

Illinois Insurance

Published by the Illinois Department of Insurance

August 2003—#4

In this issue:

Consumer complaints against insurance companies decline in 2002	1
Martin elected NAMCR president ..	1
Department rules review	7
Company action	7
Paintless dent repair facilities must be licensed in Illinois	8
Hearings	9
Producer regulatory action	10
Exam reports filed	12

Illinois Insurance is the official regulatory newsletter of the Illinois Department of Insurance, 320 West Washington Street, Springfield, IL 62767-0001; (217) 782-4515; TDD (217) 524-4872.

The newsletter is published bimonthly, and is mailed free of charge upon written request to the Editor. **Illinois Insurance** is also available on the Department's website at: www.ins.state.il.us

Director J. Anthony Clark
Asst. Director Deirdre K. Manna
Editor Bill McAndrew
Graphics Shelley McQuern



Illinois Insurance ISSN 0094-7660

Consumer complaints against insurance companies decline in 2002

Illinois consumers filed fewer complaints about their insurance companies and HMOs in 2002, according to the Department's most recent consumer complaint statistics. A major exception to this trend, however, was an increase in complaints against homeowner insurers.

The Illinois Department of Insurance investigated 12,019 written complaints against insurance companies in 2002, compared to 12,269 in 2001, an overall decrease of 2%. Total complaints against health maintenance organizations dropped by 9% from 1,430 in 2001 to 1,299 in 2002.

In 2002, homeowner insurance complaints increased by 16%, from 1,257 in 2001 to 1,462 in 2002. The bulk of this increase occurred in complaints against companies' underwriting practices, which increased from 389 complaints in

2001 to 678 complaints in 2002, a 74% increase.

The only other major coverage recording any increase in complaints in 2002 was individual accident and health insurance, which witnessed an increase of less than 1%. In addition to HMO complaints, other lines showing a decrease in complaints for 2002 included: automobile insurance, -1%; individual life, -14%; individual annuity, -11%; group accident and health, -8%; and group credit accident and health, -29%.

Despite the decrease in HMO and health insurance complaints, health insurance lines continued to receive the largest portion (40%) of all consumer grievances, while property and casualty lines accounted for approximately one-third (33%) of total complaints. The consumer complaints begin on page 2. ♦

Martin elected NAMCR president

Jeff Martin, supervisor of the Illinois Department of Insurance HMO Financial Analysis Unit, was elected president of the National Association of Managed Care Regulators (NAMCR) for 2003-2004. The election took place during NAMCR's 2003 Spring Conference

& External Grievance Review Summit, June 7-11, in Washington, D.C. As president, Mr. Martin will oversee work on the NAMCR's communications and conference planning committees and will chair the membership committee.

(cont'd on page 8)

Composite of Insurance Complaints

Total Complaints Investigated in 2002

HMO Complaints	1,299
Insurance Company Complaints	<u>12,019</u>
	13,318
Not Categorized	<u>2,567</u>
Totals:	15,885

Complaints by Line of Coverage

Auto	3,885	(24%)
Homeowners	1,462	(9%)
Individual Life	813	(5%)
Individual Accident & Health	1,343	(8%)
Group Accident & Health	3,669	(24%)
HMOs	1,299	(8%)
Group Credit Accident & Health	53	(1%)
Individual Annuity	127	(1%)
All Other Coverages	667	(4%)
Not Categorized	<u>2,567</u>	<u>(16%)</u>
Totals:	15,885	(100%)

Major Reasons for Complaints

	Insurance Companies		HMOs
Claim Handling	8,350 (69%)		1,262 (97%)
Underwriting	1,141 (18%)		19 (1%)
Policyholder Service	1,310 (11%)		16 (1%)
Marketing and Sales	<u>218 (2%)</u>		<u>2 (1%)</u>
Totals:	12,019 (100%)		1,299 (100%)

2002 Complaint Statistics of Insurance Companies Showing 10 or More Complaints for Coverage Type—Private Passenger Automobile

Name	Complaints	2002 Illinois Direct Written Premium
AFFIRMATIVE INSURANCE COMPANY	87	67,141,969
ALLSTATE INSURANCE COMPANY	214	419,791,646
ALPHA PROPERTY & CASUALTY INSURANCE COMPANY	10	10,372,022
AMERICAN ACCESS CASUALTY COMPANY	100	25,106,399
AMERICAN AMBASSADOR CASUALTY COMPANY	106	43,930,076
AMERICAN FAMILY MUTUAL INSURANCE COMPANY	80	236,161,966
AMERICAN FREEDOM INSURANCE COMPANY	82	9,292,756
AMERICAN HEARTLAND INSURANCE COMPANY	111	11,280,431
AMERICAN SERVICE INSURANCE COMPANY, INC.	194	36,171,157
APOLLO CASUALTY COMPANY	116	27,747,570
AUTO OWNERS INSURANCE COMPANY	13	28,050,268
CHICAGO MOTOR CLUB INSURANCE COMPANY	23	26,442,039
CONSTITUTIONAL CASUALTY COMPANY	22	15,920,643
COUNTRY MUTUAL INSURANCE COMPANY	33	308,369,070
ECONOMY PREFERRED INSURANCE COMPANY*	10	0
ECONOMY PREMIER ASSURANCE COMPANY	10	70,783,475
FARMERS AUTOMOBILE INSURANCE ASSOCIATION	15	60,458,126
FARMERS INSURANCE EXCHANGE**	11	0
FOUNDERS INSURANCE COMPANY	125	43,675,749
GALLANT INSURANCE COMPANY (liquidated 8/23/02)	75	n/a
GEICO GENERAL INSURANCE COMPANY	17	62,648,668
GENERAL CASUALTY COMPANY OF ILLINOIS	22	30,827,386
GRANGE MUTUAL CASUALTY COMPANY	12	21,026,005
HARTFORD ACCIDENT & INDEMNITY COMPANY	14	5,144,431
HARTFORD INSURANCE COMPANY OF THE MIDWEST	30	38,372,083
ILLINOIS FARMERS INSURANCE COMPANY	105	254,119,622
ILLINOIS NATIONAL INSURANCE COMPANY	13	15,054,560
INDIANA INSURANCE COMPANY	10	21,152,394
INTERSTATE BANKERS CASUALTY COMPANY	39	9,886,985
LIBERTY MUTUAL INSURANCE COMPANY	13	50,553
MADISON MUTUAL INSURANCE COMPANY	14	27,905,863
MEDMARC CASUALTY INSURANCE COMPANY	35	17,139,608
NATIONAL HERITAGE INSURANCE COMPANY	14	4,673,958
NATIONWIDE MUTUAL INSURANCE COMPANY	32	46,208,806
OAK CASUALTY INSURANCE COMPANY (liquidated 11/19/02)	38	n/a
PROGRESSIVE CASUALTY INSURANCE COMPANY	13	10,620,061
PROGRESSIVE HALCYON INSURANCE COMPANY	12	31,776,701
PRUDENTIAL PROPERTY & CASUALTY INSURANCE COMPANY	19	24,862,124
SAFECO INSURANCE COMPANY OF ILLINOIS	22	79,440,916
SAFEWAY INSURANCE COMPANY	68	24,973,926
STATE FARM FIRE & CASUALTY COMPANY	10	130,800,190
STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY	260	1,594,102,437
UNIQUE INSURANCE COMPANY	70	16,223,264
UNITED AUTOMOBILE INSURANCE COMPANY	36	18,603,638
UNITED EQUITABLE INSURANCE COMPANY	76	12,079,759
UNITED SERVICES AUTOMOBILE ASSOCIATION	19	49,438,057
UNIVERSAL CASUALTY COMPANY	411	50,504,134
USAA CASUALTY INSURANCE COMPANY	11	33,941,489
VALOR INSURANCE COMPANY (liquidated 8/23/02)	62	n/a
WEST AMERICAN INSURANCE COMPANY	11	20,297,618
WESTERN STATES INSURANCE COMPANY	12	9,082,823

*Company showing negative premium as business was taken over by another company in their holding group at mid-year.

**Company's 11 complaints filed in 2002 are reflective of business previously sold. Company wrote no new premium in this coverage in 2002.

For Coverage Type—Homeowners

Name	Complaints	2002 Illinois Direct Written Premium
ALLSTATE INSURANCE COMPANY	154	182,544,406
AMERICAN FAMILY MUTUAL INSURANCE COMPANY	69	93,657,891
AUTO OWNERS INSURANCE COMPANY	13	15,786,959
COUNTRY MUTUAL INSURANCE COMPANY	36	105,759,807
ECONOMY FIRE & CASUALTY COMPANY	20	17,774,784
ECONOMY PREFERRED INSURANCE COMPANY*	29	0
ECONOMY PREMIER ASSURANCE COMPANY	15	46,980,135
FARMERS INSURANCE EXCHANGE	19	1,931,113
GENERAL CASUALTY COMPANY OF ILLINOIS	18	11,614,401
HARTFORD UNDERWRITERS INSURANCE COMPANY	12	13,122,022
ILLINOIS FARMERS INSURANCE COMPANY	154	118,273,468
INDIANA INSURANCE COMPANY	14	11,484,045
NATIONWIDE MUTUAL FIRE INSURANCE COMPANY	22	17,504,167
PRUDENTIAL PROPERTY & CASUALTY INSURANCE CO	35	15,883,539
SAFECO INSURANCE COMPANY OF ILLINOIS	44	30,059,914
STATE FARM FIRE AND CASUALTY COMPANY	246	554,780,310
TRAVELERS PROPERTY CASUALTY INS CO OF IL	10	27,057,954

*Company showing negative premium as business was taken over by another company in their holding group at mid-year.

2002 Complaint Statistics of Insurance Companies Showing 10 or More Complaints for Coverage Type—Individual Life

Name	Complaints	2002 Illinois Direct Written Premium
AMERICAN GENERAL LIFE & ACCIDENT INSURANCE CO	17	14,462,671
AMERICAN INCOME LIFE INSURANCE COMPANY	10	13,992,188
ATLANTA LIFE INSURANCE COMPANY	20	2,950,628
BANKERS LIFE & CASUALTY COMPANY	17	8,091,354
EQUITABLE LIFE ASSURANCE SOCIETY OF THE US	12	104,925,212
GLOBE LIFE & ACCIDENT INSURANCE COMPANY	17	12,691,943
GUARANTEE RESERVE LIFE INSURANCE COMPANY	24	6,539,173
JOHN HANCOCK LIFE INSURANCE COMPANY	10	30,813,771
METROPOLITAN LIFE INSURANCE COMPANY	36	193,636,232
MONUMENTAL LIFE INSURANCE COMPANY	45	38,486,809
PRIMERICA LIFE INSURANCE COMPANY	12	53,742,617
PRUDENTIAL INSURANCE COMPANY OF AMERICA	66	194,780,304
UNITED INSURANCE COMPANY OF AMERICA	39	17,427,476
WESTERN & SOUTHERN LIFE INSURANCE COMPANY	10	20,094,048
WESTERN SOUTHERN LIFE ASSURANCE COMPANY	11	10,591,316

For Coverage Type—Group Life

Name	Complaints	2002 Illinois Direct Written Premium
METROPOLITAN LIFE INSURANCE COMPANY	11	228,154,736

For Coverage Type—Individual Annuity

Name	Complaints	2002 Illinois Direct Written Premium
CONSECO ANNUITY ASSURANCE COMPANY	14	12,649,805
PRUDENTIAL INSURANCE COMPANY OF AMERICA	11	39,346,579

2002 Complaint Statistics for Health Service Organizations Illinois Members Only

Name	Complaints	Total Illinois Members as of 12/31/02	Non-Medicaid/ Non-Medicare Members as of 12/31/02*
DELTA DENTAL PLAN OF ILLINOIS	14	428,110	428,110

*Total adjusted to delete Medicaid/Medicare members.

Enrollment numbers shown are derived from the 2002 Illinois Enrollment page included in the 2002 Annual Statement filing.

2002 Complaint Statistics for Limited Health Service Organizations Illinois Members Only

Name	Complaints	Total Illinois Members as of 12/31/02	Non-Medicaid/ Non-Medicare Members as of 12/31/02*
COMPONENT OF ILLINOIS INC	25	172,976	172,976
FIRST COMMONWEALTH LTD HEALTH SERV CORP	2	2,128	2,128
OLYMPIA LIMITED HEALTH SERVICES ORG INC.	1	71,166	71,166

*Total is adjusted to delete Medicaid/Medicare members and FEHBP.

Enrollment numbers shown are derived from the 2002 Illinois Enrollment page included in the 2002 Annual Statement filing.

2002 Complaint Statistics of Insurance Companies Showing 10 or More Complaints for Coverage Type—Individual Accident & Health

Name	Complaints	2002 Illinois Direct Written Premium
AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY	14	16,037,000
AMERICAN FAMILY LIFE ASSURANCE COMPANY OF COLUMBUS	23	80,758,921
AMERICAN FAMILY MUTUAL INSURANCE COMPANY	13	36,985,062
AMERICAN REPUBLIC INSURANCE COMPANY	21	28,025,108
BANKERS LIFE & CASUALTY COMPANY	24	34,003,903
COMBINED INSURANCE COMPANY OF AMERICA	31	25,985,496
CONSECO HEALTH INSURANCE COMPANY	31	8,196,276
CONSECO MEDICAL INSURANCE COMPANY*	16	9,374
CONSECO SENIOR HEALTH INSURANCE COMPANY	46	22,118,265
CONTINENTAL GENERAL INSURANCE COMPANY	19	15,483,593
COUNTRY LIFE INSURANCE COMPANY	22	102,724,379
FORTIS INSURANCE COMPANY	45	26,197,341
HEALTH CARE SERVICE CORP MUT LEGAL RESERVE CO	328	767,824,625
PENN TREATY NETWORK AMERICA INSURANCE COMPANY	19	17,354,646
PHYSICIANS MUTUAL INSURANCE COMPANY	18	20,191,529
PIONEER LIFE INSURANCE COMPANY	24	16,655,717
PRUDENTIAL INSURANCE COMPANY OF AMERICA	11	6,181,628
RIGHTCHOICE INSURANCE COMPANY	18	17,921,971
TRUSTMARK INSURANCE COMPANY	12	4,580,706
UNICARE HEALTH INSURANCE COMPANY OF THE MIDWEST	26	69,634,138
UNICARE LIFE & HEALTH INSURANCE COMPANY	55	515,377
UNITED AMERICAN INSURANCE COMPANY	14	32,157,583
UNITED TEACHER ASSOCIATES INSURANCE COMPANY	11	3,210,259
WORLD INSURANCE COMPANY	15	3,818,080

*Company's 16 complaints reflective of business previously sold. An affiliate has taken over a significant portion of this business.

2002 Complaint Statistics of Insurance Companies Showing 10 or More Complaints for Coverage Type—Group Accident & Health

Name	Complaints	2002 Illinois Direct Written Premium
AETNA LIFE INSURANCE COMPANY	18	152,161,969
AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY	17	18,673,808
CELTIC INSURANCE COMPANY	34	11,117,578
CENTRAL RESERVE LIFE INSURANCE COMPANY	17	5,623,125
CONCERT HEALTH PLAN INSURANCE COMPANY	36	13,512,301
CONNECTICUT GENERAL LIFE INSURANCE COMPANY	78	246,164,526
CONSECO MEDICAL INSURANCE COMPANY	20	659,849
CONTINENTAL CASUALTY COMPANY	18	48,700,400
COUNTRY LIFE INSURANCE COMPANY	13	82,070,412
FORTIS BENEFITS INSURANCE COMPANY	12	56,855,911
FORTIS INSURANCE COMPANY	44	67,804,610
GOLDEN RULE INSURANCE COMPANY	31	31,734,715
GUARDIAN LIFE INSURANCE COMPANY OF AMERICA	46	188,427,673
HEALTH ALLIANCE MEDICAL PLANS, INC.	13	52,396,833
HEALTH CARE SERVICE CORP MUT LEGAL RESERVE CO	213	1,724,972,507
HUMANA INSURANCE COMPANY	109	612,119,444
MEGA LIFE AND HEALTH INSURANCE COMPANY	12	43,409,780
METROPOLITAN LIFE INSURANCE COMPANY	28	148,328,995
MIDWEST SECURITY LIFE INSURANCE COMPANY	12	34,539,151
NIPPON LIFE INSURANCE COMPANY OF AMERICA	10	29,676,535
PACIFIC LIFE & ANNUITY COMPANY	13	36,320,593
PERSONALCARE INSURANCE OF ILLINOIS, INC.	13	24,078,677
PRINCIPAL LIFE INSURANCE COMPANY	32	187,367,719
PRUDENTIAL INSURANCE COMPANY OF AMERICA	23	34,409,961
TRUSTMARK INSURANCE COMPANY	123	363,035,864
UNICARE HEALTH INSURANCE COMPANY OF THE MIDWEST	58	202,485,665
UNICARE LIFE & HEALTH INSURANCE COMPANY	86	29,827,515
UNITED HEALTHCARE INSURANCE COMPANY OF ILLINOIS	172	335,284,456
UNITED HEALTHCARE INSURANCE COMPANY	64	348,908,228
UNITED SECURITY LIFE INSURANCE COMPANY OF ILLINOIS	22	10,630,282
UNUM LIFE INSURANCE COMPANY OF AMERICA	21	104,560,247

2002 Complaint Statistics for Health Maintenance Organizations Illinois Members Only

Name	Complaints	Total Illinois Members as of 12/31/02	Non-Medicaid/ Non-Medicare Members as of 12/31/02*
AETNA HEALTH OF ILLINOIS INC	60	50,086	50,086
CIGNA HEALTHCARE OF ILLINOIS INC	21	7,360	7,360
GROUP HEALTH PLAN INC	25	26,254	20,761
HEALTH ALLIANCE MEDICAL PLANS INC	107	142,847	130,248
HEALTH ALLIANCE MIDWEST INC	7	823	823
HEALTH CARE SERVICE CORP MUT LEGAL RES CO	358	831,224	831,224
HEALTHLINK HMO INC	1	6,521	6,521
HUMANA HEALTH PLAN INC	135	377,676	273,160
JOHN DEERE HEALTH PLAN INC	7	33,247	33,240
MERCY HEALTH PLANS OF MISSOURI INC	2	11,112	9,316
ONE HEALTH PLAN OF ILLINOIS INC	10	16,371	16,371
OSF HEALTH PLANS INC	85	66,700	62,761
PERSONALCARE INSURANCE OF IL INC	108	68,353	64,147
ROCKFORD HEALTH PLANS INC	34	31,418	31,418
UNICARE HEALTH PLANS OF THE MIDWEST INC	144	158,892	141,546
UNITED HEALTHCARE OF ILLINOIS INC	118	67,073	40,913
UNITED HEALTHCARE OF THE MIDWEST INC	7	22,529	14,572

*Total is adjusted to delete Medicaid/Medicare members and FEHBP members.

Enrollment numbers shown are derived from the 2002 Illinois Enrollment page included in the 2002 Annual Statement filing.

HMOs with No Illinois Enrollment at Year End 2002

	Complaints
COUNTRY MEDICAL PLANS INC	0
FIRST COMMONWEALTH HEALTH SERVICES CORP*	2
HMO MISSOURI INC	0
MERCYCARE INSURANCE COMPANY	0
PREMIER MEDICAL INSURANCE GROUP INC	0
PRUDENTIAL HEALTH CARE PLAN INC	1
WELLMARK HEALTH PLAN OF IOWA INC	0

*This is a Health Service Organization.

Illinois Licensed Health Maintenance Organizations Having Commercial Enrollment but No Complaints in 2002

Name	Total Illinois Members as of 12/31/02	Non-Medicaid/ Non-Medicare Members as of 12/31/02*
AMERIGROUP ILLINOIS INC**	33,847	0
BCI HMO INC	127	127
CIGNA HEALTHCARE OF ST. LOUIS INC	1,402	1,402
HARMONY HEALTH PLAN OF ILLINOIS INC	42,123	0
MEDICAL ASSOCIATES HEALTH PLAN INC	3,203	3,203
NEVADACARE INC	95	95
UNION HEALTH SERVICE INC	30,109	27,839

*Total is adjusted to delete Medicaid/Medicare members and FeHBP members.

**Medicaid only HMOs. Complaints are handled by the Illinois Department of Public Aid.

Enrollment numbers shown are derived from the 2002 Illinois Enrollment page included in the 2002 Annual Statement filing.

Comparison of Complaints by Coverage and Reason 2001–2002

Coverage	Underwriting	Marketing and Sales	Claim Handling	Policyholder Service	Total	% Change
Auto (2001)	665	68	2,987	168	3,888	
Auto (2002)	713	56	2,974	142	3,885	-1%
Homeowners (2001)	389	20	806	42	1,257	
Homeowners (2002)	678	6	719	59	1,462	+16%
Individual Life (2001)	109	86	309	446	950	
Individual Life (2002)	95	73	187	458	813	-14%
Individual Annuity (2001)	3	22	31	86	142	
Individual Annuity (2002)	4	27	7	89	127	-11%
Individual A&H (2001)	294	26	840	180	1,340	
Individual A&H (2002)	275	28	847	193	1,343	+1%
Group A&H (2001)	202	11	3,550	208	3,971	
Group A&H (2002)	161	6	3,259	243	3,669	-8%
Group Credit A&H (2001)	3	0	58	14	75	
Group Credit A&H (2002)	0	1	43	9	53	-29%
HMOs (2001)	24	0	1,393	13	1,430	
HMOs (2002)	19	2	1,262	16	1,299	-9%
All Other Coverages (2001)	153	28	351	114	646	
All Other Coverages (2002)	215	21	314	117	667	+3%
Totals for 2002	2,160	220	9,612	1,326	13,318	

Department rules review

The full text of Department rules is printed in the *Illinois Register* published weekly by the Illinois Secretary of State's Index Department, 111 E. Monroe St., Springfield, IL 62756. Subscriptions are available from that source for an annual fee of \$290. Issue numbers and a Department contact person are listed below after each rule summary.

Copies of rules are also available upon written request to the Department of Insurance at a \$1 per page charge. Some rules are posted on the Department's website at www.ins.state.il.us.

Adopted rules are codified in Title 50 of the Illinois Administrative Code.

Rule-Part 4003. In continuing reaction to the federal Gramm-Leach-Bliley Act, the National Association of Insurance Commissioners (NAIC) adopted a model regulation to provide additional guidance to insurance companies on how to further safeguard the protection of consumer financial information. With Part 4003, the Department adopted these additional guidelines. (Vol. 27, #29, p.10635; Bill McAndrew.) ♦

Company action

Market Conduct Fines

The following entities were issued a Stipulation and Consent Order and fined for Insurance Code violations and/or improper claims practices cited in an Illinois market conduct examination:

All American Life Insurance Company, WI, 5/28/03; \$25,000
 Allianz Life Insurance Company of North America, MN, 5/28/03; \$50,000
 Concert Health Plan, IL, 5/28/03; \$20,000 ♦

Martin (cont'd from page 1)

NAMCR is an association comprised of regulators from state insurance departments, state health departments, federal agencies and the managed care industry. The Association's mission is to identify problem areas in managed care and to assess and develop model regulations, standards and procedures that will assist state and federal government agencies in their mandates and regulation of managed care entities. These mandates and regulations are designed to assure the public that managed care entities are meeting operational criteria, are financially sound, are administratively competent, and are capable of delivering high quality, accessible services in a cost-efficient manner.

In fulfilling its mission, NAMCR published a white paper in June of 2001 on downstream risk delegation between managed care organizations and risk-bearing entities. This white paper was used extensively by the National Association of Insurance Commissioners' (NAIC) Managed Care Organization Working Group in its revisions of the NAIC HMO Model Act, which was adopted at the NAIC summer meeting in New York in June. Arising from its successful June summit in Washington, D.C., NAMCR will begin drafting a white paper dealing with external appeals review.

In addition to his NAMCR responsibilities, Mr. Martin is active in the NAIC and serves as a member of the Health Entities Working Group. He has also participated in other working groups of the NAIC. He has worked for the Illinois Department of Insurance for 17 years. In his position as Unit supervisor, Mr. Martin is responsible for the financial solvency oversight of managed care entities including health maintenance organizations, limited health services organizations, voluntary

health service corporations, and dental service plans. His responsibilities also include the review of provider agreements, management agreements, mergers, acquisitions, company applications, and holding company transactions.

Mr. Martin is a cum laude graduate of Illinois College where he received a Bachelor's Degree in Business Administration/Eco-

nomics/Accounting. He has also attained the Health Insurance Association (HIA) and Managed Health Professional (MHP) designations from the Health Insurance Association of America.

If you would like more information about NAMCR, you may contact Mr. Martin directly at 217/782-1798 or by e-mail at Jeffrey_Martin@ins.state.il.us. ♦

Paintless dent repair facilities must be licensed in Illinois

In recent months, storms have damaged automobiles throughout the state. A significant portion of this damage was caused by hail. In response, the paintless dent repair companies have set up temporary facilities in areas affected by the storms.

Paintless dent repair is designed to be a less intrusive method of removing dents, such as those caused by hail, by using special equipment to manipulate the sheet metal on cars without harming the paint.

Given the mobility of this industry, consumers and insurance producers have questioned whether these companies need to meet the licensing requirements under the Illinois Vehicle Code for a repairer's license.

Section 154.6 of the Illinois Insurance Code (Acts Constituting Improper Claims Practice) states, in part:

(p) Failing to adopt and implement reasonable standards to verify that a repairer designated by the insurance company to provide an estimate, perform repairs, or engage in any other service in connection with an insured loss on a vehicle is duly licensed under Section 5-301 of the Illinois Vehicle Code. [215 ILCS 5/154.6(p)]

The Illinois Secretary of State has determined that paintless dent repair companies must be licensed as repairers under Section 5-301 of the Illinois Vehicle Code [625 ILCS 5/5-301]. Insurance companies that utilize paintless dent repair companies are responsible for ensuring that these companies are appropriately licensed in Illinois. ♦

Hearings

Settled Without Hearing:

Hermenegildo Angeles-Paz
United Auto Insurance Company
Hearing No. 4082
Dismissed 8/1/2003

Cardinal Transport Inc.
Royal Insurance Co. of America
Hearing No. 4078
Dismissed 7/24/03

Michael W. Duncan
Hearing No. 4070
Stipulation and consent order
7/31/03

Philip A. Fair
Hearing No. 4058
Dismissed 6/16/03

Delbert Fellner
Hearing No. 4035
Dismissed 7/23/03

Rosalyn Huguley
Allstate Insurance Company
Hearing No. 4075
Dismissed 7/23/03

Waybon T. McConnell
Hearing No. 4046
Dismissed 6/09/03

Brandon R. Moore
Hearing No. 4081
Dismissed 8/07/03

My Chauffeur Limousine
Zurich Insurance Company
Hearing No. 4076
Dismissed 7/28/03

Rummel Associates, Inc.
Seraphim Michael Rummel
Hearing No. 4056
Stipulation and consent order
6/25/03

James N. Shorey
Hearing No. 4057
Stipulation and consent order
7/02/03

Mary Tudela
Allstate Insurance Company
Hearing No. 4066
Dismissed 6/19/03

Donna Wright
Hearing No. 4040
Stipulation and consent order
6/10/03

Completed Hearings:

Kimberly D. Denny
Hearing No. 4034
Licensing authority denied 6/25/03

Bosco S. D'Silva
Hearing No. 4033
Licensing authority suspended
until compliance with Code 6/06/03

First Actual American Ins. Co.
David Stoll
Hearing No. 4063
Cease and desist made permanent
8/04/03

Daniel F. Gridley
Hearing No. 4064
Order of revocation reaffirmed
8/07/03

Eduardo Guerrero
Hearing No. 4044
Licensing authority revoked 7/18/03

Lewis & Longlett/Saskia Griffin
Mid Century Insurance Company
Hearing No. 4061
Cancellation effective 6/19/03

Zeyad J. Matariyeh
Hearing No. 4047
Order of revocation is vacated
7/30/03

Professional Industrial and Trade
Workers Union
P.I.T.W.U. Health & Welfare Fund
Brokerage Concepts, Inc.
Southern Plan Administrators
Privilege Care Marketing
David Simon; Stephen Saeks
Hearing No. 4052
Department's motion for default
judgement granted 6/25/03

Anna Richards
State Farm Insurance Company
Hearing No. 4059
Cancellation effective 6/30/03

E. J. Sieron
Illinois Fair Plan Association
Hearing No. 4026
Nonrenewal effective 6/18/03

Lamar & Frankie Summers
Allstate Insurance Company
Hearing No. 4055
Nonrenewal effective 6/06/03

Scheduled Hearings:

Tyscha Blackmon
State Farm Insurance Company
Hearing No. 4085
Cancellation 9/24/03

The Grand Lodge of the Knights
of Pythias
Hearing No. 4088
Cease and desist 9/09/03

Homeward Bound Services, Inc.
Tender Loving Care Service, Inc.
TLC Services, Inc.
Kirkwood Insurance Service Co.
Steven M. Duran; Stephen Nave
Hearing No. 4065
Cease and desist 8/20/03

Margaret Knight
Allstate Insurance Company
Hearing No. 4083
Cancellation 8/27/03

Liberty Mutual Insurance Co.
The Illinois Automobile Ins. Plan
Hearing No. 4868
Appeal 9/25/03

Nations Hazard Insurance Co.
Nations Hazard Ins. Agency
Michael F. Napadow
Stephen C. Napadow
Jeffrey Michael Napadow
Hearing No. 4087
Cease and desist 9/10/03

Anthony J. Sarris
Hearing No. 4068
Suspension of licensing authority
9/09/03 ♦

Producer regulatory action

(Copies of regulatory orders are available upon written request to the Producer Regulatory Unit, for \$1/page. The number of pages are indicated in parentheses following the effective date.)

Stipulation and Consent Order–Civil Forfeiture Paid

Mohammed A. Ansari
11212 Sea Grass Circle
Boca Raton, FL 33498
Effective 05/14/03 (3)

Jeanette N. Barkan
2222 North Sedgewick, Apt. 301
Chicago, IL 60614
Effective 4/29/03 (3)

Desiree M. Denoyer
4432 North Racine Avenue
Chicago, IL 60640
Effective 5/05/03 (3)

William E. Douglas
11245 South Emerald
Chicago, IL 60628
Effective 6/25/03 (3)

Michael W. Duncan
1020 Sussex Drive
Northbrook, IL 60062
Effective 7/31/03 (3)

Luanne Hearne
625 West Arlington, Apt. 1N
Chicago, IL 60614
Effective 10/30/02 (3)

James B. McGann
34114 White Oak Lane
Gurnee, IL 60031
Effective 6/25/03 (3)

Rummel Associates, Inc.
180 North LaSalle Street, Suite 2625
Chicago, IL 60601
Effective 6/25/03 (5)

S. Michael Rummel
595 Longwood
Lake Forest, IL 60045
Effective 6/25/03 (5)

James N. Shorey
530 North Airlite Street
Elgin, IL 60123
Effective 7/02/03 (3)

Revocation of Producer License

Paul J. House, III
190 West Debby Drive
Mt. Zion, IL 62549
Effective 7/10/03 (2)

Wade W. Maradei
396 Holiday Drive
Somanauk, IL 60552
Effective 6/04/03 (2)

Kenneth Martin
414 Grace Drive
Lake In The Hills, IL 60102
Effective 05/14/03 (2)

William J. Morton
916 South 6th Street
Rockford, IL 61104
Effective 04/28/03 (3)

George Albert Palmer
34 Katahdin Avenue
Caribou, ME 04736
Effective 04/30/03 (2)

Christine L. Smagala
12750 Carriage Lane
Crestwood, IL 60445
Effective 04/25/03 (4)

Smagala Insurance, Inc.
9702 Southwest Highway
Oak Lawn, IL 60453
Effective 04/25/03 (4)

Stanley A. Smagala
5031 West 85th
Burbank, IL 60459
Effective 04/25/03 (4)

Joseph Welps
832 Judy Drive
Wilmington, IL 60481
Effective 7/08/03 (2)

Voluntary Revocation

Abisoye I. Adekoy
1440 Sherwin Avenue, Suite 204
Chicago, IL 60626
Effective 7/24/03 (1)

Jason S. Daniels
1226 Townes Circle
Aurora, IL 60504
Effective 7/24/03 (1)

Veronica Martinez
134 West Clarendon Drive
Round Lake Beach, IL 60073
Effective 04/08/03

Mehdipour Mehrzod
6543 Balcom Avenue
Reseda, CA 91335
Effective 7/09/03 (1)

John H. Toney
7112 South Champlain
Chicago, IL 60619
Effective 6/05/03 (1)

Director's Order

Thomas V. Conwell
456 Sunrise
Lake Bluff, IL 60044
Effective 6/13/03 (6)

Bosco S. D'Silva
600 Central Avenue, Suite 333
Highland, IL 60035
Effective 6/06/03 (8)

Eduardo Guerrero
3718 South Hermitage Avenue
Chicago, IL 60609
Effective 7/18/03 (8)

Zeyad J. Matariyeh
16939 Meadow Crest Drive
Lockport, IL 60441
Effective 7/30/03 (14)

<h2 style="margin: 0;">COMPUTER DATA REQUEST FORM</h2>	<p>Mail To: Public Sales Coordinator Information Systems Section Illinois Department of Insurance 320 West Washington Street, 4th Floor Springfield, Illinois 62767-0001</p>	
<p>The information available from the Illinois Department of Insurance, pursuant to 215 ILCS 5/408.2, is listed below. For assistance call the Public Sales Coordinator at (217) 524-0605 – TDD (217) 524-4872, or e-mail suzann_rhodes@ins.state.il.us See also the Department's Internet Site at http://www.ins.state.il.us</p> <p>Instructions:</p> <ul style="list-style-type: none"> • All sales are final. The Department does not have refund authority. • This form must be completed entirely before requests can be processed or mailed. • Payment must be received before requests can be processed or mailed. • The Department of Insurance will supply IBM-compatible tapes for any tape data set requested. —Customer must specify 9 track 1600 or 6250 BPI. • The Department of Insurance will supply IBM-compatible diskettes for any diskette data set requested. —Customer must specify density of diskette desired. —Customer must specify comma delimited or non-delimited ASCII format. • Return completed request form with your check made payable to Director of Insurance/SSRF at the above address. 		
<p>Data Requested:</p>	<p>Amount Enclosed:</p>	
<p>Diskette size: 3.5" Density: <input type="checkbox"/> LOW <input type="checkbox"/> HIGH Data Type: <input type="checkbox"/> Comma Delimited <input type="checkbox"/> Non-Delimited</p>		
<p>The undersigned hereby agrees that any data received as a result of this request will not be resold, reconveyed or otherwise transferred—for cash, merchandise or any consideration or thing of value—to any individual, corporation, association or other third party.</p>		
<p>Requestor's Signature:</p>	<p>Date Signed:</p>	<p>(Area Code) Phone:</p>
<p>Mail Request to:</p>		<p>FEIN / SSN:</p>
<p>Street:</p>	<p>City & State:</p>	<p>Zip:</p>

PRICE SCHEDULE—Effective September 18, 2002

Licensee Data

Producer registered firms	\$600/list/diskette/tape
Producer registered firms from Upstate (zips 60000–60828)	\$300/list/diskette/tape
Producer registered firms from Downstate (zips 60829–62999)	\$300/list/diskette/tape
Applicants passing exams	\$100/list/diskette (semi-monthly)
All producers or producers with specific authority	\$600/diskette/tape, \$1,000/list
Producers from Upstate (zips 60000–60828)	\$300/diskette/tape, \$500/list
Producers from Downstate (zips 60829–62999)	\$300/diskette/tape, \$500/list
Producers from 10 zip codes	\$150/list/diskette
Premium Finance, Public Adjuster OR Surplus Lines licensees	\$100/list/diskette/tape
Third Party Administrators, Preferred Provider Administrators, and Third Party Prescription Program licensees/registrants	\$100/list/diskette/tape

Complaint Data

Non-confidential standard report (complaints by company, coverages or reasons)	\$200/report
--	--------------

Insurer Data

Company name, address, phone and authority (all companies)	\$100 /list/diskette/tape, \$200 labels
Company name, president, address and phone (all companies)	\$100 /list/diskette/tape, \$200 labels
HMO Company name, address, phone and county service area	\$ 25 /list/diskette
Managed Care Organization name, address and phone	\$100 /list/diskette
A&H Company FEINs, address and phone	\$100 /list/diskette
Licensed insurers and accredited/approved reinsurers (available only to companies)	\$100 /list/diskette
Company name, address and phone for Worker's Compensation	\$100 /list/diskette/tape

Police/Firemen Pension Data

Fund name and address (all Funds)	\$100 /list/diskette/tape, \$200 labels
Participant data for a Fund (available only to Fund)	\$100 /diskette

Homeowner/Residential Fire Policy Counts

Raw data through 1995	\$200 /diskette (quarterly)
Raw data after 1995	\$600 /diskette (annually only)
Zip Code Market Share Report	\$400 /report
Company Detail Report for Chicago & East St. Louis through 1995 (new, renewal, non-renewal and cancellation by zip)	\$200 /report (quarterly)
Company Detail Report for Chicago and East St. Louis after 1995 (new, renewal, non-renewal and cancellation by zip)	\$600 /report (annually only)

ALL SALES FINAL. THE DEPARTMENT DOES NOT HAVE REFUND AUTHORITY.

Producer action (cont'd from pg. 10)**Denial of Producer License**

Thomas J. Elliott
3636 South Prairie Avenue
Chicago, IL 60653
Effective 03/06/03 (2)

Philip A. Fair
8801 South Bennett
Chicago, IL 60617
Effective 6/16/03 (4)

Shawn D. Fuller
216 North 25th
Mattoon, IL 61938
Effective 05/19/03 (6)

Abimael Gallardo
2233 South Bell
Chicago, IL 60608
Effective 04/30/03 (4)

Juan J. Madrigal
2326 North Central
Peoria, IL 61605
Effective 04/30/03 (4)

Patricia L. Mahon
12209 Christian Hollow Road
Winslow, IL 61089
Effective 7/21/03 (4)

Reginald Pugh
49 North Park Road
Machesney Park, IL 61115
Effective 7/21/03 (3)

Bobbi L. Smith
1831 2nd Avenue, Apt. 1
Sterling, IL 61081
Effective 7/07/03 (4)

Patty E. Sneed
416 West South 4th Street
Red Bud, IL 62278
Effective 6/26/03 (3)

Nicholas Spero
717 Morton Street
Batavia, IL 60510
Effective 03/06/03 (3)

William J. Sweet, Jr.
8780 Van Emmon
Yorkville, IL 60560
Effective 6/27/03 (3)

Thomas E. Valenty
3021 West Wolfe Road
Chicago, IL 60164
Effective 11/10/01 (3)

Suspensions

Lawrence Alexander
3623 173rd Court, Apt. 6A
Lansing, IL 60438
Effective 04/21/03 (2)

Suspension Lifted

Michael C. Leonard
15W630 Lexington, #G3
Elmhurst, IL 60126
Effective 03/21/03 (1) ♦

Exam reports filed**Market Conduct**

All American Life Insurance Co.
5/28/03
Allianz Life Insurance Company
of North America
5/28/03
Concert Health Plan
5/28/03
Illinois Casualty
6/27/03
Liberty Mutual
6/30/03 ♦

Illinois Department of Insurance
320 West Washington Street
Springfield, Illinois 62767

Address Service Requested

PRSR STD
U.S. Postage
PAID
Springfield, IL 62767
Permit No. 821