

PRESS RELEASE

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GOVERNOR



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COHEN RESIGNS AS DIRECTOR OF INSURANCE

Charles Cohen announced that he is resigning as state Director of Insurance, effective October 24, 2003.

Cohen, an attorney, began representing the Department of Insurance as an Assistant Attorney General in 1987. From 1992 to 1998 he held several positions on the Department's executive staff, and served as Deputy Director of the agency for four different Directors. Governor Hull appointed him as Director for the remainder of a term in 1998, and then appointed him for a full six-year term in 2000.

Cohen explained that it is his own decision to resign to seek new challenges and opportunities.

As Director of Insurance, Cohen led the Department of Insurance to numerous achievements to enhance consumer information, assistance and protection, to promote competitive insurance markets, and to improve the operations and efficiency of the Department, including:

- Establishment of a Managed Care Section to oversee the health care delivery operations and provider payment systems of HMOs and prepaid dental plans
- Establishment of a Health Care Appeals Section to enforce health care appeals systems requirements for insurers and to administer a process for external review of denials
- Reform of the regulatory regime for credit insurance products including: lowered rates for credit life and credit disability insurance to save Arizona consumers approximately \$20 million per year in premiums; establishment of new rate standards for credit property and credit unemployment insurance to ensure at least a 50% loss ratio (percent of insurer's premium income spent on claims payments). (Prior to these standards loss ratios for many insurers

selling credit property and unemployment insurance in Arizona were in the single digits.)

- Enhancement and expansion of the Department's public information programs, including:
 - Introduction of numerous insurance-related consumer publications and shopping guides, including:
 - Medicare Supplement Insurance Premium Comparison
 - Managed Care Complaint Ratios
 - Consumer Guides to Group Health Insurance, Individual Health Insurance, Health Care Appeals, and Automobile Insurance
 - Understanding How Insurers Use Credit Information
 - Introduction of Spanish language versions of key consumer publications
 - Introduction of an external newsletter reporting on agency developments and actions
 - Re-design and updated content of agency public reports, including Annual Report
- Enhancement of the Department's web site, providing information and services to consumers, licensees and other stakeholders, earning an "A" grade from the Consumer Federation of America
- Enhancement of the Department's licensing services, including "On The Spot" licensing for agents, and significantly reduced licensing times for insurers
- Streamlined the Department's processes for reviewing new insurance products
- Led the Department of Insurance to attain the National Association of Insurance Commissioner's Financial Regulation Accreditation, State Regulation 2000, and Uniform Regulation Through Technology awards recognizing proficiency in financial regulation and achievements in regulatory modernization
- Led the initiation of the captive insurance industry in Arizona through development and enactment of enabling and subsequent legislation, establishment of a Captive Insurance Division, appointment of a Captive Insurance Administrator, and the promotion of collaboration among public and private sector stakeholders
- Served on the Medicare Competitive Pricing Demonstration Area Advisory Committee, which convinced a congressionally established national governing committee to delay a Medicare HMO competitive bidding demonstration in Maricopa County which would have exacerbated hardening of the managed care market in Arizona
- Led successful efforts to obtain enactment of numerous items of legislation, including:
 - Modernized scheme for nationally uniform licensing of insurance producers (ie., agents)
 - Modernized scheme for nationally uniform insurer financial accounting requirements
 - Modernized scheme for "Risk Based" capital standards for HMOs and other managed care organizations that significantly improved HMO capitalization in Arizona

- Modernized scheme for regulation of Long Term Care insurance to bring Arizona up to national standards in areas such as rate stability and non-forfeiture of benefits
- Peace officer authority for insurance Fraud Unit investigators
- New regulatory scheme for credit property and credit unemployment insurance products to introduce rate regulation and consumer disclosure requirements
- Led the Department in developing and providing insurance-related information and assistance to victims of wildfires

In his letter of resignation, Cohen stated, "I cannot adequately express what it has meant to me to have the honor of serving as Arizona's Director of Insurance, to work with the fine people of the Department of Insurance, and to serve the Governor and the people of Arizona. I will regard with great pride and pleasure the many improvements to, and accomplishments of, the Department of Insurance, and the many instances of needed assistance and protection rendered to Arizona insurance consumers, while I have been the Director."

Cohen has not yet determined what he will do next. "I have ideas, but this announcement is the start of exploring real opportunities and making decisions," he explained.

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