



Arizona Enters Into Cooperation Agreement With OTS

Arizona has entered into a regulatory cooperation agreement with the Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, which regulates federally chartered thrift institutions.

Under the terms of the agreement, ADOI will share information related to financial solvency, consumer complaints and inquiries, enforcement actions and other information of common interest that will assist ADOI and the OTS to carry out their regulatory responsibilities. Twenty-three other states and the District of Columbia have signed similar agreements with the OTS.

The sharing of information

is designed to protect consumers and strengthen the relationship between state regulators and the OTS. The agreement calls for strict confidentiality of shared information. Nothing in the agreement restricts, enlarges or modifies the respective jurisdiction of ADOI and the OTS.

The agreement is part of the efforts of state and federal financial services regulators to work together as "functional regulators" to encourage efficiency while protecting the interests of consumers.

Earlier, Arizona signed an agreement to share consumer complaint information with the Office of the Comptroller of the Currency.

Legislative Report

Preview of ADOI's Proposed Legislative Agenda for 2001.

Details on Pages 2-3.

ADOI, Banking and Securities Form Financial Services Regulation Coordinating Group

ADOI Director Charles R. Cohen, together with Superintendent of Banks, Richard C. Houseworth and Director of the Arizona Corporation Commission Securities Division, W. Mark Sendrow, have formed a multi-agency coordinating group.

The general purpose of the group is to coordinate activities related to financial services regulation, and more

specifically to coordinate implementation of the Gramm-Leach-Bliley Act. ADOI's regulatory jurisdiction

What's Inside

New Assistant Directors	4
Fraud Report	5
Around ADOI	6-7
Regulatory Report	8-14

and activities commonly overlap with those of the Banking Department and the Securities Division. For example, life insurance agents who transact variable annuity business are also registered securities dealers, and title insurance agents licensed by ADOI usually are licensed as escrow agents by the Banking Department.

(Continued on Page 5)

Mission Statement

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

Legislative Report

ADOI Legislation Proposed for 2001 Addresses Gramm-Leach-Bliley Issues

With recent approval from the Governor's Office, the ADOI is developing the following 2001 legislative agenda. The items are in various stages of development, most of them preliminary. We will, of course, be pursuing the input of stakeholders to shape the final proposals. This is not meant to be a final or exhaustive description of our 2001 legislative agenda, but is shared at this point to maximize the opportunity for input from interested parties.

Gramm Leach Bliley related legislation:

The 1999 Gramm Leach Bliley Act (GLB) amended federal law to allow banks to affiliate with securities and insurance enterprises through the formation of Financial Holding Companies (FHCs), and to engage in a variety of new business activities. The Act incorporates the concept of "functional regulation," which means state insurance regulators will continue as the primary regulators of insurance activity within FHCs.

GLB arises out of increasing convergence and globalization of the markets for financial products and services. The ability of insurers to meet consumer demand and compete in this marketplace is hampered by inefficiency, and lack of uniformity, reciprocity and coordination within the existing multi-state insurance regulatory system. Consequently, there is mounting interest in creation of a federal

insurance regulatory system to supplement or even replace the state system.

In response, state insurance regulators are working hard to make improvements to the state system to preserve the local control we believe best protects insurance consumers and the public interest. To that end, ADOI will likely propose three GLB related bills

- **Uniform Producer Licensing Act**

Each state licenses and regulates its own insurance producers (agents/brokers). In some states, resident producers receive preferential regulatory treatment over non-residents. Insurers and producers attempting to compete on a multi-state level often complain about the inefficiency, burden, and inequity of this system. GLB establishes a national producer licensing authority, the National Association of Registered Agents and Brokers (NARAB), in 2002 if a majority of states fail to achieve uniformity or reciprocity in producer licensing by then. The activation of NARAB would mean the end of each state's autonomous authority to make licensing and disciplinary decisions concerning insurance producers doing business within its borders.

To address this issue, state insurance regulators, with the input of affected stakeholders, have created the NAIC Uniform Producer Licensing Act. This Act establishes uniform

licensing standards and reciprocal licensing processes for non-residents. If adopted by a majority of states, it will create an efficient system of multi-state insurance producer licensing, and enable each enacting state to retain its authority to make producer licensing decisions, including whether to deny licenses and whether to revoke or suspend licenses.

The ADOI will work with stakeholders in Arizona on a bill that enacts the model to the fullest possible and practical extent.

- **Privacy of personal financial information**

GLB imposes requirements on financial institutions, including insurance companies, regarding privacy of personal financial information. States are free to adopt more stringent privacy protections, but must enforce the minimum standards in GLB, or federal regulators will do so. Unlike most states, Arizona already has a personal information privacy law (based on a 1980 model law) that is, in most respects, more comprehensive and more stringent than GLB standards.

While GLB is primarily concerned with disclosure of a consumer's non-public personal financial information, Arizona's law applies to personal medical information as well. GLB allows personal information sharing among affiliates, but prohibits sharing with non-affiliates unless the consumer affirmatively consents. In contrast, Arizona's law prohibits a regulated entity from sharing a consumer's

Legislative Report

personal information with an affiliate or non-affiliate unless the consumer affirmatively consents. To preserve Arizona's ability to regulate the privacy of personal information handled by insurers, we will need to amend current law to ensure that all Arizona standards are at least as stringent as the new federal minimum standards. We are drafting a bill to accomplish this objective.

In response to concerns from the industry about the time needed to achieve compliance with GLB and its implementing federal regulations, federal regulators have exercised their discretion under GLB to extend the date for industry compliance from November 2000 to July 1, 2001. State insurance regulators, most of whom will have to adopt entirely new laws to meet the minimum GLB standards, have adopted a resolution that similarly defers the state law compliance date for insurers. ADOI has no discretion to waive or defer compliance with extant state law. However, to the extent that any new standards are adopted, they will not be effective until the regular effective date for 2001 legislation (90 days sine die), which will be later than the federal compliance date of July 1, 2001.

- **Information sharing with federal regulators**

In the "functional regulation" environment it will be critical for the various financial services regulators to interact, communicate and share infor-

mation with each other. It may be necessary to amend certain statutes to clarify that ADOI is authorized to share regulatory information with other functional regulators and maintain confidentiality of shared information in appropriate cases. Through the NAIC, state insurance regulators have recently adopted model language for confidential treatment of regulatory information, which will be the basis of any such amendments.

- **HMO Insolvency Administration**

In 1999, Premier Healthcare was placed in receivership due to insolvency. Premier is the only Arizona HMO receivership since the HMO insolvency laws were last amended in 1988. This proceeding has revealed the need to make certain amendments to ensure the fairness and efficient administration of an HMO receivership, as follows:

- Clarifying that the claims of the enrollees of an insolvent HMO have the same priority as the claims of policyholders of an insolvent insurance company.
- Providing that the claims of contract providers, who are required to hold enrollees harmless, have priority over the claims of general creditors.
- Expanding the Director's "open enrollment" authority to require other health insurers to accept the enrollees of an insolvent HMO.
- Restricting the ability of

contract providers to terminate their contracts with an insolvent HMO, so long as the HMO remains current in paying the providers' post-receivership claims.

- **Repeal of obsolete laws governing benefit insurers and benefit stock insurers.**

ADOI will propose the repeal of two articles governing two antiquated types of insurers that no longer exist in Arizona. 20 A.R.S. Ch. 4, Articles 5 and 6

- **Repeal of laws governing prior approval of solicitations by HMOs and Prepaid Dental Plans.**

Last year, HB 2600 eliminated prior review and approval of advertising materials, but failed to repeal A.R.S. § 20-1017 and 20-1067 which address prior approval of "solicitation" materials. These statutes are inconsistent with the changes made in HB 2600 and should be repealed.

- **Increase in fee limits**

ADOI must propose to amend its fee statute (A.R.S. § 20-167) to increase the allowable fee limits to meet the statutory requirement to recoup at least 95 percent of the agency's appropriated budget. A.R.S. § 20-167 lists the fees that ADOI may charge, and sets an allowable range for each fee. As ADOI has been given added responsibilities and an increased appropriated budget in recent years, the current fee ranges are approaching inadequacy.

Regulator Profile



Erin H. Klug, Special Assistant To the Director

Erin H. Klug, Special Assistant to the Director, is a native of Arizona who was born and educated in Tucson.

After graduating from the University of Arizona, she moved to Phoenix to accept an internship at the Arizona State Senate where she was assigned to the Commerce, Labor, Insurance, and Banking Committee.

Erin joined ADOI in 1989, and has served in a number of capacities including Legislative Assistant, Senior Citizens' Specialist, Consumer Services Manager, Executive Assistant to the Director, and Chief Market Conduct Examiner.

In her current position, she is ADOI liaison to the NAIC and other external organizations. Among other things, Erin is involved in researching and implementing provisions of the federal Gramm-Leach-Bliley Act of 1999.

In her leisure time, Erin enjoys spending quality time with her family. Given the opportunity, she likes to ride roller coasters, drive race cars, and cook holiday meals.

Steve Ferguson Appointed Financial Affairs Asst. Director

Steve Ferguson, a Senior Financial Analyst at ADOI since 1993, has been appointed Assistant Director in charge of the Financial Affairs Division, effective Sept. 14.

Steve was selected by ADOI Director Cohen after a nationwide recruitment. In addition to his work for ADOI, Steve has significant experience in financial examinations and audits on both a statutory and generally accepted accounting basis. He has earned designations of Certified Public Accountant and Certified Financial Examiner.

Prior to his work for ADOI, Steve had more than 16 years of experience in the insurance and public accounting fields, with emphasis on the management of insurance company financial functions.

Cohen commented: "In working with Steve through the recruitment process for the Assistant Director position, I have been impressed with not only his considerable technical skills, but also with his sound judgment, zeal, integrity, confidence, and sense of balance that I believe is so critical to good regulation."

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

Alexandra Shafer Appointed Life & Health Asst. Director

Alexandra Shafer is the new Assistant Director in charge of the Life and Health Division, effective Oct. 10.

ADOL Director Cohen said: "Alix possesses outstanding credentials and experience that will enable her to construct and lead an effective program for regulatory oversight of the health care delivery operations of Arizona's managed care industry, as well as oversee the traditional functions of the Life and Health Division."

ADOL assumes regulatory oversight of the Health Care Service Organization (HMO) industry's health care delivery starting July 1, 2001.

Prior to joining ADOI, Alix was the Health Care Mandates Administrator for Maricopa County. She has experience as a partner in the law firm of Lewis & Roca, specializing in healthcare and commercial law. She also served as Director of Plans/Patient Services and Contracting Director/Manager for a staff model provider organization for FHP Healthcare, and as a private consultant in managed care administration and reimbursement, health plan relations, health care finance and contracting, and risk sharing.

Alix has a law degree from the University of Pittsburgh.

Fraud Unit Report

Fraud Unit Teams With Four Other Law Enforcement Agencies to Break Up Bogus Driver's License Rings

Members of ADOI's Fraud Unit participated in a large-scale roundup of 13 suspects involved in producing and selling fraudulent driver's licenses.

A three-month investigation peaked on Sept. 13, when a joint task force of Fraud Unit investigators and members of the Phoenix Police Department, Attorney General's Office, Maricopa County Sheriff's Office and the Motor Vehicle Division served 12 search warrants and arrested 13 people.

The Fraud Unit's investigation, led by Chief Terry Cooper, began with a number of individuals setting up staged accidents while using fraudulent licenses and titles obtained through employees inside Motor Vehicle Division offices.

Investigators found that for \$1,500 a driver's license could be issued using false names and other information. An MVD employee would enter the fraudulent license into the state computer to appear as a legitimate and valid Arizona license. In addition, MVD employees were suspected of cleaning up bad prior driving records and changing a salvage title to represent an undamaged vehicle. All of these acts could result in false insurance claims.

It was estimated that approximately 30 fake licenses were issued daily for at least three months.

"After the Fraud Unit notified the MVD of our findings," Cooper said, "it was learned there were three separate rings of suspects involved in similar activity. Investigators from the Sheriff's Office, Phoenix police and the Attorney General's Office infiltrated these rings and were able to purchase several bogus licenses."

* * *

The Fraud Unit won an honorable mention from the Arizona Criminal Justice Commission for having developed "an aggressive anti-fraud campaign to raise awareness of insurance fraud throughout Arizona." The campaign uses McGruff, the Crime Dog, to "Take a Bite Out of Insurance Fraud."

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

More On Coordinating Group

(Continued from Page 1)

The new law allows banks to affiliate with securities and insurance enterprises and to engage in a variety of new business activities. It incorporates the concept of "functional regulation," where regulatory jurisdiction is based on the nature of the activity rather than the identity of the actor.

This multi-agency coordinating group will promote communication and coordination among the three separate agencies. Its first objective will be the development of information sharing protocols and defining policies and procedures for coordinating licensing, disciplinary and examination activities.

The agency representatives on the committee are John Coyle, Deputy Superintendent of Banks; Cheryl Farson, General Counsel for the Securities Division; and Gerrie Marks, Executive Assistant for Regulatory Affairs for ADOI.

Annual Report Available In Print, On Internet

The re-designed ADOI Annual Report for 1999 contains reports on the activities of each ADOI division during the year and public financial information on every insurer authorized to do business in Arizona. For the first time, the Annual Report is on the ADOI web site (www.state.az.us/id). Bound copies cost \$12.50 each, and can be obtained by calling 602 912-8444 or at ADOI offices, 2910 N. 44th St., and in the ADOI Tucson office at 400 W. Congress.

Around ADOI

Rates & Regulations

Workers' Compensation Appeals Board Is Formed

Under the terms of HB 2017, the Workers' Compensation Appeals Board (WCAB) was established within ADOI effective July 18, 2000, to provide reasonable means by which persons aggrieved by a rating organization or insurer may be heard. The nine-member WCAB, appointed by the ADOI Director, is chaired by Dewaine Ried (Brown & Brown Insurance of Arizona). Other members are: Kathleen Daly (Farmers Insurance Group); Betsy Dugdale (Liberty Mutual Insurance Group); Michelle Goodwill (Fremont General Group); Diana Frey (Pete King Construction); Chris Kamper (Arizona State Compensation Fund); Dale Schultz (Banner Health of Arizona); Len Steinberg (National Federation of Independent Business), and Alan Wynn (HIH Insurance). WCAB meetings are public and subject to requirements of Arizona's open meeting laws. The forerunner of the WCAB was the "Arizona Classification and Rating Committee" and various other workers' compensation appeals boards that were creations of the National Council on Compensation Insurance, a rating organization. The Director has approved the WCAB's Plan of Operation, and the board met twice during the summer to establish its procedures.

Workers' Compensation Assigned Risk Plan

House Bill 2017 establishes an Arizona Workers Compensation Assigned Risk Plan (AWCARP) to provide workers' compensation insurance for employers who are unable to obtain coverage through ordinary means and who have been refused coverage by the Arizona State Compensation Fund and two other insurers. By July 1, 2001, the Director is required to contract with a qualified party to act as the administrator for the plan and to manage its daily operation. The administrator is required to have a Plan of Operation that provides a method for apportioning workers' compensation assigned risks among all insurers, including the state fund, and for selecting one or more servicing carriers to provide coverage. The rates and rating rules used to determine the premiums of risks in the AWCARP may be those filed with ADOI by the rating organization, plus a uniform percentage rate increase that applies to all classifications. ADOI, in conjunction with the State Procurement Office, plans to ask potential administrator candidates to submit requests for proposals. Any qualified party may act as the administrator including an insurer. An administrator that is an insurer may act as its own servicing carrier. The administrator may charge all insurers transacting workers' compensation insurance in Arizona a reasonable fee to administer the plan. The work-

ers' compensation assigned risk plan will continue to be administered by the National Council on Compensation Insurance until the administrator is in place.

Service Company Permit Renewal Due March 1

Renewal applications for entities currently holding a Service Company Permit issued by the ADOI will be mailed in October. Service Companies whose fiscal accounting period ends Dec. 31, 2000, and whose current permit expires on that date will be required to complete and return the application post-marked by March 1, 2001.

Licensing

New Laws Implemented

Fingerprints are required from principals of a business entity applicant.

- HB 2016 established A.R.S. § 20-284.01, a definition of "member" with reference to a firm or corporation applying for, or possessing a license as an agent or broker. "Member" means an owner with more than a 10% share of the voting rights. HB 2016 also modified A.R.S. § 20-291(C) to require that each member, officer and director of an applicant of the business entity be listed on the license application.
- HB 2016 amends A.R.S. §§ 20-290, 20-291, and 20-316 to allow ADOI to deny, suspend or revoke a license of a corporate agent/broker,

Around ADOI

based on the background or conduct of the business entity's principals. Also permits ADOI to obtain background information on the principals.

Business entities applying for, or renewing, a license are required to provide a fingerprint card for each principal who had not previously provided fingerprints to ADOI.

An insurance license may be surrendered.

- HB 2016 amends A.R.S. § 20-315 to allow ADOI to accept the voluntary surrender of a license. A person who surrenders a license may not be re-licensed for the same license authority for 6 months.
- HB 2016 amends A.R.S. § 20-316.01 to require that the term of an expired or surrendered license is automatically extended and suspended if the licensee has been charged with a violation of a statute or rule at or before the time the license is to expire.

A person who wishes to surrender a license may do so by sending to the Licensing Section the original license certificate with a letter describing why the license is being surrendered. Once accepted, the surrender is irrevocable.

Consumer Affairs

47,820 Seek Assistance

During the first eight months of 2000, Consumer Affairs received 42,547 calls from the public for assistance, 4,326 written requests, and 947 people sought help in person.

Guaranty Funds

P&C Board Reelects James Unmacht II as Chair

James H. Unmacht II, Regional Claims Manager for Federated Mutual Insurance Company, was reelected Chair of the Property and Casualty Fund Board of Directors at the board's annual meeting Sept. 12. H. Whitfield Crail Jr., Vice President and Counsel of Coldwell Banker Success Realty, was reelected Vice Chair, and Thomas F. Hartley Jr., of J&H Marsh and McLennan was reelected Secretary/Treasurer. John F. Haas, Regional Counsel for Allstate Insurance Company, and Janice R. Trapp of Firemen's Fund Insurance Company, were appointed by Governor Hull as new members of the P&C Board. Charles P. Breitstadt, Nationwide Insurance and Douglas L. Powell, State Executive Director for Farmer's Insurance Group, each were reappointed to 3-year terms.

L&D Board Meets Nov. 6

The Life and Disability Fund Board of Directors will elect officers at its annual meeting Nov. 6. Governor Hull reappointed William A. Wilson, Vice President and General Counsel of Variable Annuity Life Insurance Company, to a three-year term on this Board. She also appointed James Donellan of Metropolitan Life Insurance Company and Patrick Carmody of Mutual of Omaha to three-year terms as new members of the Board.

Life & Health

Study Group Revising Advertising Procedures

A study group formed to revise ADOI policies and procedures for filing and review of advertising (in light of the elimination of prior approval requirements by HB 2600) is completing its work. A circular letter on the subject will be issued shortly.

TPA, Life & Health Annual Statement Due March 1

The annual financial statement form (Form 111) will be mailed in October for reporting the year ending Dec. 31, 2000. This form is required to be filed by Life and Health Insurance and, Annuity Administrators and must be received by the ADOI with a postmark of no later than March 1, 2001.

Financial Affairs

Annual Statement and Tax Report Consolidated

Filing instructions and forms for the Calendar Year 2000 Annual Statement and Premium Tax Report are being consolidated to reduce the number of forms on the ADOI web site. Companies will see dramatic changes and should be certain to use the correct forms. A mailing is expected in December that will identify the applicable instructions and forms to obtain from our web site.

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

Company Name	NAIC #	Effective Date	Type
1. FUSB REINSURANCE, INC.	N/A	8/25/00	Unaffiliated Credit Life and Disability Reinsurer

Foreign Companies

Company Name	State of Domicile	NAIC #	Effective Date	Type
1. ACCREDITED SURETY AND CASUALTY COMPANY, INC.	FL	26379	7/21/00	Casualty Insurer
2. BENEFIT LAND TITLE INSURANCE COMPANY	CA	50026	8/18/00	Title Insurer
3. COPIC INSURANCE COMPANY	CO	11860	7/19/00	Casualty Insurer
4. SPRINGFIELD INSURANCE COMPANY* * Limited to Casualty With Workers' Compensation ONLY	CA	36790	7/27/00	Casualty Insurer *

Risk Retention Groups Registered

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

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

Company Name	State of Domicile	Effective Date
1. MRP SERVICE AGREEMENT CORPORATION	MI	8/15/00
2. GMAC SERVICE AGREEMENT CORPORATION	MI	8/15/00

Third Party Administrators (TPA)

Company Name	State of Domicile	Effective Date
1. MEDICAL BENEFITS ADMINISTRATORS, INC.	OH	7/5/00
2. AVESIS THIRD PARTY ADMINISTRATORS, INC.	AZ	7/7/00
3. DISABILITY INSURANCE SPECIALIST, LLC	CT	8/7/00
4. WAUSAU BENEFITS, INC.	DE	8/9/00
5. ANTARES MANAGEMENT SOLUTIONS, LLC	OH	9/15/00
6. ROBINSON-KRAMER, INCORPORATED	VA	9/19/00

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.	ALTA HEALTH & LIFE INSURANCE COMPANY	IN	67369	9/5/00	Granted Variable Annuities
2.	AMERICAN GENERAL LIFE INSURANCE COMPANY OF PENNSYLVANIA	PA	68667	7/25/00	Granted Variable Life And Variable Annuities
3.	GULF INSURANCE COMPANY	MO	22217	7/17/00	Granted Disability
4.	MILBANK INSURANCE COMPANY	SD	41653	7/17/00	Granted Casualty With Workers' Compensation
5.	STANDARD INSURANCE COMPANY	OR	69019	9/7/00	Granted Variable Annuities
6.	TRANSAMERICA LIFE INSURANCE AND ANNUITY COMPANY	NC	69507	9/11/00	Granted Variable Annuities
7.	WESTFIELD NATIONAL INSURANCE COMPANY	OH	24120	8/7/00	Granted Surety

NAME CHANGES

	Old Name (to) New Name	State of Domicile	NAIC #	Effective Date
NO ACTIVITY THIS QUARTER				

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.	ADMIRAL LIFE INSURANCE COMPANY OF AMERICA	71390	8/29/00	DELTA DENTAL PLAN OF INDIANA, INC. DELTA DENTAL PLAN OF MICHIGAN, INC.
2.	FARMERS INSURANCE COMPANY OF ARIZONA	21598	8/29/00	ZURICH FINANCIAL SERVICES
3.	SENECA SPECIALTY INSURANCE COMPANY	10729	8/9/00	V. PREM WATSA, THE NORTH RIVER INSURANCE COMPANY AND FRANK ACQUISITION SUBSIDIARY LTD.

Mergers involving Arizona Companies

	Company Name Merged Into	State of Domicile	NAIC #	Order Filed Date
1.	CITIZENS LIFE ASSURANCE COMPANY FOUNTAIN SQUARE INSURANCE COMPANY	AZ AZ	77695 72044	9/28/00

Withdrawals from Arizona

	Company Name	State of Domicile	NAIC #	Date Order Filed
1.	ALLIED LIFE INSURANCE COMPANY	IA	60178	9/22/00
2.	AMERICAN INDEPENDENT LIFE INSURANCE COMPANY	PA	74993	9/26/00
3.	CAPITAL INVESTORS LIFE INSURANCE COMPANY	AZ	62456	8/8/00
4.	GROUP LIFE AND HEALTH INSURANCE COMPANY	TX	64173	9/22/00

5.	GUARANTY NATIONAL LIFE INSURANCE COMPANY	OK	75817	9/26/00
6.	ILLINOIS CREDIT LIFE INSURANCE COMPANY	AZ	93998	7/5/00
7.	LANCASTER LIFE REINSURANCE COMPANY	AZ	81540	7/28/00
8.	RIDGE LIFE INSURANCE COMPANY	AZ	N/A	7/28/00
9.	WESTERN CONTINENTAL INSURANCE COMPANY	TX	25771	7/24/00

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. ARIZONA STATE COMPENSATION FUND	36714	8/3/00
2. BUCKTAIL LIFE INSURANCE COMPANY	94633	7/3/00
3. CENSTAT LIFE ASSURANCE CO.	86240	7/6/00
4. CITCO LIFE INSURANCE COMPANY	86436	7/18/00
5. CLV LIFE INSURANCE COMPANY	88943	7/12/00
6. COMMUNITY ASSURANCE COMPANY	86398	7/18/00
7. EAGLE INSURANCE COMPANY	73687	7/11/00
8. FIRST GUARD INSURANCE COMPANY	10676	8/17/00
9. FIRST MICHIGAN LIFE INSURANCE COMPANY	92690	7/3/00
10. FIRST MIDWEST INSURANCE COMPANY	79995	7/13/00
11. FOOTHILLS LIFE INSURANCE COMPANY	90034	7/18/00
12. FOUNTAIN SQUARE INSURANCE COMPANY	72044	7/18/00
13. FREEDOM FINANCIAL LIFE INSURANCE COMPANY	86657	7/11/00
14. GREAT PLAINS REINSURANCE COMPANY	60025	7/11/00
15. LIFECARE ASSURANCE COMPANY	91898	8/24/00
16. MARMID LIFE INSURANCE COMPANY	92851	7/3/00
17. MILLER LIFE INSURANCE COMPANY	62774	9/7/00
18. MIMLIC LIFE INSURANCE COMPANY	64912	7/11/00
19. OLD UNITED LIFE INSURANCE COMPANY	76007	7/6/00
20. PENN-OHIO LIFE INSURANCE COMPANY	94935	8/24/00
21. ROCKFORD LIFE INSURANCE COMPANY	60008	7/12/00
22. UNITED HEALTHCARE OF ARIZONA, INC.	96016	9/1/00
23. VERDE VALLEY SCHOOL EMPLOYEE BENEFIT TRUST	N/A	7/21/00

24.	WASHINGTON INTERNATIONAL INSURANCE COMPANY	32778	7/3/00
25.	WELLINGTON LIFE INSURANCE COMPANY	85537	7/3/00
26.	WESTTHRIFT LIFE INSURANCE COMPANY	92142	7/10/00
27.	ZIONS LIFE INSURANCE COMPANY	60470	7/21/00

MARKET CONDUCT EXAM REPORTS/ORDERS

	Company Name	State of Domicile	NAIC #	Date Filed	Civil Penalty	Restitution + Interest
1	AETNA HEALTH PLANS OF ARIZONA, INC. Improper claims processing.	AZ	95003	9/28/00	\$45,000	To Be Determined
2	AETNA LIFE INSURANCE AND ANNUITY COMPANY Improper claims processing.	CT	86509	9/25/00	\$5,000	\$0
3	ALLSTATE INDEMNITY COMPANY Improper cancellation of homeowners insurance.	IL	19240	8/22/00	\$0	\$0
4	ALLSTATE INSURANCE COMPANY Improper cancellation of homeowners insurance.	IL	19232	8/22/00	\$0	\$0
5	AMERICAN INSURANCE COMPANY, THE Noncompliant fraud disclosure.	NE	21857	9/28/00	\$0	\$0
6	CAPITOL AMERICAN LIFE INSURANCE COMPANY Improper claims processing.	AZ	78174	8/16/00	\$0	\$0
7	CONDOR INSURANCE COMPANY Applied unfiled rates in premium calculation, improper claim processing, use of improper cancellation procedures.	NE	33669	7/12/00	\$24,000	\$12,726.95 plus interest to be determined.
8	CONGRESS LIFE INSURANCE COMPANY Improper claims processing. Failure to provide Summary of Rights. Failure to maintain records.	AZ	73504	7/5/00	\$0	\$0
9	FIREMAN'S FUND INSURANCE COMPANY Noncompliant fraud disclosure.	CA	21873	9/28/00	\$0	\$0
10	FIREMAN'S FUND INSURANCE COMPANY OF WISCONSIN Noncompliant fraud disclosure.	WI	37273	9/28/00	\$0	\$0
11	FOUNDATION HEALTH SYSTEMS LIFE AND HEALTH INSURANCE COMPANY Improper claims processing. Improper replacement procedures. Failure to pay interest on delinquent claims.	CO	66141	8/24/00	\$11,000	\$119.12
12	INTERGROUP PREPAID HEALTH SERVICES OF ARIZONA, INC. Improper claims processing. Failure to provide a summary of rights and notice of insurance information practices. Failure to pay interest on delinquent claims.	AZ	95206	8/24/00	\$50,000	To Be Determined

Regulatory Activity Report Third Quarter 2000

13	JACKSON NATIONAL LIFE INSURANCE COMPANY Improper replacment procedures. Failure to file annual agent list. Paying commissions to unlicensed agents. Failure to provide a summary of rights.	MI	65056	7/7/00	\$24,000	\$0
14	NATIONAL GROUP LIFE INSURANCE COMPANY Improper claims processing.	IL	64572	7/26/00	\$0	\$0
15	NATIONAL SURETY CORPORATION Noncompliant fraud disclosure.	IL	21881	9/28/00	\$0	\$0
16	PALOVERDE INSURANCE COMPANY OF ARIZONA Applied unfiled rates in premium calculation, improper claim processing, use of improper cancellation procedures.	AZ	44695	8/29/00	\$5,000	\$811.25
17	PROGRESSIVE CASUALTY INSURANCE COMPANY Applied Unfiled Rates in Premium Calculation, Improper Claim Processing.	OH	24260	8/29/00	\$2,000	\$224.98
18	PROGRESSIVE NORTHWESTERN INSURANCE COMPANY Applied unfiled rates in premium calculation, improper claim processing, use of improper cancellation procedures.	WA	42919	8/29/00	\$5,000	\$296.76
19	RANGER INSURANCE COMPANY Applied unfiled rates in premium calculation, improper claim processing, use of improper cancellation procedures.	DE	24384	8/29/00	\$10,000	\$1,019 plus interest to be determined.
20	SAFECO GROUP FIRST NATIONAL INSURANCE COMPANY OF AMERICA Improper rating and underwriting. GENERAL INSURANCE COMPANY OF AMERICA Improper rating and underwriting. SAFECO INSURANCE COMPANY OF AMERICA Improper rating and underwriting. SAFECO INSURANCE COMPANY OF ILLINOIS Improper rating and underwriting. SAFECO NATIONAL INSURANCE COMPANY Improper rating and underwriting.			9/22/00	\$25,000	\$81,045 plus interest to be determined.
		WA	24724	9/22/00		
		WA	24732	9/22/00		
		WA	24740	9/22/00		
		IL	39012	9/22/00		
		MO	24759	9/22/00		
21	SECURITY LIFE INSURANCE COMPANY OF AMERICA Failure to file list of agents with Department. Replacement violations. Failure to provide a summary of rights. Improper claims processing. Failure to pay interst on delinquent claims.	MN	68721	7/31/00	\$40,000	\$0

22	SUPERIOR NATIONAL INSURANCE COMPANY Use of unfiled rates to determine premiums.	CA	37753	9/14/00	\$0	\$0
23	SUPERIOR PACIFIC CASUALTY COMPANY Use of unfiled rates to determine premiums.	CA	30570	9/14/00	\$0	\$0
24	UNITED AMERICAN INSURANCE COMPANY Replacement violations. Improper claims processing procedures. Failure to maintain records.	DE	92916	7/14/00	\$25,000	\$0
25	UNITED FINANCIAL CASUALTY COMPANY Report filed with no administrative action.	MO	11770	8/29/00	\$0	\$0
26	UNITED WISCONSIN LIFE INSURANCE COMPANY Improper claims processing. Failure to pay interest on delinquent claims.	WI	97179	8/24/00	\$48,000	\$26,872.59 restitution \$1,319.54 interest Additional interest and restitution to be determined.

SUSPENSIONS

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

OTHER DISCIPLINARY ACTIONS

Company Name NAIC #	Allegation	Disposition
1. AMERICAN GENERAL LIFE & ACCIDENT INSURANCE COMPANY 66672	Engaged in racially discriminatory practices relating to the sale of industrial life and low value life insurance policies, pursuant to a national Regulatory Settlement Agreement.	7/28/00 Consent Order; \$1,900 civil penalty
2. FIREMAN'S FUND INSURANCE COMPANY OF OHIO 21873	Unauthorized transaction of insurance	8/29/00 Consent Order; \$1,000 civil penalty
3. AMERICAN HOME ASSURANCE COMPANY 19380	Failure to pay judgment rendered against it within 30 days after the judgment became final.	9/19/00 Consent Order; \$1,000 civil penalty

PRODUCERS AND OTHER LICENSEES DISCIPLINED

Cause No. Name City - State	Allegation	Disposition
1. 00A-016-INS Myra Jane DeMaio Golden Valley, AZ	Failure to disclose a record of a felony conviction of moral turpitude and failure to disclose the revocation of a professional license.	7/13/00 Consent Order; licenses revoked
2. 00A-097-INS John Herman Lawson Phoenix, AZ	Offered and/or sold unregistered securities in the form of promissory notes and/or investment contracts. Conduct constitutes a record of dishonesty in business or financial matters.	7/28/00 Order; license revoked

3.	00A-047-INS Carl Arnal and Saguaro Public Adjusters, Inc. Tucson, AZ	Civil judgment against licensees constitutes record of dishonesty in business or financial matters.	8/2/00 Consent Order; license suspended for 45 days; \$2,000 civil penalty
4.	00A-122-INS Affinity Group Underwriters, Inc. Phoenix, AZ	Unauthorized transaction of insurance business.	8/8/00 Consent Order; \$1,000 civil penalty
5.	00A-106-INS Catherine Francine Galli-Parker Phoenix, AZ	Failure to maintain surety bond. Failure to give written notice to Department of any change of address.	8/24/00 Order; license revoked
6.	00A-101-INS Tammi Leigh Smithson Phoenix, AZ	Failure to maintain a bond; failure to give notice to Department of any change of address.	9/13/00 Order; license revoked
7.	00A-118-INS Cheri Ann McGonagill Florea Sedona, AZ	Misrepresentation or fraud in obtaining an insurance license; conviction of a felony involving moral turpitude.	9/13/00 Order; license revoked; \$2,500 civil penalty

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
11.	2000-11	Adjusters' Scope of Authority; Insurers' Obligations When Insured Is Represented by Adjuster	9/20/00

**Arizona Department of Insurance
2910 N. 44th Street, Suite 210
Phoenix, AZ 85018**