will send the notice to each insurer that reported transaction of credit life or credit disability insurance on its 2001 annual statement, and to anyone who submits a written request for notice.

Rates currently on file with the ADOI that are based on the repealed prima facie rates will generally be permitted to remain in effect, unless the ADOI issues an order withdrawing approval of any particular filings. If the ADOI receives any new rate filings prior to issuance of an order establishing new prima facie rate tables, the ADOI will evaluate each filing based on the statutory standard that premiums are not permitted to be excessive in relation to benefits provided, and according to the required loss ratio standards. ■

Around ADOI

Financial Affairs

Electronic Quarterly Statement Filing

The ADOI received hundreds of First Quarter 2002 Quarterly Financial Statements from insurers that are no longer required to file them.

Effective in 2002, foreign and alien property, casualty, life and health insurers authorized in Arizona and required by their state of domicile to file Quarterly Statements with the NAIC are not required to file Quarterly Statements with Arizona, unless specifically instructed in writing. Foreign mortgage guaranty insurers, title insurers and fraternal benefit societies must continue to file paper and electronic copies of their Quarterly Statement filings with the ADOI and the NAIC in accordance with prior policy.

This policy change does not affect Arizona domestic insurers with direct writing authority. Arizona domestic insurers *are still required* to file paper and electronic copies of their Quarterly Statements with the ADOI and the NAIC. The due date for each filing is no later than forty-five days after the quarter-end date.

Paper and electronic copies of Annual Statements must continue to be filed by all authorized insurers with the ADOI and the NAIC.

Please direct any questions to Rose McNabb, Solvency

Support Unit Supervisor at (602) 912-8421 or rmcnabb@id.state.az.us.

FAD Hires New Chief Examiner

Alan Griffeth, CPA, CFE, is the newest member of the management team in the Financial Affairs Division after having accepted the appointment as the Chief Examiner effective in April.

Alan has worked for the ADOI since graduating from ASU in 1985. Since then, he has attained his Certified Public Accountant designation and achieved Certified Financial Examiner status. During his 17 years at the ADOI, Alan's focus has been on the financial examination of our domestic insurance industry. In recent years he has been a key supervisor on the examinations of some of the ADOI's most significant domestic insurers. Alan says he enjoys working with the talented and dedicated employees and field examiners at the ADOI. "The challenges that we face in continuing the progress toward a more effective and efficient regulatory process are many. I know I can count on the experienced staff of the Division to attain our goals," Alan said.

Producer Licensing

New Pre-license Examination Contract Awarded

The State of Arizona awarded the new contract for delivering

insurance professional examinations to Experior Assessments, LLC. Under its new contract that began July 1, 2002, Experior's prices for "combined" exams--on which more than one area of insurance is tested--will be decreasing from \$78.00 to \$75.00. Most other fees that Experior has charged will remain the same. Information concerning Experior's fees as well as their registration and scheduling options are available from Experior's Internet web site (www.experioronline.com), or can be found in the "Insurance Licensing Bulletin," provided at no charge by Experior at 1-800-853-5448.

A license candidate who passes an examination will be provided a customized license application containing the demographic (name, address, birth date, etc.) information that the applicant provided to Experior, minimizing the amount of information the applicant needs to complete on a license application. Obviously, the applicant must amend any information that changed between the date the Experior application was produced and the date the applicant submits the application to the ADOI.

Guaranty Funds

We're Moving!

On July 26th the Guaranty Funds are scheduled to move

into offices on the second floor of the new Department of Environment Quality Building on the Capitol Mall. The Funds have been located in the Phoenix Financial Centre, 3443 N. Central Avenue, for the past several years. The Funds' new address and telephone number will be:

Arizona Insurance Guaranty
Funds
1110 W. Washington, Suite 270
Phoenix, AZ 85007
(602) 364-3863 (DOI-FUND)

New Claims Adjuster Hired

Jacque Garrett joined the Guaranty Funds as a Senior Claims Adjuster on April 22nd. Jacque brings a wealth of experience in the handling of multi-line claims and supervision of claims litigation to her new position with the Guaranty Funds. Jacque has worked for several insurance companies during her career, including Liberty Mutual, Allstate, Country Companies, and Colonial Penn. Most recently, Jacque was employed by Effective Legal Management, an affiliate of the Millers Insurance Group. A native of California, Jacque has lived and worked in Arizona for over twenty years.

Captive Insurance

ADOI Ready for Captive Insurance

Preparation for the July 1 kick-off of the Arizona Captive Insurance program was in high gear during the second quarter. The ADOI established a captive insurance website (www.state.az.us/id/captive), developed a New Business Fulfillment Kit,

and issued a Press Release (No. 2002-03) announcing the start up of the program to local and national insurance and business trade journals and newspapers. The Press Release generated interviews with the National Underwriter, the Insurance Journal and the Arizona Business Journal.

In June, the ADOI issued Regulatory Bulletin 2002-06 which describes key provisions of the new captive insurance laws and the applicability of other Arizona insurance laws to captives. To view the Bulletin in its entirety, visit the ADOI website (www.state.az.us/id).

In addition, Director Cohen and Captive Insurance Administrator, Dick Marshall, recently met with Director Emmerman of the Arizona Department of Commerce to discuss the opportunities for the ADOI and Commerce to collaborate in development of the captive program. Director Cohen and Dick Marshall also had an introductory meeting with the Board of Directors of the Captive Insurance Companies Association (CICA). They also met with representatives of the Arizona Captive Insurance Association and the Arizona Captive Insurance Council. Dialogue with these key organizations will continue as the program develops.

Director's Office


ADOI Hires P&C Actuary

In April, Jim Curley, FCAS, MAAA, CPCU, joined the ADOI as a part-time P&C Actuary. An actuary since 1977, Jim's

extensive experience in the property and casualty insurance industry will be a significant asset to the ADOI. Jim will provide actuarial support for the Financial Affairs Division's solvency regulation program, including actuarial analyses of reserve issues. Jim will also assist ADOI's Rates and Regulations Division on rate filing matters and will work on special projects, including implementation of new credit property and credit unemployment insurance laws.

PATRIOT Act

On April 11, 2002, the ADOI issued Regulatory Bulletin 2002-04 regarding the April 24, 2002 effective date for section 352 of the federal PATRIOT Act with which insurers were expected to comply. However, since the issuance of ADOI's bulletin, the US Treasury Department exercised its authority to defer, for a period of no more than six months, the application of section 352 to the remaining categories of financial institutions under the Bank Secrecy Act, including insurance companies. This will allow Treasury time to study the industry sectors in question and develop regulations tailored to their money laundering risks.

According to the Treasury Department, financial institutions are encouraged to voluntarily report possible money laundering and terrorist activity to Financial Crimes Enforcement Network (FinCEN) by calling its Financial Institutions Hotline (1-866-556-3974). 

COMPANY ACTIONS

NEW LICENSES ISSUED

Domestic Insurers

	Company Name	NAIC #	Effective Date	Type
1.	ADIRONDACK REINSURANCE COMPANY	N/A	4/10/02	Unaffiliated Credit Life and Disability Reinsurer
2.	FCB REINSURANCE COMPANY	N/A	5/13/02	Unaffiliated Credit Life and Disability Reinsurer
3.	SUN HEALTH LA LOMA SENIOR LIVING SERVICES, INC. Facility: LA LOMA VILLAGE	N/A	5/13/02	Life Care (Provisional Permit)
4.	SUTLIFF WARRANTY COMPANY	11249	5/14/02	Mechanical Reimbursement Reinsurer

Foreign Insurers

	Company Name	State of Domicile	NAIC #	Effective Date	Type
1.	ACCIDENT FUND COMPANY, THE	MI	10166	4/1/02	Casualty Insurer
2.	AMERICAN RETIREMENT CORPORATION Facility: FREEDOM PLAZA LIFE CARE RETIREMENT COMMUNITY	TN	N/A	4/29/02	Life Care Provider
3.	CONTINENTAL AMERICAN INSURANCE COMPANY	SC	71730	6/3/02	Life & Disability Insurer
4.	EDUCATORS MUTUAL LIFE INSURANCE COMPANY	PA	62804	4/1/02	Life & Disability Insurer
5.	ENCOMPASS INSURANCE COMPANY OF AMERICA	IL	10071	6/3/02	Property & Casualty Insurer
6.	ENCOMPASS PROPERTY AND CASUALTY COMPANY	IL	10072	6/3/02	Property & Casualty Insurer
7.	TRI-STATE INSURANCE COMPANY	OK	25712	6/17/02	Property & Casualty Insurer
8.	UNION INSURANCE COMPANY	NE	25844	5/2/02	Property & Casualty Insurer
9.	UNITED CONCORDIA LIFE AND HEALTH INSURANCE COMPANY	PA	62294	6/28/02	Accredited Reinsurer

Risk Retention Groups Registered

	Company Name	State of Domicile	NAIC #	Effective Date
1.	TITAN INSURANCE COMPANY, INC., A RISK RETENTION GROUP	SC	11153	4/15/02

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

Company Name	State of Domicile	Effective Date
1. DEALERS ALLIANCE CORPORATION	OH	6/26/02
2. THE ULTIMATE WARRANTY CORPORATION	OH	6/6/02
3. WARRANTY ADMINISTRATIVE SOLUTIONS CORP. (FN)	OH	5/9/02

Third Party Administrators (TPA)

Company Name	State of Domicile	Effective Date
1. QUORUM ADMINISTRATORS, INC.	TX	4/1/02
2. AMERICAN CHIROPRACTIC NETWORK, INC. dba ACN, INC.	MN	4/8/02
3. UNIVERSAL FIDELITY LIFE INSURANCE COMPANY	OK	4/8/02
4. MENTAL HEALTH NETWORK INSTITUTIONAL SERVICES, L. P.	TX	5/8/02
5. STARMOUNT FINANCIAL CORPORATION, INC.	LA	5/20/02
6. SYNERGENCE GROUP, INC.	IL	5/30/02
7. INTEGRATED DISABILITY RESOURCES, INC	CT	5/30/02
8. THOMAS F. WHITE INSURANCE, INC.	AZ	5/30/02

Utilization Review Agents

Company Name	State of Domicile	Effective Date
NO ACTIVITY THIS QUARTER		

CHANGE OF AUTHORITY

Company Name	State of Domicile	NAIC #	Effective Date	Change
1. AMERICAN FIRE AND CASUALTY COMPANY	OH	24066	5/13/02	Granted Surety
2. BENCHMARK INSURANCE COMPANY	KS	41394	6/17/02	Granted Property and Vehicle
3. CENTENNIAL INSURANCE COMPANY	NY	19909	6/27/02	Granted Prepaid Legal
4. EVEREST REINSURANCE COMPANY	DE	26921	6/10/02	Granted Casualty With Workers' Compensation
5. FIRST GUARD INSURANCE COMPANY	AZ	10676	5/21/02	Limitation to Transactions of Reinsurance Terminated
6. MARMID LIFE INSURANCE COMPANY	AZ	92851	4/2/02	Converted to Life and Disability Insurer
7. WOODMEN OF THE WORLD LIFE INSURANCE SOCIETY	NE	57320	5/16/02	Granted Variable Annuities & Variable Life

NAME CHANGES

	Old Name (to) New Name	State of Domicile	NAIC #	Effective Date
1.	AETNA U. S. HEALTHCARE, INC. (to) AETNA HEALTH INC.	AZ	95003	5/14/02
2.	AID ASSOCIATION FOR LUTHERANS (to) THRIVENT FINANCIAL FOR LUTHERANS	WI	56014	5/21/02
3.	J. C. PENNEY CASUALTY INSURANCE COMPANY (to) STONEBRIDGE CASUALTY INSURANCE COMPANY	OH	10952	4/1/02
4.	J. C. PENNEY LIFE INSURANCE COMPANY (to) STONEBRIDGE LIFE INSURANCE COMPANY	VT	65021	5/17/02
5.	NONPROFITS' INSURANCE ASSOC., AN INTERINSURANCE EXCHANGE (to) NONPROFITS INSURANCE COMPANY	MN	36684	5/1/02
6.	SBLI USA FINANCIAL SERVICES LIFE INSURANCE COMPANY, INC. (to) S.USA LIFE INSURANCE COMPANY, INC	AZ	60183	5/7/02
7.	FULCRUM INSURANCE COMPANY (to) GENERAL SECURITY INDEMNITY COMPANY OF ARIZONA	AZ	20559	5/3/02

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. ROCKFORD LIFE INSURANCE COMPANY	60008	4/17/02	Combined Specialty Group, Inc.

Mergers involving Arizona Companies

Company Name Merged Into	State of Domicile	NAIC #	Date Order Filed
1. FREEDOM PLAZA LIMITED PARTNERSHIP Facility: FREEDOM PLAZA LIFE CARE RETIREMENT COMMUNITY (into) AMERICAN RETIREMENT CORPORATION Facility: FREEDOM PLAZA LIFE CARE RETIREMENT COMMUNITY	AZ TN	96709 N/A	4/29/02
2. SUTTER PREFERRED HEALTH & LIFE INSURANCE COMPANY (into) ADMIRAL LIFE INSURANCE COMPANY OF AMERICA	CA AZ	84247 71390	5/15/02

Withdrawals from Arizona

Company Name	State of Domicile	NAIC #	Date Order Filed
1. ASSOCIATION OF TRIAL LAWYERS ASSURANCE (A MUTUAL RRG)	IL	36510	6/5/02
2. CEDAR SPRINGS LIFE INSURANCE COMPANY	AZ	73083	6/28/02
3. GRAND RIVER LIFE INSURANCE COMPANY	AZ	N/A	6/6/02

4.	LEGGETT LIFE INSURANCE COMPANY	AZ	60146	6/28/02
5.	LOBO LIFE INSURANCE COMPANY	AZ	N/A	4/2/02
6.	MANUFACTURERS LIFE INSURANCE COMPANY OF NORTH AMERICA	DE	90425	4/17/02
7.	MANULIFE REINSURANCE CORPORATION (U.S.A.)	MI	98078	4/18/02
8.	MIDLAND LIFE INSURANCE COMPANY, THE	OH	66036	5/23/02
9.	MONTGOMERY WARD LIFE INSURANCE COMPANY	IL	66273	4/15/02
10.	NATIONAL UNITED LIFE INSURANCE COMPANY	SD	66745	6/6/02
11.	PAUL REVERE PROTECTIVE LIFE INSURANCE COMPANY	DE	81051	6/4/02
12.	SAFEGUARD HEALTH PLANS, INC.	AZ	47104	5/22/02
13.	SIGNATURE LIFE INSURANCE COMPANY OF AMERICA, THE	IL	70980	5/29/02
14.	STONEBRIDGE INSURANCE COMPANY	WI	63703	4/24/02
15.	TETON NATIONAL INSURANCE COMPANY	CO	69388	4/1/02
16.	TEXAS EMPLOYERS INDEMNITY COMPANY	TX	18503	4/17/02
17.	UNIVERSAL ASSURORS LIFE INSURANCE COMPANY	IA	80217	4/17/02

SUSPENSIONS/REINSTATEMENTS

	Company Name	State of Domicile	NAIC #	Effective Date	Action
1.	CONNECTICUT SURETY COMPANY, THE	CT	36960	6/13/02	Suspended
2.	LEGION INSURANCE COMPANY	PA	24422	4/26/02	Suspended
3.	NEWARK INSURANCE COMPANY	NJ	24643	4/26/02	Suspended
4.	VILLANOVA INSURANCE COMPANY	PA	19577	4/26/02	Suspended

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.	AMERICAN EXPRESS EDUCATIONAL ASSURANCE COMPANY	60073	6/27/02
2.	CENTRAL PENNSYLVANIA LIFE INSURANCE COMPANY	91944	5/6/02
3.	CIERA INVESTMENT LIFE INSURANCE COMPANY	85880	4/19/02
4.	DAR LIFE INSURANCE COMPANY, INC.	99970	4/19/02

5.	DESERT CROWN INSURANCE COMPANY	38407	6/24/02
6.	ELAN LIFE INSURANCE COMPANY	78905	5/3/02
7.	FIRST CITY LIFE INSURANCE COMPANY	81990	6/24/02
8.	MENLO LIFE INSURANCE COMPANY	71749	6/25/02
9.	MID AMERICA INSURANCE COMPANY	89869	5/6/02
10.	MODERN LIFE INSURANCE COMPANY OF ARIZONA, INC.	88226	6/24/02
11.	NORLEN LIFE INSURANCE COMPANY	75833	6/27/02
12.	OLD UNITED REINSURANCE COMPANY	85600	5/13/02
13.	POMOCO LIFE INSURANCE COMPANY	72150	6/27/02
14.	REGIONS LIFE INSURANCE COMPANY	85413	5/3/02
15.	STOP-LOSS LIFE REINSURANCE COMPANY	71609	6/28/02
16.	UFS LIFE REINSURANCE COMPANY	71757	6/24/02
17.	UNITED COASTAL INSURANCE COMPANY	28053	6/3/02
18.	VALUE HEALTH REINSURANCE, INC.	89518	6/28/02
19.	WORKMEN'S LIFE INSURANCE COMPANY	78409	6/25/02

MARKET CONDUCT EXAM REPORTS/ORDERS

Company Name	State of Domicile	NAIC #	Date Filed	Civil Penalty	Restitution + Interest
1. Century Title Agency Use of unfiled rates.	N/A	N/A	4/5/02	\$4,000	\$758.83
2. Empire Fire and Marine Insurance Company Use of unfiled rates and rules. Improper claims processing procedures.	IA	21326	6/6/02	\$0	\$368.00
3. Equity Title Agency Use of unfiled rates.	N/A	N/A	4/5/02	\$15,000	\$2,984.90
4. Farmers Insurance Company of Arizona Use of unfiled rates and rules. Failure to provide a Summary of Rights. Cancellation procedures conflicted with policy language.	AZ	21598	4/23/02	\$10,500	\$298.45
5. Fidelity and Guaranty Life Insurance Company Use of unfiled and non-compliant forms. Use of misleading advertising materials.	MD	63274	5/7/02	\$17,500	\$0
6. Fidelity National Title Insurance Company Use of unfiled rates.	CA	51586	4/5/02	\$7,216.15	\$858.93

7.	OneBeacon Insurance Company, f.k.a., CGU Insurance Company, f.k.a., General Accident Insurance Company of America Pennsylvania General Insurance Company, f.k.a., General Accident Insurance Company, f.k.a., Pennsylvania General Insurance Company Potomac Insurance Company of Illinois (BTIS) Use of unfiled rates and rules. Improper cancellation, renewal, and non-renewal procedures.	PA	21962	5/6/02	\$37,000	\$0
		PA	21963			
		IL	40134			
8.	Mayo Health Plan Arizona Use of non-compliant and/or unfiled forms. Imposition of eligibility criteria on employers. Improper claims processing procedures.	AZ	95395	4/23/02	\$9,375	\$1,324.93
9.	Mid-Century Insurance Company Use of unfiled rates and rules. Use of improper cancellation procedures.	CA	21687	4/23/02	\$39,000	\$7,803.70, plus interest TBD
10.	PacifiCare of Arizona, Inc. Improper appeal and grievance procedures. Improper claims processing procedures. Use of non-compliant and/or unfiled forms and advertising.	AZ	95617	6/25/02	\$125,000	\$825.02
11.	Protective Life Insurance Company Use of a non-compliant Summary of Rights. Improper appeal and grievance procedures.	TN	68136	4/23/02	\$6,000	\$45.59
12.	State Farm Life Insurance Company Improper replacement procedures.	IL	69108	5/13/02	\$0	\$0
13.	State Farm Mutual Automobile Insurance Company (L& D Business) Improper replacement procedures.	IL	25178	6/27/02	\$0	\$0
14.	Title Guaranty Agency Use of unfiled rates.	N/A	N/A	4/5/02	\$4,000	\$1,185.25

OTHER DISCIPLINARY ACTIONS

Company Name NAIC #	Allegation	Disposition
Life Insurance Company of Georgia (NAIC # 65471) and Southland Life Insurance Company (NAIC # 68950)	The companies were named in various lawsuits alleging discriminatory, race- based actions and omissions in the marketing, pricing, servicing, sales, underwriting, terms and conditions, characteristics, administration, performance, providing of information and recordkeeping relating to industrial and certain other life insurance policies. This order adopts a multistate Regulatory Settlement Agreement negotiated by the Georgia Department of Insurance.	6/11/02 Consent Order \$1,000 Civil Penalty

PRODUCERS AND OTHER LICENSEES DISCIPLINED

Cause No. Name City – State	Allegation	Disposition
1. 02A-072 Norman Larry Saville Phoenix, AZ	Forged another's name to any document related to an insurance transaction.	4/8/02 Consent Order License Suspended for 30 days
2. 02A-089 Christopher Patrick Lewallen, Lewallen & Associates, Inc. Scottsdale, AZ	Failure to disclose exceptions, reductions and limitations affecting the basic provisions of the policy and failure to identify the insurer in advertising.	4/25/02 Consent Order \$750.00 Civil Penalty
3. 02A-037 John Daniel Holloway Phoenix, AZ	Misrepresentation or fraud in obtaining or attempting to obtain any insurance license; conviction by final judgment of a felony involving moral turpitude.	5/9/02 Order License Revoked
4. 02A-017 Kenneth Daryl Whitley Tempe, AZ	Record of providing incorrect, misleading, incomplete or materially untrue information in the license applications; record of obtaining or attempting to obtain a license through misrepresentation or fraud.	5/14/02 Consent Order All licenses suspended for 60 days
5. 02A-091 Michael Steven Brown dba Design Insurance Services and Tim Insurance, Inc. Phoenix, AZ	Misappropriation, conversion or illegal withholding of monies; record of dishonesty in business or financial matters; fraudulent practice in the presentation, preparation or belief that it will be presented in oral or written statement that contains untrue statements of material fact or that fails to state any material fact.	6/20/02 Order All Licenses Revoked
6. 02A-016 James E. Fitzgerald dba Fitzgerald Bail Bond Prescott, AZ	Directly or indirectly charging or collecting monies or other valuable consideration from any person for purposes other than to pay premium at the rates established by the surety insurer and approved by the Director and to be reimbursed for actual and reasonable expenses incurred in connection with the individual bail transaction; knowingly charging premium not in accordance with any applicable filing on file with the Director.	6/26/02 Consent Order Cease and desist from knowingly charging premium not in accordance with any applicable filing on file with the Director
7. 02A-110 Wesley Neil Bass dba Neil Bass Insurance Tucson, AZ	Department alleges improperly withholding, misappropriating or converting any monies or properties received in the course of doing insurance business; using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere; fraudulent practice by causing to present or prepare an oral or written statement to or by an insurer, insurance producer or agent of a reinsurer that contains untrue statements of material fact.	6/26/02 Order Summarily Suspending License and Notice of Hearing

RULES ACTIVITY

Citation	Title	Action	Status
R20-6-604 – R20-6-604.10	Credit Life and Disability Insurance	Notice of Proposed Rulemaking published by Secretary of State 10/5/01; Oral proceedings held 11/27/01; record closed 11/28/01; final rulemaking approved by GRRC 6/4/02	Effective 6/7/02.
R20-6-1101 – R20-6-1105, R20-6-1111, R20-6-1112, Appendix B	Medicare Supplemental Insurance	Notice of Proposed Rulemaking filed with Secretary of State 12/14/01; no oral proceeding; record closed 2/8/02; final rulemaking approved by GRRC 5/7/02	Effective 5/13/02
R20-6-2001 and R20-6-2002	Captive Insurers	Notice of Rulemaking Docket Opening filed with Secretary of State 11/1/01; Notice of Proposed Rulemaking filed with Secretary of State on 12/20/01; no oral proceeding; record closed 2/15/02; final rulemaking approved by GRRC 5/7/02.	Filed with Secretary of State 5/13/02. Will become effective July 1, 2002 at the time authorizing statute becomes effective.
20 A.A.C. 6, Art. 19 Sections to be determined	Health Care Service Organizations Oversight	Notice of Docket Opening filed 6/7/2001; published 6/29/2001; renewal of Notice of Docket Opening filed 6/7/02	Published 6/28/02
20 A.A.C. 6, Art. 19 Sections to be determined	Health Care Service Organizations Oversight	Notice of Formal Rulemaking Advisory Committee	Published 5/10/02

REGULATORY BULLETINS ISSUED

Number	Title	Date Issued
1. 2002-03A	Property & Casualty Commercial Insurance Notices – Supplement to Regulatory Bulletin 2002-03	4/10/02
2. 2002-04	USA Patriot Act of 2001	4/10/02
3. 2002-05	Review of Department Substantive Policy Statements	5/17/02
4. 2002-06	Arizona Captive Insurance Program	6/4/02
5. 2002-07	2002 Arizona Insurance Laws	6/18/02

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