

Illinois Insurance

Published by the Illinois Department of Financial and Professional Regulation,
Division of Insurance

December 2004 – #6

In this issue:

Consumer hotline set up to report insurance industry fraud	1
Dale Emerson retiring after 32 years	2
Hanson promotion announced	2
ICHIP continues to break new ground with Health Coverage Tax Credit Gap Filler Project	3
ICSOFE Fall seminar held	3
Exam reports filed	3
Producer regulatory action	4
Hearings	5
Staff designations announced	5
Company action	6
Division of Insurance has new Chicago address	6
Legislative summary delayed	6

Illinois Insurance is the official regulatory newsletter of the Illinois Department of Financial and Professional Regulation, Division 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 Insurance Division's Web site at: www.idfpr.com

Acting Director . . . Deirdre K. Manna
Editor Sue Anders
Graphics Shelley McQuern



Illinois Insurance ISSN 0094-7660

Consumer hotline set up to report insurance industry fraud

The Illinois Department of Financial and Professional Regulation (IDFPR), Division of Insurance announced in November that it is asking for help from Illinois consumers who have concerns about their business dealings with insurance brokerage firms. This information will be used in a widening investigation into the business practices of major insurance brokers to determine whether company sales and commission practices are consistent with Illinois law.

"It is particularly troubling if working men and women are paying higher premiums for insurance policies or receiving less generous benefits than could be offered," said Acting Director Deirdre K. Manna. "We will ensure that all insurance consumers are treated fairly," she promised.

A statewide hotline has been established for consumers with concerns about their dealings with insurance brokers: **1-866-445-5364**. For those with more detailed concerns, a special consumer complaint link can be found at www.IDFPR.com. This will allow customers of insurance brokers to provide confidential information to the Division's investigators.

Business practices under investigation by the Division of Insurance include insurance companies paying commissions to brokers (in addition to the fees paid by com-

panies seeking to purchase insurance) that may sway the brokers' portrayal of a benefit package to their corporate customers; encouraging insurance companies to provide fake bids to their clients, so favored company policies are accepted as the best option; and including insurance commissions in the premiums paid by employees who either pay part of the cost for company-provided benefits or purchase supplemental insurance options that may be offered as part of employee benefit packages.

"We encourage policyholders and risk managers to assess whether they have been subject to these types of practices and, if so, to contact our Division," Manna urged. "Brokers and insurance companies that have been abusing the system for personal gain will be identified and appropriate actions will be taken to see that all consumer concerns are addressed."

The IDFPR Division of Insurance is taking a leadership role on a coordinated, multi-state mission, along with members of the National Association of Insurance Commissioners (NAIC), to address the issue aggressively. Acting Director Manna will represent Illinois in a commissioner-level working group of the NAIC to focus on preventing future abuses and protecting consumers at all levels. ♦

Dale Emerson retiring after 32 years

In 1972, a young man named Dale Emerson started with the Department as a Market Conduct Examiner. In those days most exams were conducted in Chicago, and Dale quickly learned to call the "HoJo's" (Howard Johnson's Motel) in Skokie his home. It was in this job as an examiner that Dale quickly learned about the many areas of the regulatory process and where he honed the regulatory skills that he would come to use so effectively in the years to follow.

Dale moved up quickly through the ranks, both in Market Conduct and in Consumer Services, and was promoted to the post of Assistant Deputy Director, the position that he still holds today. While he never forgot his roots in Market Conduct, he truly found his niche in the Department while supervising the Consumer Complaint Section.

One might ask why Dale stayed in that position for so long given the highly stressful nature of the job. It takes a very special person to work in an environment that is as emotionally draining as consumer complaints. Dale excelled in being able to settle even the most complicated situation, while still getting involved in everyday file handling if the volume became too burdensome for the analysts.

Dale has a work ethic that all admire but few could duplicate. He often arrives at the office before dawn and scours the wire services and Internet for insurance articles that will be of interest to both the Division and staff members. Dale has been the person



Dale Emerson

that many people in the Division turn to when faced with a difficult question on coverage, interpretations of laws or Division procedure, or to just sit and talk with.

Certainly, the members of the Producers Licensing Examination working group will miss his tireless contributions to the review sessions. After reviewing questions for hours on end, Dale would go back to his room and write new questions so that the other members could go out and enjoy a nice dinner and relax after a grueling day. That's because Dale is that kind of guy, dedicated to the Division, other employees, and his friends.

Soon Dale will be leaving this position that he has held for so many years to spend more time with the one thing that means the most to him, his beloved family. The Division will be losing an excellent employee, the staff will be losing a great friend, but perhaps the biggest void will be the loss that will be suffered by the insurance consumers whom Dale protected so well.

Good luck and best wishes from all of us at the Division of Insurance. ♦

Hanson promotion announced

James M. Hanson has been named Acting Assistant Deputy Director of the Financial Regulation Section of the IDFPR Division of Insurance effective October 1, 2004. Hanson replaces Jeff Pirman, who had previously held the position since 1997.

The Financial Regulation Section is responsible for the financial oversight of more than 1,800 property and casualty, life and health, fraternal organizations and other insuring entities.

Hanson has worked for the Insurance Division in Illinois since 1976 in a variety of capacities. He has served for many years on a number of committees at the National Association of Insurance Commissioners (NAIC), including the Statutory Accounting Principles, Emerging Accounting Issues, and Financial Analysis working groups. He also served on the working group that developed the NAIC Accounting Practices and Procedures Manual.

"Jim Hanson brings years of experience to the problems affecting financial regulation of insurance companies, and we are fortunate to have that experience at work for us in Illinois," said Jack Messmore, the Division's Chief Deputy Director.

Hanson graduated from Eastern Illinois University and also holds an MBA from that institution. He is also a Certified Public Accountant. ♦

ICHIP continues to break new ground with Health Coverage Tax Credit Gap Filler Project

-by Jonathan Taylor, Jr., Director of Marketing and Membership, ICHIP

The Illinois Comprehensive Health Insurance Plan (ICHIP) continues to break new ground with a grant for approximately \$2,803,000 from the U.S. Department of Health and Human Services to provide partial premium relief for Health Coverage Tax Credit eligible individuals.

The Health Coverage Tax Credit (HCTC) "Gap Filler" grant is designed to provide financial assistance to those individuals who are applying for the usage of the HCTC through the State of Illinois' ICHIP program. The "Gap Filler" will allow applicants to benefit from receiving assistance the equivalent of 65% of their health insurance premiums during the initial two months without the traditional waiting period associated with the HCTC sign-up pro-

cess. In the past, applicants could be required to pay 100% of the first two months' health insurance premiums until the monthly advance tax credit took effect. For many individuals this will remove a barrier that may have prevented them from taking advantage of the HCTC in the past. The "Gap Filler" grant will allow eligible individuals to receive immediate financial assistance.

If you have any questions regarding the National Emergency Grant HCTC "Gap Filler" project, please contact the Illinois Comprehensive Health Insurance Plan's board office at 866/851-2751 (Illinois residents) or 217/782-6333 (outside Illinois) and by visiting our Web site at www.chip.state.il.us. ♦

ICSOFE Fall seminar held

The Illinois Chapter of the Society of Financial Examiners (ICSOFE) held its Fall seminar October 13 through 15 at the Michael J. Bilandic Building in Chicago. The seminar was geared for financial examiners and financial analysts. The Society also conducted its annual meeting during that time, elected new directors and appointed officers for the coming year.

The seminar provided participants 18 hours of continuing regulatory and professional education credits (CRE and CPE). It covered current topics of interest on the risk assessment process and its impact on the NAIC Financial Condition Examiners Handbook; an update from the NAIC on changes in the Model Law on Custodial Assets, Insurance Holding Companies, and International Accounting Issues; a panel discussion on the examination approach and execution of coordinated and lead state examinations; a property and casualty actuarial update on current trends and issues; the mapping of internal controls on diverse and complex holding company systems; an economic review and update of the state of the economy; the pros and cons of regulatory initiatives relating to the implementation of certain sections of the federal Sarbanes/Oxley Act to the insurance industry; and discussion and analysis of investments, HMO statements, farm mutual statements, and property and casualty statements. ♦

Exam reports filed

Financial

Ancilla Insurance Trust
11/17/04
Bankers Multiple Line Ins. Co.
11/01/04
Brothers of the Christian Schools and Affiliates
11/17/04
Fort Dearborn Life Insurance Co.
11/08/04
Holy Family Society of the United States of America, The
11/08/04
Illinois AG Service Workers Compensation Trust
10/07/04
Illinois Cemetery and Funeral Services Workers Compensation Trust
10/07/04

McDonald's Operators Risk Management Association
11/19/04
Midway Insurance Company of IL
10/07/04
MTL Insurance Company
11/17/04
Mutual Trust Holding Company
11/17/04

Market Conduct

Group Health Plan, Inc.
10/08/04
Medmarc Casualty
10/19/04
United Automobile Insurance Co.
9/17/04 ♦

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

Cynthia A. Redict-Adams
12823 South Union Avenue
Chicago, IL 60628
Effective 6/17/04 (3)

Van D. Bounatsos
16930 Yearling Crossing
Orland Park, IL 60467
Effective 10/04/04 (3)

Illinois Auto Ins. Service, Inc.
3550 West Peterson Avenue
Chicago, IL 60659
Effective 9/24/04 (4)

Denial of Producer License

John R. Barrick
303 East 3rd Street
Mackinaw, IL 61755
Effective 11/15/04 (5)

George W. Allroth
16510 Churchview Drive
Orland Park, IL 60467
Effective 10/04/04 (2)

Arthur C. Carmichael, Jr.
1585 Grant Road
Los Altos, CA 94024
Effective 10/26/04 (7)

Gregory M. Jacobs
639 Anderson Boulevard
Geneva, IL 60134
Effective 10/29/04 (10)

Daniel J. Stine
Route 2, Box 158A
Farina, IL 62838
Effective 10/21/04 (2)

Valley Global Ins. Brokers, LLC
84 South First, 2nd Floor
San Jose, CA 95113
Effective 10/26/04 (7)

Tonya M. (Hunter) Watson
515 Royal Avenue
Belvidere, IL 61008
Effective 11/19/04 (1)

Hillbert A. Kritch
1401 Eastwood Lane
McHenry, IL 60050
Effective 10/21/04 (3)

Marian Schlessinger
5748 North St. Louis Avenue
Chicago, IL 60659
Effective 9/24/04 (4)

Timothy J. Stearns
1003 North Salem Avenue
Arlington Heights, IL 60004
Effective 10/22/04 (3)

Suspension

John Bedford
513 Glacier Trail
Roselle, IL 60172
Effective 11/19/04 (2)

Rodney P. Crandall, Jr.
8110 Wonderview
Wonder Lake, IL 60097
Effective 11/19/04 (2)

Daniel S. Elleson
39 Roundtable Road
Springfield, IL 62704
Effective 11/04/04 (2)

Roland L. Fletcher
1512 Candletree Drive, Apt. 302
Peoria, IL 61614
Effective 11/19/04 (2)

Paul C. Forbich
7669 North Sheridan Road
Suite 1H
Chicago, IL 60626
Effective 11/07/04 (2)

Miles A. Hill
7351 South Drexel Avenue
Chicago, IL 60619
Effective 11/12/04 (2)

John L. Phillips
611 Derbyshire Lane
Bolingbrook, IL 60440
Effective 11/07/04 (2)

Revocation

AA&A Insurance Agency, Inc.
10016 South Western Avenue
Suite 200
Chicago, IL 60643
Effective 11/17/04 (8)

Robyn S. Dreith
227 Mill Street
Bethalto, IL 62010
Effective 11/07/04 (2)

Curtis D. Mase
176 Rosin Street
Glen Carbon, IL 62034
Effective 9/30/04 (22)

Corrine Francis Parks
72 Iliad Drive
Tinley Park, IL 60477
Effective 11/17/04 (8)

Yvonne Spear
6943 South Eggleston Avenue
Chicago, IL 60621
Effective 5/04/04 (8)

Barbara J. Triplett
PO Box 2083
Calumet City, IL 60409
Effective 11/11/04 (2)

Stipulation and Consent Order-Civil Forfeiture Not Paid

R. W. Miller Insurance Agcy., Inc.
6897 West Main
Belleville, IL 62223
Effective 8/24/04 (5)

Ronald W. Miller
212 Britanna Drive
Belleville, IL 62226
Effective 8/24/04 (5)

Voluntary Revocation

Steven C. Catt
2005 North State Road 67
Vincennes, IN 47591
Effective 9/27/04 (1)

George A. Weed
120 Cardinal Drive, Box 727
Benton Lake, IL 62812
Effective 10/28/04 (1)◆

Hearings

Settled without Hearing:

George W. Allroth
Hearing No. 04-HR-0619
Dismissed 10/04/04

John R. Barrick
Hearing No. 04-HR-0756
Dismissed 11/15/04

Central Stickney FPD Firefighters
Pension Fund
Hearing No. 04-HR-0743
Dismissed 11/17/04

Greater Round Lake FPD
Firefighters Pension Fund
Hearing No. 04-HR-0745
Dismissed 10/04/04

Illinois Non Profit Risk
Management Association
Hearing No. 04-HR-0882
Dismissed 10/28/04

Koz Trucking Company
Hearing No. 4122
Dismissed 11/17/04

Murphysboro Police Pension
Fund
Hearing No. 04-HR-0747
Dismissed 11/17/04

National Health Insurance Co.
Hearing No. 04-HR-0467
Dismissed 10/04/04

Orland Hills Police Pension Fund
Hearing No. 04-HR-0751
Dismissed 11/17/04

Corrine Francis Parks
AA&A Insurance Agency, Inc.
Hearing No. 04-HR-0867
Dismissed 11/17/04

Richton Park Police Pension Fund
Hearing No. 04-HR-0749
Dismissed 11/17/04

Sandwich Police Pension Fund
Hearing No. 04-HR-0753
Dismissed 10/04/04

Scheduled Hearings:

Georgia M. Cross
Millers First Insurance Company
Hearing No. 04-HR-1115
Cancellation 12/21/04

James Todd Gray
Hearing No. 04-HR-0121
Revocation of licensing authority
12/08/04

Homemaker Companion Services,
Inc.

Craig B. Winholtz
Lucas A. Burton
Hearing No. 04-HR-0906
Cease and desist 12/20/04

Illinois Grocers Risk Management
Association
Hearing No. 3902
Pre-hearing conference
Workers' comp assessment
12/09/04

Ray E. Knickman II
Lori A. DeWitt
Midwest Integrity Underwriters
Agency, Inc.
Hearing No. 04-HR-0076
Pre-hearing conference
Revocation of licensing authority
1/05/05

McDonalds Operations Risk
Management Association
Hearing No. 3912
Workers' comp assessment
2/23/05

Peoria Area Chamber of
Commerce Trust
Hearing No. 3903
Pre-hearing conference
Workers' comp assessment
12/10/04

Thomas Q. Reed
Hearing No. 04-HR-0991
Revocation of licensing authority
12/22/04

Senior Insurance Services, Inc.
Hearing No. 04-HR-0383
Notice of apparent liability
12/09/04

Smart Health Care Solutions
Team Benefits, LLC
Doug Bowers
Hearing No. 04-HR-0883
Cease and desist 1/06/05

Completed Hearings:

Arthur Commons Carmichael, Jr.
Valley Global Ins. Brokers, LLC
Hearing No. 04-HR-0417
Request for non-resident license
denied 10/26/04

Henry Fleming, Sr.
Hearing No. 04-HR-102
Licensing authority revoked
11/30/04

Michael A. Jackson
Hearing No. 04-HR-0423
Licensing authority denied
11/30/04

Gregory M. Jacobs
Hearing No. 04-HR-0585
Application for licensing authority
denied 10/29/04 ♦

Staff designations announced

The following Division of Insurance staff member has recently earned a professional designation awarded by the Society of Financial Examiners:

Casey Shaw, Field Staff Examiner, **Accredited Financial Examiner (AFE)**, 10/21/04. ♦

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:

Group Health Plan, Inc., MO,
10/08/04; \$25,000
Medmarc Casualty, VA,
10/19/04; \$20,000
United Automobile Insurance
Company, FL, 9/17/04; \$10,000◆

Division of Insurance has new Chicago address

The Division of Insurance recently moved offices within the James R. Thompson Center. Please make a change in the delay or denial letters that are provided to consumers in accordance with Part 919 of the Title 50, Illinois Administrative Code.

The new address is:

IL Department of Financial
and Professional Regulation
Division of Insurance
James R. Thompson Center
100 W. Randolph, Suite 9-301
Chicago, IL 60601-3251◆

Legislative summary delayed

Every year in the October newsletter, the Division of Insurance releases a summary of insurance-related legislative bills. These bills passed both houses of the General Assembly during the Spring session and were signed by the Governor. The summary for the 2004 Spring session has been unavoidably delayed and will be published in our February 2005 issue. We apologize for any inconvenience this may have caused.

**Illinois Department of Financial and Professional Regulation
Division of Insurance
320 West Washington Street
Springfield, Illinois 62767**

Address Service Requested

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