



**PROTECTING  
OKLAHOMA**

**JOHN D. DOAK**  
INSURANCE COMMISSIONER

OKLAHOMA  
INSURANCE  
DEPARTMENT



104<sup>TH</sup> ANNUAL REPORT  
AND DIRECTORY  
OF INSURANCE AND  
RELATED COMPANIES



**OKLAHOMA INSURANCE DEPARTMENT**

# INSURANCE COMMISSIONER



**JOHN D. DOAK**

**OKLAHOMA  
INSURANCE**

**D E P A R T M E N T**

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*The Honorable Mary Fallin, Governor of Oklahoma*  
*The Honorable Brian Bingman, President Pro Tempore of the Senate*  
*The Honorable Kris Steele, Speaker of the House*  
*The Honorable Gary Jones, State Auditor and Inspector*



I present to you the 2011 Annual Report of the Oklahoma Insurance Department.

In accordance with Oklahoma Statutes Title 36 § 307 this report summarizes the financial disclosure and listing of operating companies in Oklahoma and the activities of the Oklahoma Insurance Department through the period ending Dec. 31, 2010.

I am honored to have served the people of Oklahoma since Jan. 10, 2011. This report represents the work of the previous administration. Should there be any questions about the contents of this report, my staff and I are at the disposal of both the citizens and the elected officials of Oklahoma.

Sincerely,

A handwritten signature in black ink that reads "John D. Doak".

John D. Doak  
Oklahoma Insurance Commissioner

The Oklahoma Insurance Department is accredited by the National Association of Insurance Commissioners (NAIC).

To achieve this accreditation, the Department must meet stringent national standards that demonstrate it effectively regulates insurance companies for solvency.

Commissioner Doak and the staff of the Oklahoma Insurance Department view accreditation by the NAIC as an important part of our commitment to the citizens of Oklahoma.

Accreditation standards enable us to provide expanded consumer protections and to institute and maintain the highest standards in financial regulation.

The Department in 2011 underwent an interim review restoring full five-year accreditation, confirming that significant improvement had occurred since March 2010 when the NAIC issued the prior administration only a provisional accreditation.



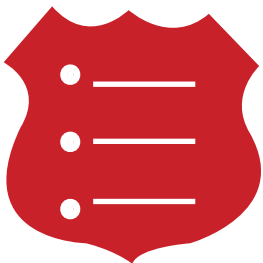
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## ABOUT JOHN D. DOAK

Oklahoma Native and Tulsa resident John D. Doak was sworn in as the 12th Insurance Commissioner of Oklahoma on Jan. 10, 2011.

As Insurance Commissioner, Doak pledges to work with the industry, fostering competition and innovation in insurance products and serving as an advocate for common sense solutions to insurance issues, benefiting all Oklahomans.

Commissioner Doak graduated in 1988 from the University of Oklahoma with a Bachelor of Arts degree in political science.

He began his insurance career shortly after college graduation by founding his own branch of the Farmers Insurance Agency in Tulsa. As an entrepreneur Doak grew his small business, employing other agents and support staff as the agency gained customers throughout the Tulsa-area. Over the course of six years he would receive numerous awards and commendations for his success, including being named Farmers' third Top Life Insurance Salesman in Oklahoma.

Doak left Farmers to work in the executive level of the insurance industry at firms such as Marsh, Aon Risk Services, HNI Risk Services, and finally at Ascension Insurance, where he served as Senior Vice President of Acquisitions.

Such diverse experience in the industry — from small business owner to corporate executive — gives Commissioner Doak a broad understanding of how insurance works; knowledge that benefits the businesses and citizens of Oklahoma.

### **Current Initiatives**

Under Commissioner Doak's leadership the Oklahoma Insurance Department has taken strides to reduce waste, streamline services, and advocate on behalf of Oklahoma consumers.

His administration has cut staffing from a statutory limit of 153 full-time employees to 118 full-time employees, creating a leaner administration and saving taxpayer money.

Through the implementation of new technology the Insurance Department has allowed insurance agents, claims adjusters and citizen policyholders the ability to file and receive information with modern efficiency.

Commissioner Doak and his wife, Debby, live in Tulsa with their children, Zack and Kasey.

# DIVISIONS AND PROGRAMS

Oklahoma's Insurance Department is the bridge between the state's citizens and its licensed producers, providing the framework to assure consumers safe passage as they venture into the insurance market.

The following divisions and programs are available to serve and protect Oklahoma's insurance consumers and manage the Oklahoma Insurance Department's daily business:

## **ANTI-FRAUD UNIT**

The commissioned peace officers of the Anti-Fraud Unit investigate white-collar crimes related to the insurance industry and work with a number of local, state and federal partners to bring offenders to justice. They also conduct administrative investigations of regulatory violations pertinent to the insurance industry.

## **BAIL BONDS**

The Bail Bonds Division is responsible for all aspects of licensing, supervision and regulation of bail bondsmen in Oklahoma. The division determines whether applicants meet the qualifications for licensure as set forth in the Oklahoma Statutes.

## **COMMUNICATIONS**

The Communications Division is a team of policy and media professionals who deliver OID's message to government agencies, the press, the insurance industry and the public through print, audio/visual and electronic means.

## **COMPTROLLER**

The Comptroller Division is responsible for planning and coordinating the internal fiscal operations of OID, including budgeting, accounting, procurement of goods and services, etc.

## **CONSUMER ASSISTANCE/CLAIMS DIVISION**

This division is responsible for investigating complaints/inquiries lodged against insurance companies by the public. The division also answers all routine requests for information concerning insurance companies and policies.

## **EXECUTIVE**

The Executive Branch of the OID includes deputy commissioners who serve as key advisors to the Commissioner and departmental leaders within the agency's structure.

## **FINANCIAL**

The Financial Division monitors the financial condition of all domestic (Oklahoma-domiciled) and foreign (non-Oklahoma-based) insurance companies operating in the state; conducts routine examinations of insurance companies domiciled in Oklahoma; performs market conduct examinations; approves the admission of all insurance organizations, dental organizations, risk retention groups, risk purchasing groups, surplus lines companies, pre-paid funeral trusts, motor service clubs, service warranty companies, accredited



# DIVISIONS AND PROGRAMS

reinsurance companies, third party administrators, and professional employer organizations; oversees securities deposited by insurance companies; and collects premium and surplus lines taxes.

## HUMAN RESOURCES

The Human Resources Division handles pre-employment verifications, payroll, leave requests, discipline, worker training and employee benefits, as well as other duties related to managing Department personnel.

## INSURE OKLAHOMA

The Oklahoma Insurance Department's role within the Insure Oklahoma program is to educate small business owners, agents and individuals about programs offered through Insure Oklahoma.

## LEGAL

The Legal Division is an experienced and qualified team of attorneys appointed by the Insurance Commissioner to render legal advice to OID and appear on behalf of the Department and the Commissioner in virtually all litigation that may arise in the discharge of his duties.

## LICENSING AND EDUCATION

The licensing and education division is responsible for the licensure of insurance producers and adjusters, including surplus lines brokers, title producers, agencies, and customer service representatives operating within Oklahoma. This division also monitors licensees' compliance with insurance statutes and ensures that they maintain continuing education accreditation as required by Oklahoma Statutes.

## RATE AND FORM COMPLIANCE

This division receives and reviews life, accident and health and property and casualty rate and form filings, certifies Utilization Review companies and licenses Advisory Organizations.

## REAL ESTATE APPRAISER BOARD

Established in 1990 as an independent adjunct to the Insurance Department, this panel was devised to fulfill a then-new federal requirement that all real estate appraisers be certified by a state licensing and certification agency in order to appraise for federally-related transactions and real estate related transactions of the Federal Government.

## SENIOR HEALTH INSURANCE COUNSELING PROGRAM (SHIP)

This division was developed to guide and counsel seniors in understanding and exercising their many options under Medicare.

## SENIOR MEDICARE PATROL (SMP)

The Senior Medicare Patrol (SMP) is a partnership between the federal government and Oklahoma to create a community-based, volunteer-driven fraud detection program.

## TOBACCO CESSATION SYSTEMS INITIATIVES

This division is tasked with utilizing a share of Oklahoma's tobacco settlement trust funds to promote effective tobacco cessation programs in Oklahoma.



# CONTACT INFORMATION

## EXECUTIVE TEAM

John D. Doak, Insurance Commissioner.....	405.521.2668
Paul Wilkening, Deputy Commissioner of Administration.....	405.521.2668
Denise Engle, Deputy Commissioner of Workers' Compensation.....	405.521.2668
Mike Rhoads, Deputy Commissioner of Health Insurance .....	918.295.3700
Owen Laughlin, Deputy Commissioner of Legal Affairs.....	405.521.2746
Joel Sander, Deputy Commissioner of Finance.....	405.521.3966
Rick Farmer, Assistant Commissioner of Government Affairs, Public Policy and Communications.....	405.522.8398
Randy Brogdon, Deputy Commissioner of ISO/Outreach.....	918.295.3700

## CONTACT PERSONS (in-state toll free: 800.522.0071 • 405.521.2828)

### Anti-Fraud Unit

Michael Copeland, Director.....[michael.copeland@oid.ok.gov](mailto:michael.copeland@oid.ok.gov)

### Bail Bonds

Anna Denman, Manager.....[anna.denman@oid.ok.gov](mailto:anna.denman@oid.ok.gov)

### Communications

Glenn Craven, Communications Officer.....[glenn.craven@oid.ok.gov](mailto:glenn.craven@oid.ok.gov)

### Comptroller

Joel Sander, Deputy Commissioner of Finance.....[joel.sander@oid.ok.gov](mailto:joel.sander@oid.ok.gov)

### Consumer Assistance

Lydia Shirley, Assistant Director.....[lydia.shirley@oid.ok.gov](mailto:lydia.shirley@oid.ok.gov)

### Executive

Jennifer Coleman, Executive Assistant.....[jennifer.coleman@oid.ok.gov](mailto:jennifer.coleman@oid.ok.gov)

### Financial

Frank Stone, Chief Actuary.....[frank.stone@oid.ok.gov](mailto:frank.stone@oid.ok.gov)

### Human Resources

Angie Fields, HR Manager.....[angie.fields@oid.ok.gov](mailto:angie.fields@oid.ok.gov)

### Insure Oklahoma

Rebecca Ross, Outreach Coordinator.....[rebecca.ross@oid.ok.gov](mailto:rebecca.ross@oid.ok.gov)

### Legal

Susan Dobbins, Deputy General Counsel.....[susan.dobbins@oid.ok.gov](mailto:susan.dobbins@oid.ok.gov)

### Licensing and Education

Denise Engle, Deputy Commissioner of Workers' Compensation.....[denise.engle@oid.ok.gov](mailto:denise.engle@oid.ok.gov)

### Rate and Form Compliance

Denise Engle, Deputy Commissioner of Workers' Compensation.....[denise.engle@oid.ok.gov](mailto:denise.engle@oid.ok.gov)

### Real Estate Appraiser Board

Christine McEntire, Director.....[reablegal@oid.ok.gov](mailto:reablegal@oid.ok.gov)

### SHIP/SMP/Tobacco Cessation Systems Initiatives

Ray Walker, Divisional Director.....[ray.walker@oid.ok.gov](mailto:ray.walker@oid.ok.gov)



# OID BY THE NUMBERS

## Financial Examinations

Domestic Life & Health Companies...	7
Domestic Property & Casualty Co. ....	9
Domestic Title Insurers .....	1
Domestic HMO .....	4
Domestic Mutual Benefit .....	0
Domestic Non-Profit.....	1
Market Conduct Exams .....	2

## Rate and Form Compliance Division

### Insurance Product Rate and Form Filings

Filings Received.....	10,282
-----------------------	--------

### Licensing

Advisory Organizations .....	12
Utilization Review Organizations.....	125



## Licenses Issued

Resident producers (new).....	2,183
Total resident producers .....	6,941
Resident limited lines producers (new).....	741
Total resident limited lines producers.....	1,705
Non-resident producers (new).....	11,553
Total non-resident producers.....	28,426
Non-resident limited lines producers (new).....	138
Total non-resident limited lines producers .....	160
Resident adjusters (new).....	580
Total resident adjusters .....	2,097
Non-resident adjusters (new).....	8,535
Total non-resident adjusters.....	17,033
<b>Total producers/adjusters on file .....</b>	<b>135,832</b>

## Agencies

Resident agencies (new) .....	202
Total resident agencies.....	813
Non-resident agencies (new) .....	727
Total non-resident agencies .....	2,246

## Continuing Education

Conferences hosted by OID .....	4
Courses approved .....	2,842
Courses offered in Oklahoma.....	4,515
Courses approved via NAIC reciprocity .....	1,247

## Consumer Assistance

Incoming calls .....	36,125
Files opened .....	4,005
Files closed.....	3,958
Money recovered.....	\$4,828,578.88

## Fraud

Complaints received.....	1,147
Cases opened.....	408
Referrals for prosecution.....	87
Money recovered.....	\$555,682

## E.A.G.L.E. Mediation

Mediations settled.....	2
Settled prior to mediation.....	0
Decline to mediate.....	4

## Bailbonds

Bond licenses (new) .....	49
Renewed licenses .....	505
Total bond licenses .....	520

## Real Estate Appraiser Board

Appraiser applicants (new) .....	81
Total appraisers .....	1,177

## SHIP/SMP

Community presentations .....	893
People reached through community events .....	45,707
Incoming calls .....	11,367
Counseling hours .....	4,503

# OID RECEIPTS, REVENUE DISTRIBUTION AND EXPENDITURES



## Fiscal Year 2010 Receipts

State Appropriation .....	\$ 2,215,435
Federal Funds .....	\$ 925,435
Program Revenues (Net of Refunds)	
Premium & Other Taxes .....	\$ 176,409,676
Licenses, Permits and Fees .....	\$ 28,118,025
Sales and Services .....	\$ 171,727
	<b>\$ 207,840,298</b>

## Distribution of Program Revenues

General Revenue .....	\$ 109,513,064
Firefighter's Pension .....	\$ 54,150,793
Police Pension .....	\$ 22,287,827
Law Enforcement .....	\$ 7,956,367
Attorney General .....	\$ 418,313
OID Funds .....	\$ 11,324,341
Reserve for Refunds and Other Charges .....	\$ 2,189,594
	<b>\$ 207,840,298</b>

## FY 2010 Expenditures

Administrative Services .....	\$ 4,210,554
Regulatory Services .....	\$ 7,398,714
	<b>\$ 11,609,268</b>

# 2010-2011 TRANSITION

## Turn Over Audit

The Office of the State Auditor and Inspector performed a turn over audit of the Oklahoma Insurance Department for the period July 1, 2010 through January 10, 2011. The report was intended to examine internal procedures and the financial records of the Oklahoma Insurance Department during that time frame.



The turnover audit consisted of a review of expenditure claims and sampled the inventory report (office furniture and equipment) for the information and use of the Department management.



## Financial Audit

An independent financial audit of the Oklahoma Insurance Department is performed on an annual basis. The audit is conducted in accordance with auditing standards generally accepted in the United States, standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and generally accepted accountign principles.

No negative findings were reported in the audit performed for the fiscal year ending June 30, 2010.

## Accreditation

An NAIC accreditation review team visited the Oklahoma Insurance Department during February 2010 and concluded that the financial examination section of the accreditation review process did not meet the full five-year accreditation standards. A re-review was required within eighteen months. The normal accreditation is for a full five years.

Soon after taking office, Commissioner Doak set high standards for his staff to address the issues brought up by the accreditation team members. After the re-review, NAIC's accreditation review team left Oklahoma satisfied that its prior concerns were appropriately addressed and corrected. The NAIC found that "substantial improvement" had occurred in OID's processes as the Doak administration implements new and improved protocols. The re-review team leader recommended that Oklahoma be returned to a full, five-year accreditation status, and that standing was confirmed Wednesday, November 2, 2011 by NAIC's Financial Regulation Standards and Accreditation Committee, which consists of 16 insurance commissioners from various states.

# LICENSED INSURANCE COMPANIES

The following section illustrates basic financial and other pertinent information concerning the approximately 1,500 insurers licensed as admitted carriers by the Oklahoma Insurance Department. An insurance company that wishes to conduct business in Oklahoma is approved to do so only after a thorough review of its financial condition, record of consumer-related conduct, and any other matters that the Oklahoma Insurance Commissioner deems relevant.

Most insurance policies written in Oklahoma are protected by a Guaranty Association, established to protect policyholders in the event an admitted company becomes financially insolvent.

**Definitions:****ASSETS:**

The value of items owned that represent probable future economic benefits to a company.

**LIABILITIES:**

The future sacrifices of economic benefits arising from present obligations.

**CAPITAL & SURPLUS:**

The difference between the company's assets and its liabilities. This figure acts as a measure of net worth.

**OKLAHOMA PREMIUM:**

The amount paid by Oklahoma policyholders for insurance from the company.

**OKLAHOMA CLAIMS:**

The amount paid by the company to its Oklahoma policyholders from obligations arising from the company's insurance policies.