

PRESS RELEASE

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Arizona Department of Insurance Accreditation Renewed By The National Association of Insurance Commissioners

Charles R. Cohen, Acting Director of the Arizona Department of Insurance, announced today that the National Association of Insurance Commissioners ("the NAIC") renewed the Department's accreditation at the recent NAIC quarterly meeting in New York City. Accreditation means that the Department meets national standards for regulation of the financial condition of insurance companies.

Acting Director Cohen explained that maintaining NAIC accreditation is important to insurance companies domiciled in Arizona (i.e. formed under Arizona law), and Arizona insurance consumers and taxpayers. "As a practical matter, accreditation is good news because it means the Arizona Department of Insurance does a good job of regulating the financial condition of its domestic insurance companies. Consumers who purchase insurance products from licensed insurance companies in Arizona can feel confident the companies are financially sound and solvent. Taxpayers can also breathe easier knowing it is less likely there will be any need to call on the state's Guaranty Fund to cover claims against insolvent insurers," said Cohen.

Other states will recognize and rely upon the regulatory work performed by an NAIC accredited state. Therefore, insurers domiciled in Arizona will not be subjected to redundant financial regulation in other states in which they do business. This translates into lower regulatory expenses for insurers, who may then be able to pass administrative savings on to consumers.

Glenn Pomeroy, NAIC President, described the accreditation program as designed "to raise the level of solvency regulation by state insurance departments in the interests of consumer protection and to help ensure a stable marketplace." NAIC accreditation review occurs once every 5 years and requires a state insurance agency to undergo a rigorous review of its policies and practices governing financial examination and surveillance of its domestic insurers. The Department was initially accredited in 1993. Its next review will be in 2003.